EASY SOFTWARE

DIGITAL, BUT EASY

Financial report
2020

easy-software.com

GROUP DATA (IFRS) AT A GLANCE

	31.12.2020 **TEUR**	31.12.2019 TEUR
Revenues	**49,241**	50,586
Earnings before interest, taxes, depreciation and amortization	**6,745**	4,246
Group result	**-2,911**	2,021
thereof attributable to shareholders of EASY SOFTWARE AG	**-2,879**	2,024
Earnings per share in EUR	**-0.45**	0.32
Average number of employees during the year	**364**	365

	31.12.2020 **TEUR**	31.12.2019 TEUR
Total assets	**45,946**	51,530
Equity	**25,615**	28,736
Equity ratio	**56%**	56%

LIST OF ABBREVIATIONS

ECM	Enterprise Content Management
SAAS	Software as a Service
OEM	Original Equipment Manufacturer
PCM	Process Content Management
CRM	Customer Relationship Management

INHALT

DEAR SHAREHOLDERS,

2020 was a year of many events, and the effects of the Covid-19 pandemic have led to significant changes in work and life to date. During this time, EASY proved how robust the business model with our established digitalization solutions is – also because our employees were able to flexibly adapt their working methods to the new situation from one day to the next. In the year under review, we received and served more customer inquiries via webinars, specialist articles on digitization, and social media marketing than in the previous year with elaborate trade fair visits worldwide. Without a blueprint, we were able to conduct our flagship event, EASY WORLD, 100% digitally, reaching more customers and partners than ever before.

The strategic management initiatives include improving the customer experience through „velocity sales" - supported by new IT systems and sales processes. In addition, we strengthened our partner sales force, measured customer satisfaction by means of a net promoter score, established a strategic portfolio management system with the aim of revising the innovation process and go-to-market procedures and strengthening customer-oriented product management, and last but not least revised our management reporting system, including operational control systems. As a result, our business remained more or less stable and within the forecast range, despite the significant economic downturn in our core markets. The contractually secured recurring share of sales was expanded to more than 58%.

At EUR 6.75 million, Group EBITDA 2020 was above the forecast range, but was impacted, among other things, by one-off effects in connection with legal disputes by and against former board members. In addition, there were significantly higher legal costs for a compliance investigation and for the takeover bid by deltus 36. AG, as well as for the negotiation and conclusion of the control and profit and loss transfer agreement. In the consolidated financial statements, the latter led to the fact that deferred tax assets on tax loss carryforwards of EASY SOFTWARE AG had to be adjusted in the amount of EUR 3.4 million, which resulted in the reporting of a consolidated net loss for the year in the amount of EUR 2.9 million.

The discontinuation of the use of tax loss carryforwards is not included in the settlement price for the EASY share determined by the independent valuation expert or in the amount of the appropriate annual compensation. With the increase of the settlement price to EUR 11.81 per share, claims for damages in connection with the ScanOptic proceedings in the amount of EUR 2.9 million were fully taken into account, although the proceedings have not yet been legally decided and 50% of the value has been adjusted in the annual and consolidated financial statements due to the outstanding payment.

Cash flow from operating activities, as a key figure for cash-effective operating success, increased by EUR 4.6 million to EUR 7.7 million in the year under review. Cash flow from investing activities increased to EUR 3.2 million due to the acquisition of the remaining shares in EASY ApiOmat GmbH, and own work capitalized, which was, however, 10% lower than in the previous year.

With an equity ratio of 56% as of December 31, 2020, EASY is in a stable position. Business development in the first quarter of 2021 was slightly down as expected, but led to the build-up of considerable financial resources, which were partly used to repay two bank loans.

In the reporting year and thereafter, there were changes in both the Management Board and the Supervisory Board. As a result of the majority acquisition by Battery Ventures, the existing Supervisory Board members resigned from office with effect from the end of the Extraordinary General Meeting on December 23, 2020, thus clearing the way for a new appointment.

The Supervisory Board, which has now been expanded to four members, represents both the capital side and software industry expertise. We would like to take this opportunity to thank the departing Supervisory Board members for their work and contribution to EASY's strategic development. The new Supervisory Board extended the Management Board as of March 1, 2021 by appointing Andreas Zipser as Chairman of the Management Board.

EASY is thus well positioned to successfully implement the business model change from software licensing business to software as a service provider. This market trend is already clearly noticeable in customer inquiries in the first quarter of 2021, and makes changes necessary in all business units. The Management Board is committed to further enhancing the end-to-end customer focus in operational processes.

Andreas Zipser
Chairman of the Executive Board (CEO)
(since 01.03.2021)

Oliver Krautscheid
Chairman of the Supervisory Board (until 10.02.2020)
Member of the Executive Board (CFO) (since 11.02.2020)
Joined in 2013

We aim to strengthen our market position, transform our product portfolio and offer customers reliable, innovative software solutions for document-intensive business processes.

The transformation of the business model from license sales with extensive implementation consulting to quickly installable digitalization applications that can be rented entails financial burdens. On the one hand, EASY is investing significantly in product development and must – like all software companies that switch to rental and cloud services – finance revenue shortfalls and burdens on earnings for a transitional period. With the new majority shareholder Battery Ventures, we have a financially strong partner that actively supports the strategic further development of EASY.

The share price of EASY SOFTWARE AG has increased fivefold from the low at the beginning of the Covid-19 lockdown and the management change in mid-March 2020 to the end of 2020, and has remained at the level of a 15-year high in the current year.

On behalf of the entire company, we would like to thank all our shareholders and customers for the trust they have placed in us during this special year. We would also like to express our sincere thanks to our employees for their efforts, which carried us through the difficult financial year 2020.

Your

Andreas Zipser	Oliver Krautscheid
Chairman Executive Board	Executive Board
Chief Executive Officer	Chief Financial Officer
(CEO)	(CFO)

THE EASY SHARE

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2020

MARKET DEVELOPMENT

PRICE DEVELOPMENT

MARKET DEVELOPMENT

As the Corona pandemic broke out and worsened, and fears of its economic impact increased, financial markets experienced significant dislocations. The most important benchmark indices around the world fell. By mid-March, for example, the DAX had fallen by around 38 percent to below 8,500 points. However, a steady recovery subsequently set in and on July 20, 2020, the DAX again broke through the 13,000-point mark. A sharp rise in infection figures and speculation about a second lockdown subsequently led to a renewed setback. By the end of October, the DAX had fallen to 11,556 points. However, with growing clarity about the protective measures taken and the impact on the overall economy proving to be less severe than feared, the DAX quickly recovered. On December 30, 2020, the DAX ended trading at 13,718 points, up 3.5 percent on the previous year's close (December 30, 2019: 13,249 points). At 3212.77 points, the TecDAX was even 6.6 percent above the level of the previous year (December 30, 2019: 3014.94 points).

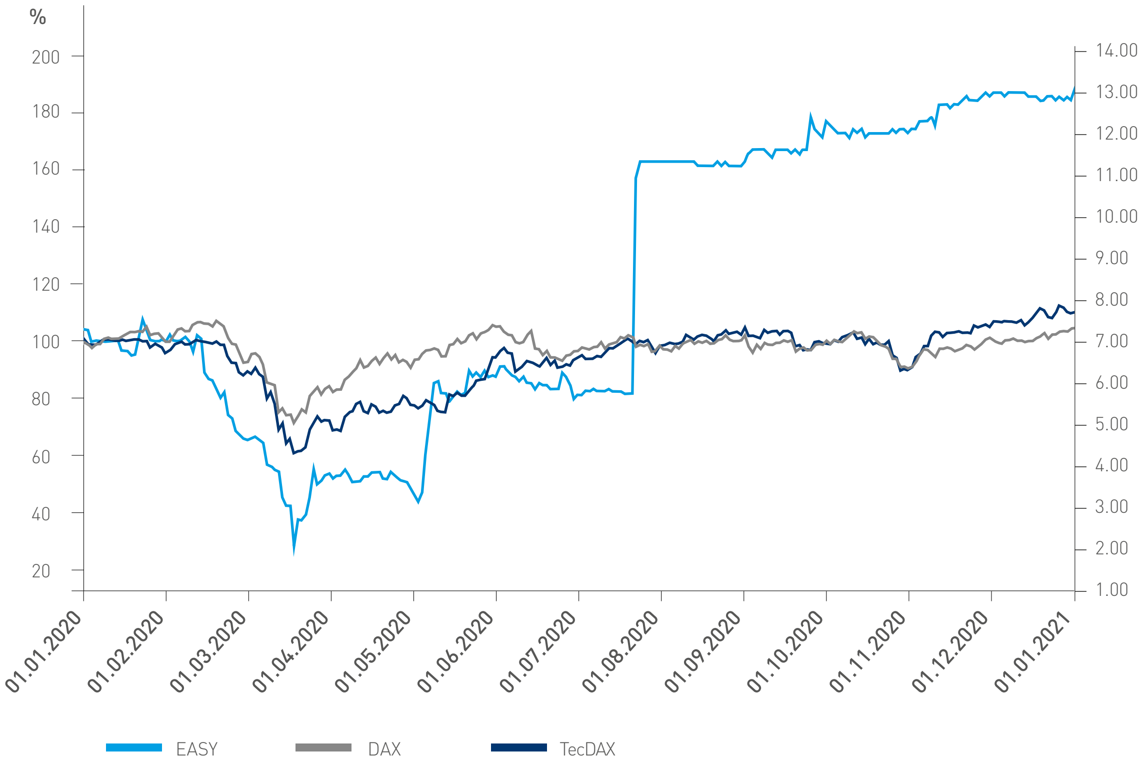
In this particular environment, small and mid-caps such as EASY SOFTWARE were sometimes subject to even greater fluctuations. After a price increase of around 50%, the EASY share had ended 2019 at a price of EUR 7.36 in Xetra trading. Parallel to the general market, the EASY share initially developed sideways at the beginning of 2020. The share price slump in the wake of the Corona pandemic was intensified by the correction of the EBITDA forecast for fiscal year 2019 published at the end of February 2020 and the compliance investigation initiated by the Supervisory Board against the Chairman of the Management Board, which resulted in his dismissal. By March 19, 2020, the EASY share fell as a result to an annual low of EUR 2.59. In the following weeks, the share price recovered slightly and stabilized at a level between EUR 3.50 and EUR 4.00. With the announcement of the early acquisition of the outside shares in EASY APIOMAT GmbH, accompanied by a special income of EUR 1.6 million, the share price jumped again to a peak of EUR 6.50 in mid-May. Subsequently, the EASY share settled at a level between EUR 6.00 and EUR 6.50. On July 24, 2020, deltus 36. AG published its decision to submit a voluntary takeover offer to acquire all no-par value bearer shares of EASY SOFTWARE AG at a price of EUR 11.50 per share, and informed that it had secured the support of the two major EASY shareholders for the takeover offer. This led to an alignment of the share price level with the offer price, where the EASY share remained until the beginning of September. With the publication of the takeover offer on September 3, 2020, and the subsequent recommendation of acceptance on September 10, 2020, by the Management Board and Supervisory Board, a continuous upward movement began, which lasted until the end of the year. The EASY share reached its annual high of EUR 13.30 for the first time on November 27, 2020, and ended the year on December 30, 2020, with a price of EUR 13.10 in Xetra trading. This corresponds to a price gain of 78 percent compared to the closing price on December 30, 2020.

As a result of the price increase, the market capitalization of EASY SOFTWARE AG increased to approximately EUR 84.4 million at the end of the reporting period (December 31, 2019: EUR 47.4 million). The most important trading place for EASY shares in the

EASY share in 2020 at a glance

Xetra opening price on 02.01.2020	**7.50 EUR**
High for 2020	**13.30 EUR**
Low for 2020	**2.59 EUR**
Xetra closing price on 30.12.2020	**13.10 EUR**
Share capital at 31.12.2020	**6,442.039 EUR**
Number of shares as of 31.12.2020	**6,442,039**

PRICE DEVELOPMENT



Source: Xetra closing prices (Bloomberg)

Characteristics of the EASY share	
ISIN	**DE000A2YN991**
WKN	**A2YN99**
Ticker symbol	**ESY**
Class of shares	**No-par value registered shares**
Trading segment	**General Standard, Regulated Market**
Trading venues/stock exchanges	**XETRA, Frankfurt, Hamburg, Berlin, Stuttgart, Düsseldorf**

reporting period was the electronic platform XETRA with a 70 percent share of turnover, followed by Tradegate with 22 percent and the Frankfurt open stock exchange with 4 percent. The voluntary takeover offer of deltus 36. AG was reflected in a significant increase in trading volumes, particularly in the third quarter. The average monthly trading volume was also significantly above the level of the previous year, and amounted to 155,814 shares (previous year: 92,413 shares) across all stock exchanges in the reporting period. Liquidity support to ensure the tradability of EASY shares in Deutsche Börse AG's XETRA trading system continued to be provided by our designated sponsor BankM.

Financial calendar

June 24, 2021	**Virtual annual general meeting**
August 2021	**Publication of the half-year financial report**
December 31, 2021	**End of the fiscal year**

MANAGEMENT REPORT AND GROUP MANAGEMENT REPORT OF EASY SOFTWARE AG FOR THE FISCAL YEAR 2020

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2020

BASIS OF THE GROUP

ECONOMIC REPORT

RISK AND OPPORTUNITY REPORT

FORECAST

REPORT ON SUBSEQUENT EVENTS

CORPORATE GOVERNANCE AND DECLARATION ON CORPORATE GOVERNANCE PURSUANT TO SECTION 289F HGB AND SECTION 315D HGB

MANDATORY SUPPLEMENTARY REPORT - DEPENDENCY REPORT

EASY SOFTWARE AG makes use of the procedure set forth in Section 315 (5) i.V.m. Section 298 (2) of the German Commercial Code (HGB), and combines the Management Report of EASY SOFTWARE AG with the Group Management Report.

The combined management report and group management report should be read in conjunction with the audited (consolidated) financial data and the disclosures in the notes to the separate and consolidated financial statements. The following presentations are based on a number of historical disclosures, some of which are also explained in the notes to the financial statements and the consolidated financial statements. In addition, the combined management and Group management report also contains forward-looking statements, i.e. statements based on certain assumptions and current plans, estimates and forecasts based on these assumptions. Forward-looking statements are only valid at the time they are made. Notwithstanding any legal requirements, the management of EASY SOFTWARE AG assumes no obligation to revise and/or publish the forward-looking statements underlying this document when new information becomes available.

Forward-looking statements are always subject to risks and uncertainties. The Management Board of EASY SOFTWARE AG points out that a large number of factors can lead to a significant deviation in the achievement of targets. Significant factors are described in detail in the section "Risk and Opportunities Report".

1. BASIS OF THE GROUP

1.1 GROUP STRUCTURE

In the reporting period, the EASY SOFTWARE Group consisted of EASY SOFTWARE AG as the parent company, the two German subsidiaries EASY SOFTWARE Deutschland GmbH (ESD) and EASY APIOMAT GmbH (EAP), as well as several foreign companies.

The following table lists those companies with registered offices and shareholdings that were fully consolidated in the consolidated financial statements of EASY SOFTWARE AG as of December 31, 2020 (EASY Group):

Company	Location	Shareholding
EASY SOFTWARE AG	Mülheim an der Ruhr	
EASY SOFTWARE DEUTSCHLAND GmbH	Mülheim an der Ruhr	100%
EASY APIOMAT GmbH	Leipzig	100%
EASY Mobile Service GmbH (i.L.)	Mülheim an der Ruhr	100%
EASY SOFTWARE GmbH	Salzburg, Austria	100%
EASY SOFTWARE INC.	Exton, PA/USA	100%
EASY SOFTWARE (UK) LTD.	Suffolk/Great Britain	100%
EASY SOFTWARE (ASIA PACIFIC) PTE. LTD.	Singapore	100%
EASY SOFTWARE TÜRKİYE LTD. STI.	Istanbul, Turkey	51%
EASY SOFTWARE YAZILIM VE AR-GE MERKEZİ LİMİTED ŞİRKETİ	Istanbul, Turkey	100%

In November 2020, the EASY SOFTWARE YAZILIM VE AR-GE MERKEZİ LİMİTED ŞİRKETİ, Istanbul, Turkey, has been founded as a nearshore software development company. EASY SOFTWARE AG holds 100% of the shares in the company.

While EASY SOFTWARE AG is primarily responsible for product creation and support services, EASY SOFTWARE Deutschland GmbH is responsible for direct sales and project business in Germany. EASY APIOMAT GmbH bundles EASY's cloud activities.

In addition to its headquarters in Mülheim an der Ruhr, the EASY Group has locations in Germany in Leipzig, Munich, Hamburg, Paderborn, Bobingen, and Potsdam. Via a shareholding, EASY is also active in Straubing. The foreign business is represented by separate legal entities or business partners, each of which has a sales order for the respective country. The EASY Group serves only one operating segment, which is why there is no separate segment reporting in the management report. A geographic breakdown into the regions Germany, Austria, England, USA, Singapore, and Turkey is presented in the notes to the consolidated financial statements under section E „Segment reporting". These are segment disclosures in accordance with IFRS 8.

The following company was included at equity in the consolidated financial statements of EASY SOFTWARE AG:

Company	Location	Shareholding
friendWorks GmbH	**Straubing**	**52%**

EASY SOFTWARE AG holds 52% of friendWorks GmbH (Straubing) via EASY SOFTWARE Deutschland GmbH. There is no full consolidation, as there is no control. friendWorks GmbH is a partner in software sales, consulting, and programming.

1.2 BUSINESS ACTIVITY

EASY SOFTWARE AG, Mülheim an der Ruhr, Germany, was founded on March 6, 1990 as EASY Elektronische Archivsysteme GmbH, and was transformed into a stock corporation on September 8, 1998 pursuant to Sections 190 et seq. UmwG (Reorganization Act). The purpose of the company is the development and sale of hardware and software for electronic archiving systems and document management systems.

EASY SOFTWARE is one of the pioneers of electronic file solutions, and with over 13,600 installations, more than 1,000 of which are in the SAP environment, is a market leader among German document management and enterprise content management system providers.

EASY SOFTWARE's core business is to create, implement and sell software platforms and solutions for digitalizing business processes. The focus is on document-intensive business processes with an emphasis on invoice processing, contract management, personnel files, and archiving. In addition to standard software and supplementary maintenance services, the EASY Group offers its customers customized solutions with a high degree of standardization and the ability to adapt quickly. The starting point for this is individual modules consisting of several preconfigured solutions. In addition, EASY develops solutions tailored to customer requirements, which integrate with the customer's respective software environment.

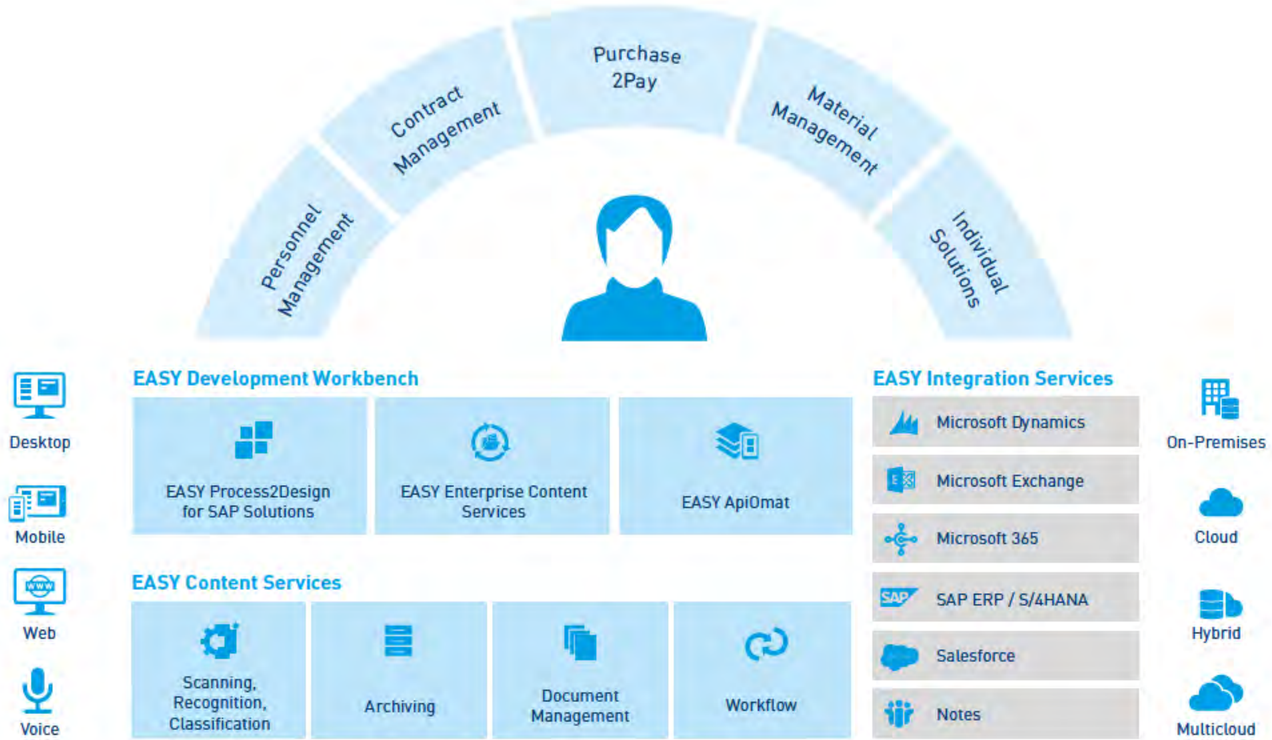
In the year under review, EASY sold its products and solutions primarily through direct sales in Germany and abroad, as well as through sales partners.

A growing business segment is the software-as-a-service and cloud business, in which the EASY Group offers its solutions together with partners as public and private cloud. Services such as consulting, project management, installation and configuration of products and solutions, managed services, as well as training and support complete the offering.

1.2.1 PRODUCTS AND SOLUTIONS

The EASY Group offers user-oriented software for common platforms based on modern technologies. As the market leader in Germany, EASY is one of the most important suppliers of standard solutions for purchase-to-pay, contract management, personnel management, material management and archiving - for almost any industry and any company size. A particular strength is the high integration capability of the solutions in around 100 ERP, communication, or other IT systems of our customers. At the same time, EASY delivers customer-specific solutions for digitizing business processes.

The software products and solutions developed and sold by EASY are divided into the following areas:



As a solution provider for document management and enterprise content management systems, the EASY Group actively drives the digital transformation of its customers. Based on decades of expertise and numerous successful customer projects, the focus is on optimizing and digitizing business processes. EASY solutions can be flexibly provided according to the respective customer requirements. This includes offerings in the cloud (also for distributed platforms such as Amazon Web Services/AWS or Microsoft Azure), operation in the customer's data center, or hybrid scenarios.

Another customer requirement that EASY meets is the flexibilization and scaling of business models. Customers are increasingly attaching importance to variable payment and usage models, for example, staggered according to the number of users or the required storage capacity. Consequently, EASY is increasingly focusing on a subscription model. This offers the advantage of always up-to-date software, continuously new functions, and needs-based billing. The offerings are based on proven and established services such as archiving, data capture and extraction, document management and workflow management.

New, innovative software developments from EASY also use current technologies such as artificial intelligence (AI) and big data. External web services complement the EASY offering. In particular, they provide support for industry- and subject-specific issues.

EASY ONE serves as a connecting element and technological basis at the same time, as a further development of EASY Enterprise Content Management (ECM) and EASY Process to Design for SAP®.

In order to meet dynamic market requirements, we develop EASY applications cloud-capable. The modular structure of a microservice architecture means that individual parts of the solution can be easily replaced and adapted to current developments.

As solution modules in Enterprise Content Management (ECM), **EASY Content Services** provide high integration capability in existing IT infrastructures. This includes modules for capturing, managing, and archiving documents and content, integrating with existing systems, and designing business processes. Specialist applications such as EASY Contract, EASY HR, EASY Invoice, EASY Request, and others are based on these modules. The solutions based on these EASY Content Services have proven successful in the market for years.

With **EASY for SAP® Solutions**, we extend existing SAP systems and cloud platforms with successful solutions such as EASY Invoice Management, EASY Contract Management, EASY Employee File, or EASY Material Management. They are all based on the low-code/no-code platform EASY Process2Design. Especially for larger and internationally active companies, EASY for SAP Solutions provides a fully integrated offering for their SAP landscape. EASY for SAP Solutions, in turn, can be conveniently integrated with EASY Content Services products and solutions.

The EASY ApiOmat platform, with modern microservices architectures and a focus on mobile applications, serves to digitalize customer processes quickly and successfully. By making EASY solutions available on a mobile basis, the platform provides the ease of use desired in today's working environment. The low-code/no-code development of EASY ApiOmat makes it possible to create digital applications flexibly and in a scalable manner in hours or days without programming using rapid prototyping. Moreover, integrating EASY ApiOmat with EASY for SAP Solutions and EASY Content Services is quick and easy.

1.2.2 DISTRIBUTION AND MARKETING

Sales

EASY distributes its products through its own sales companies and business partners. In addition to EASY SOFTWARE Deutschland GmbH with locations in Bobingen and Mülheim an der Ruhr, EASY's own subsidiaries abroad contribute to direct sales. The sales cycle in these sales channels is three to twelve months for pure applications. In the period under review, direct sales in Germany showed strong growth momentum. Overall, more than two-thirds of the Group's revenue is generated via direct sales.

Partner Sales consists of business partners for the sale of EASY products and platforms from around 80 partners in Germany and abroad. The target customers in Partner Sales are medium-sized businesses. Sales in countries in which EASY does not operate a local sales company are handled by sales partners. Partner sales account for around one third of the Group's revenue.

Online distribution via partners brings EASY solutions to the target group market in a highly automated manner and is correspondingly scalable.

Marketing

In fiscal year 2020, EASY Group Marketing was able to consistently expand and successfully implement the successful marketing strategy for existing contacts and interested parties. Holistic marketing campaigns across multiple channels along the entire product and solution range of EASY SOFTWARE pursue the goal of generating customer contacts and interested parties (leads). Potential customers are made aware of EASY SOFTWARE products and solutions with relevant content, and are offered added value throughout the entire customer experience. The customers and prospects are offered precisely fitting "customer journeys" with the aim of qualifying them as leads in the best possible way for sales, and generating sales opportunities. In the process, Marketing works with a state-of-the-art Marketing Automation tool that enables them to generate more traffic from users, convert leads, and prove the return on invest (ROI) of their activities.

In addition, one marketing activity of the EASY Group is to host its own events - in 2020 as well, despite the Corona restrictions. After trade show organizers had to cancel numerous events in the first half of the year, all signs pointed to new online trade show formats. EASY Marketing was able to react quickly and flexibly to the new situation. In a very short time and without any experience from previous years, the annual flagship presentation event "EASY WORLD" was transformed into the new online format: EASY WORLD 2020 - 100% digital. The result: a significant increase in the number of participants and positive feedback from the audience.

In the pandemic year 2020, marketing achieved 40% cost savings in the short term. The focus was consistently shifted from face-to-face events to online and content marketing in search engines and social media networks. As a result, 25% more leads were generated than in the previous year despite the cancellation of all trade fairs and many customer events.

1.2.3 CORPORATE STRATEGY

The strategic goal for EASY is to successfully complete the business model transformation from license sales to software-as-a-service and cloud solution provider.

The Covid-19 pandemic has accelerated this market trend once again. The worldwide output restrictions, which will continue into 2021, have made companies more aware than ever of the need for decentralized work. The digitization of documents and business processes provides the prerequisite for secure and efficient work in the home office. Many companies face the challenge of connecting their existing IT systems with mobile applications. These are EASY's target customers. IT analyst Gartner* predicts a change in the industry from Enterprise Content Management (ECM) to content services platforms. This is precisely where EASY's business field lies, offering customers added value: EASY simplifies and manages content and processes for them along digital value chains, and at the same time provides them with decisive competitive advantages in terms of time, costs, and improved customer experience.

For EASY, however, this also means that further extensive changes and innovations to the product will be necessary, including expansion to include various services, automation of operational processes with further investments in IT systems, and adaptation of employee competencies to the new business model.

The transition to the new business model is also associated with an expansion of the partner ecosystem. This also includes the connection to hyperscalers and sales platforms from Microsoft and SAP, etc.

Overall, the change will burden the financial and earnings situation for a transitional period of a few years. In the medium term, EASY will secure the business via a growing number of multi-year subscription contracts, which will increase the predictability and robustness of EASY's business.

Part of the corporate strategy is also to regularly explore opportunities for acquisitions or strategic partnership.

Sources:
Gartner
https://www.gartner.com/smarterwithgartner/5-trends-appear-on-the-gartner-hype-cycle-for-emerging-technologies-2019/

1.3 CONTROL SYSTEM

The parent company's management manages the Group's affairs in ordinary meetings of the Company's corporate bodies and between the Supervisory Board and the Management Board. In addition, topics including risk and opportunity reports are discussed on an ongoing basis at regular management meetings attended by representatives from all areas of the Group.

The Executive Board attaches great importance to the sustainable development of the Group. The key financial and non-financial performance indicators of the Company are presented individually below. They are used for the internal management of the Group and are reported to the Executive Board on a monthly basis as part of Group reporting.

In the year under review, Group reporting was extended from monthly sales analyses to monthly reports on the entire income statement and the liquidity position.

Since the beginning of 2021, management reporting has been switched to complete monthly consolidated financial statements, including the balance sheet, income statement, and cash flow statements, whose deviations from the budget and from the previous year's figures are analyzed. The monthly reports are supplemented by quarterly forecasts of the sales pipeline and operating cash flow, as well as changes in the software development pipeline. In the course of the increasing share of software-as-a-service and cloud solutions, new performance indicators have been included in internal reporting.

1.3.1 FINANCIAL PERFORMANCE INDICATORS

Financial performance indicators for controlling the parent company and the Group were previously sales revenue and EBITDA. The individual financial statements of EASY SOFTWARE AG or the consolidated financial statements of the EASY Group form the basis for calculating these indicators. The change in the business model from software license sales to software as a service (leases) is accompanied by the need to revise internal control parameters. In the future, other or additional key figures will therefore be used to manage the business.

Revenues

As EASY increasingly focuses on scalable products and technologies, revenue development plays an important role in corporate and group management. Revenue is differentiated according to new license and cloud revenue, as well as maintenance and service revenue. Each revenue area has its own indicators. EASY SOFTWARE AG's revenue decreased from EUR 32.0 million to EUR 30.7 million. Total Group sales decreased from EUR 50.6 million to EUR 49.2 million in the reporting period. In order to achieve these goals, the (further) development of innovative platforms and solutions is an important part of EASY SOFTWARE's business.

In addition to revenue, the development of annual recurring revenue, which is contractually underpinned, and the churn rate will become increasingly important in the future.

EBITDA, EBITDA margin, and operating cash flow

EASY attaches importance to the successful monetization of its product and service portfolio. The goal is to achieve profitable growth. Against this background, (Group) EBITDA plays an important role in corporate and Group management. The EBITDA margin is calculated by dividing (consolidated) earnings before interest, taxes, depreciation and amortization by (consolidated) net sales. In the reporting period, EBITDA of EUR 6.7 million (previous year: EUR 4.2 million) was recorded in the Group, and EBITDA of EUR 1.5 million (previous year: EUR 5.5 million) in EASY SOFTWARE AG. Both in the reporting year and in the previous year, one-time and special effects had a not insignificant impact on EBITDA.

In addition, reported EBITDA is affected by two earnings components: own work capitalized that is not cash-effective and the reclassification of cash-effective rental expenses in accordance with IFRS 16 below EBITDA.

The equally important key figure "operating cash flow", for which EBITDA is an indicator, increased by 148.4% to EUR 7.7 million in the reporting period (previous year: 3.1 million). This key figure describes the funds generated by operating activities in the reporting period.

Equity ratio

The equity ratio is calculated as the quotient of equity and total assets and serves as an indicator of the company's financial stability.

As of the balance sheet date 2020, the Group's equity ratio was 55.8% and did not change compared to the previous year.

1.3.2 NON-FINANCIAL PERFORMANCE INDICATORS

In addition to financial performance indicators, a number of non-financial performance indicators play an important role in managing the parent company and the EASY Group. Customer and employee satisfaction, Internal Communication, and Corporate Social Responsibility of the Group should be emphasized here.

Customer satisfaction and loyalty

To ensure profitable and sustainable growth, it is necessary to place customer satisfaction, loyalty and positive customer experiences at the center of operational processes and business decisions.

In the year under review, a new IT system (salesforce.com) was introduced, operational processes were automized and sales trainings were conducted to significantly improve customer satisfaction at EASY. In addition, the measurement and introduction of the customer Net Promoter Score (Customer NPS) was prepared. This procedure for evaluating customer satisfaction is based on a large number of surveys containing the Net Promoter Score key figure.

Employees as a success factor

Increasing employee satisfaction is important in order to position EASY as an attractive and future-oriented employer in the competition for employees, and to counter the increased employee fluctuation of recent years.

The spirit of innovation, enthusiasm, commitment, and talent of employees are basic prerequisites for sustainable growth. Individual support and career development of employees are of the utmost importance in the EASY Group. Therefore, management training and several workshops were conducted with the University of St. Gallen in the year under review. In addition, EASY offers the in-house training program EASY Academy to all employees. In the Babbel language support program, EASY provided employees with licenses to increase proximity and interaction between German- and English-speaking employees by learning and improving the respective foreign language.

EASY conducted a comprehensive anonymous survey of the entire workforce at the end of 2020. The survey focused on the pandemic and decentralized work in many areas. The positive response to topics such as teamwork, knowledge sharing and company-wide communication significantly exceeded the results of the previous year's survey, despite the home office situation. For employees who had to care for their children during school closures, EASY found comfortable solutions that fully make use of flexible working hours.

Internal communication

Full information and maintaining positive morale played a special role in remote work in 2020. To this end, EASY expanded its previous efforts for transparent communication even further. More internal information formats and livestreams with management and the Executive Board met with a positive response in 2020 and will be maintained in frequency and scope in the future. In addition, EASY regularly organized community activities on the intranet to promote social interaction even from a distance. To prevent isolation, EASY also promoted a culture for regular online meetings for purely social purposes.

Sustainability and Corporate Social Responsibility
EASY understands sustainability as making decisions under economic, ecological and social aspects. An important aspect is the efficient, careful and economical use of resources. Customer meetings and training sessions are mainly held online or via video conferencing systems.

In addition, the cooperation between EASY and AfB Social and Green IT continued successfully. Here, workers with and without disabilities jointly deconstruct and refurbish discarded hardware for recycling. In total, EASY donated 37 notebooks and 42 cell phones, which were either recycled or redistributed by AfB.

In September 2020, EASY donated a total amount of 6,000 euros to the regional district project "Nature Experience Weeks" for children in Mülheim- Eppinghofen. As part of the nature experience weeks of the district management and education network Eppinghofen, children discover the world outside their urban district.

1.4 RESEARCH AND DEVELOPMENT

EASY SOFTWARE AG manages its research and development activities throughout the Group via business units. New products and solutions are created in these units, and thus the revenue drivers of the business. Early recognition of trends and a customer-centric approach are the basis for developing new solutions. EASY's active participation in various IT trade associations supports this focus.

In fiscal year 2020, the main focus of research and development work was on optimizing the new EASY solution architecture, which enables the combination of different products and solutions. Customers can freely choose whether a solution is to be operated in the cloud or locally. Hybrid scenarios are the future deployment models of customers who expect new digital offerings as part of a further mobilization of applications. To this end, numerous existing core products have also been revised and divided into individual components for modular use.

In addition to the system platforms already available, such as Microsoft or Linux servers, container technologies such as Docker are now also supported in many cases. In addition, the integrations in ERP, CRM and collaboration systems were adapted to the cloud versions of the manufacturers, and other interfaces and processes such as support for SAP Information Lifecycle Management or integration with SAP Success Factors were implemented. EASY applications have been expanded to include cloud services from various providers, enabling digital collaboration and signature processes, as well as further automation in HR management or procurement.

In the reporting period, the Group incurred expenses for research and development of software products in the amount of TEUR 5,292 (previous year: TEUR 5,023). In the EASY Group, TEUR 1,352 (prev. year: TEUR 1,502), of which TEUR 181 is attributable to EASY SOFTWARE AG and TEUR 1,171 to EASY APIOMAT GmbH.

Artificial intelligence
Since March 1, 2021, Dr. Anne Stockem Novo has been teaching as an endowed professor in the field of Applied Artificial Intelligence at Ruhr West University of Applied Sciences. The endowed professorship was initiated and funded by EASY SOFTWARE AG. EASY SOFTWARE thus strengthens the promotion of young talents and innovative cutting-edge technologies in the Ruhr region.

2. ECONOMIC REPORT

2.1 MACROECONOMIC FRAMEWORK CONDITIONS

The EASY Group operates primarily in the German-speaking market and is therefore primarily affected by the general economic conditions prevailing there.

While a moderate increase in economic growth was originally expected for Germany and the world in 2020, the global economy collapsed in the first half of the year as a result of the Corona pandemic. Industrial production fell from January in China, from February in other Asian countries and from March in the advanced economies, also as a result of the measures taken to contain the infections. Following the gradual lifting of many restrictions, much of the economic activity worldwide resumed in the summer, making up for part of the economic slump. In the fall, however, infection activity again gave rise to much stricter infection control measures. This led to a renewed decline in economic output in many places. However, this decline was distributed very unevenly across the economic sectors. While value added in the hospitality and other services sectors slumped significantly, the manufacturing sector continued its recovery. In contrast to spring, there were also no serious negative effects on international trade in goods and commodity prices.

The globally interconnected German economy was hit particularly hard by the incidental collapse in global economic activity, as companies rely equally on global demand for German goods and on supplies from the rest of the world. Accordingly, the Corona pandemic and the measures taken to contain it plunged the German economy into the deepest recession in its post-war history. While gross domestic product (GDP) fell by only 2.2% in the first quarter of 2020 due to the strong start to the year, the level from the prior year was undercut by 11.5% in the second quarter by the April lockdown. However, a strong countermovement began in May and continued in almost all sectors until the end of September. The pronounced catch-up effect was reflected in a historically unprecedented growth rate for the third quarter. According to data from the Kiel Institute for the World Economy (ifw Kiel) from December 2020, GDP growth amounted to 8.5%, well above expectations. In the fall, however, the infectious events picked up again noticeably, with the result that a shutdown was imposed again in November and the economic recovery was halted for the time being. Even though GDP is likely to have contracted again in the final quarter, the setback in the recovery process is far from being comparable with the economic consequences of the first shutdown in spring 2020. The decisive factor here is a largely intact global industrial economy, which is reflected in rising order intake until recently. Overall, the catch-up effects in the summer thus outweighed the weaker momentum in the final quarter in the second half of 2020. The GDP decline of 5.2% expected by the experts at ifw Kiel for 2020 as a whole is therefore slightly lower than in fall.

Even if there is no threat of a slump like that of the previous spring, the delayed recovery will initially continue in 2021. The still uncertain infection situation is having a dampening effect on consumer activity, and the restrained global investment activity is likely to remain a burdening factor for some time to come. The German economy is therefore likely to contract slightly again at the beginning of the year. In the further course of the year, a return to the recovery path can be expected as the pace of stimulus increases. All in all, the ifw experts expect GDP to increase by 3.1% year-on-year in 2021. The forecast economic growth is thus significantly lower than the 4.8% figure expected as recently as last fall, evidence of the high level of uncertainty. At least the mood among companies in Germany has recently improved slightly. The ifo business climate index rose to 92.4 points in February, up from 90.3 points in January. The number of pessimistic voices regarding both the current business situation and business expectations for the coming months has fallen, but the balance is still clearly negative.

However, uncertainty about further waves of infection, new virus variants, the extent of economic policy responses and possible changes in consumer and business behavior remains high. Further economic development depends crucially on the assumed course of the pandemic and the speed at which demand for goods and services picks up again. The speed of economic recovery is expected to vary considerably from country to country, depending on structural characteristics, vaccination progress and the effectiveness of political support. Therefore, despite hopes for pandemic containment, conjunctural risks remain high.

Sources:
Kieler Economic Reports (2020 | Q4):
https://www.ifw-kiel.de/de/publikationen/kieler-konjunkturberichte/2020/zweite-corona-welle-unterbricht-erholung-15552/

Ifo Business Climate Index Februar 2021:
https://www.ifo.de/node/61819

2.2 MARKET AND MARKET ENVIRONMENT

At the beginning of the year, the German Association for Information Technology, Telecommunications and New Media (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e. V.). (Bitkom) forecast a further 1.5% increase in ICT market revenue to EUR 172.2 billion and 39,000 additional jobs. However, the Corona pandemic will not leave the digital industry, which is particularly strongly networked globally, unaffected. Accordingly, industry revenues fell slightly in 2020. The ICT market declined by 0.6% to EUR 169.8 billion, mainly due to weaker business with IT services and software. The number of jobs also declined slightly in the reporting period. While 58,000 new jobs were created in 2019, around 8,000 jobs were lost in 2020.

As early as February 2020, the Bitkom-ifo Digital Index, which is calculated from the assessment of the business situation and business expectations, was trending slightly downwards and then plummeted in the following months. After -3.8 points in March, the index fell to -18.7 points in April. In particular, business expectations for the coming six months clouded over under the impact of the Corona pandemic, with -36.3 points representing the lowest value since the first survey in 2006.. From May and June onwards, the mood in the sector brightened somewhat. In June, the Bitkom-ifo Digital Index turned positive again for the first time since February in terms of the overall impression of the situation and expectations, and business expectations have also been consistently positive again since July 2020. In December, the Bitkom-ifo Digital Index reached 19.7 points, bringing the business climate back to pre-crisis levels. Business expectations in particular improved significantly, with 13.5 points representing the highest value since December 2018.

The current figures nourish the hope that the economic low point of the Corona crisis has been overcome for the digital economy and that the general digitalization push will boost demand for digital solutions. After all, digital technologies are proving to be indispensable for the social and economic life. The Corona crisis makes the importance and opportunities of digital processes in business, administration and healthcare very clear. Nearly all sectors of the economy are affected and are faced with new challenges in digitalizing their business processes and developing new business models for the digital economy. Bitkom President Achim Berg therefore refers to the Corona crisis as the Digital Turning Point.

Current surveys confirm the growing importance of digitalization in the German economy: According to a representative Bitkom survey of 605 companies with +20 employees from November 2020, a record 97% see digitalization primarily as an opportunity for their own company. 59% of the companies wanted to use the crisis to make up for shortcomings in digitalization and 46% plan to digitalize their own company in the long term in order to open up new business areas. As a result, slightly more than half (54%) of the respondents expect that the Corona pandemic will drive digitalization in the companies in the long term. Specifically, 75% of companies have purchased or plan to purchase new software, 70% have purchased or plan to purchase hardware such as laptops or smartphones, and 58% have built or plan to build a digital infrastructure such as VPN access or an intranet. The biggest hurdles to digitization remain data protection (69%), followed by technical security requirements (58%), lack of skilled staff (55%) and lack of financial resources (43%). 38% of the survey participants have used consulting services for their digitalization measures. Complaints about the lack of marketable solutions have increased significantly. Whereas only 17% of survey participants held this view in 2019, the figure had risen to 30% by November 2020.

In the medium term, the necessary digitalization therefore promises significant impetus for the markets in which the products of the EASY Group operate. In the opinion of industry experts, the signs are also pointing to growth again in 2021 after the Corona shock and temporarily declining sales. The German market for IT, telecommunications and consumer electronics is expected to grow by 2.7% to EUR 174.4 billion this year, creating 20,000 additional jobs. The information technology segment will gain in importance again and expand its significance as the largest industry segment. According to Bitkom calculations, sales will rise by 4.2% to EUR 98.6 billion in 2021. The strongest growth impetus is forecast for the IT hardware segment with +8.6%, followed by the market for software (+4.1%) and the IT services business (+1.1%). On a global scale, the German ICT market plays a subordinate role. The market share is expected to be 3.9% in 2021. The trend is downward because investment and spending are growing faster in other countries, especially in Asia. The growth leaders are India (+13.5%) and China (+7.1%).

Sources:
Bitkom Forecast Januar 2021:
https://www.bitkom-research.de/de/pressemitteilung/bitkom-branche-wieder-auf-wachstumskurs

Bitkom-Survey November2020:
https://www.bitkom-research.de/de/pressemitteilung/corona-treibt-digitalisierung-voran-aber-nicht-alle-unternehmen-koennen-mithalten

Bitkom-ifo-Digital-Index:
https://www.bitkom.org/Digitalindex

2.3 SIGNIFICANT EVENTS IN THE REPORTING PERIOD

ORGANIC CHANGE

In the 2020 financial year, there were changes to both the Executive Board and the Supervisory Board.

By resolution of the Supervisory Board on February 10, 2020, Mr. Oliver Krautscheid was appointed, effective February 11, 2020 for a period of 2.5 years (until August 31, 2022), as a further member of the Management Board in addition to Mr. Dieter Weißhaar, who was the sole member of the Management Board until that date. For this purpose, Mr. Krautscheid had resigned his mandate as member and Chairman of the Supervisory Board of EASY SOFTWARE AG with effect from the end of February 10, 2020.

On March 20, 2020, the Supervisory Board resolved to dismiss Mr. Dieter Weißhaar as a member and Chairman of the Executive Board of the Company with immediate effect. The resolution confirmed the decision already made on March 17, 2020 by the Supervisory Board, which at the time consisted of only the two Supervisory Board members Stefan ten Doornkaat and Armin Steiner, and which only regained its quorum after the judicial appointment of Mr. Serkan Katilmis by resolution of the Duisburg Local Court on March 17, 2020.

The Supervisory Board members Mr. Stefan ten Doornkaat (Chairman of the Supervisory Board since March 20, 2020), Mr. Armin Steiner (Deputy Chairman of the Supervisory Board since March 20, 2020) and Mr. Serkan Katilmis then resigned their mandates on the occasion of the takeover by deltus 36. AG with effect from the end of the extraordinary general meeting on December 23, 2020. The resignations were submitted in declarations dated November 11, 2020 (Mr. Steiner and Mr. Katilmis) and December 22, 2020 (Mr. ten Doornkaat).

As successors for the remaining term of office of Mr. Stefan ten Doornkaat, Mr. Armin Steiner and Mr. Serkan Katilmis, i.e. for a term of office until the end of the Annual General Meeting that resolves on the formal approval of their actions for the fiscal year 2024, the Annual General Meeting elected on December 23, 2020, Richard Wiegmann, Zakary Scott Ewen and Robert David Tabors, each with effect from the end of the Annual General Meeting of Shareholders of the Company as members of the Supervisory Board. Furthermore, the Annual General Meeting on December 23, 2020, resolved to elect Mr. Stephen Paul Rowley as a member of the Supervisory Board of EASY SOFTWARE AG with effect from registration of the expansion of the Supervisory Board to four members resolved under agenda item 3 until the end of the Annual General Meeting that resolves on the discharge for the fiscal year 2024. The registration of the expansion of the Supervisory Board to four members, and thus also the start of the term of office of the Supervisory Board member Mr. Rowley elected by the Annual General Meeting on December 23, 2020, took place on February 9, 2021. Mr. Richard Wiegmann assumed the chairmanship of the Supervisory Board, and Mr. Stephen Paul Rowley assumed the deputy chairmanship of the Supervisory Board.

On February 9, 2021, the Supervisory Board of EASY SOFTWARE AG resolved to appoint Mr. Andreas Zipser as an additional member and Chairman of the Management Board of EASY SOFTWARE AG for a period of two years, effective March 1, 2021. As of the Management Board expansion, Mr. Oliver Krautscheid, who had been acting as sole Management Board member until then, was assigned the function of CFO.

Acquisition deltus 36. AG (Battery Ventures) and conclusion of domination and profit and loss transfer agreement

The key event in the 2020 financial year was the takeover by deltus 36. AG and the associated conclusion of a control and profit and loss transfer agreement with deltus 36. AG as the controlling company and EASY SOFTWARE AG as the controlled company.

Takeover offer deltus 36. AG

deltus 36. AG, a stock corporation under German law with its registered office in Frankfurt am Main, since May 29, 2020 entered in the Commercial Register of the Local Court of Frankfurt am Main under HRB 119286, is a wholly owned subsidiary of mertus 644. GmbH, Frankfurt am Main, which in turn is a wholly-owned subsidiary of BV Acquisitions XIII ES Limited, United Kingdom/London. The shareholders of BV Acquisitions XIII ES are indirectly and directly funds in the Cayman Islands/Grand Cayman, which are global, technology-oriented investors. The funds are advised by Battery Management Corp. based in Boston, United States.

deltus 36. AG had published its decision to make a voluntary public takeover offer pursuant to section 10 (1) sentence 1 WpÜG on July 24, 2020, and on September 3, 2020 published an offer document (cash offer) to shareholders pursuant to sections 34, 14 (2) and (3) WpÜG. In accordance with Sections 34, 14 (2) and (3) of the German Securities Acquisition and Takeover Act (WpÜG), deltus 36 AG had published its decision to submit a voluntary public takeover bid pursuant to Section 11 of the German Securities Acquisition and Takeover Act (WpÜG) on July 24, 2020, and on September 3, 2020, submitted a voluntary public takeover bid (cash offer) to the shareholders of EASY SOFTWARE AG for the acquisition of all registered no-par value shares with a proportionate amount of the share capital of EASY SOFTWARE AG of EUR 1.00 per no-par value share, including all associated rights at the time of the settlement of the offer, in particular the profit share and voting rights, against payment of a cash consideration of EUR 11.50 per EASY share. The offer document, which was published by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) on 2 September 2020, was transmitted to the Management Board of EASY SOFTWARE AG by deltus 36. AG on 3 September 2020 and forwarded to the Supervisory Board of EASY SOFTWARE AG and the Works Council of EASY SOFTWARE AG on the same day. The Management Board and Supervisory Board of EASY SOFT-

WARE AG then recommended in their joint reasoned statement pursuant to Sections 27 (3) Sentence 1, 14 (3) Sentence 1 of the German Securities Acquisition and Takeover Act (WpÜG) dated September 10, 2020, to accept the takeover bid of deltus 36. AG published on September 3, 2020.

The deadline for acceptance of the takeover offer was 24:00 hours on October 1, 2020. The further acceptance period ended on October 20, 2020, 24:00 hours. At the end of the acceptance period on October 1, 2020, 24:00 hours, the last execution condition had been met by reaching the minimum acceptance threshold, after the cartel condition had already been met on September 17, 2020. By the end of the additional acceptance period on October 20, 2020, 24:00 hours, the takeover offer was accepted for a total of 5,049,495 EASY SOFTWARE shares. This corresponds to a share of approx. 78.38% of the share capital and voting rights of EASY SOFTWARE AG existing as of the reporting date.

Conclusion of a control and profit and loss transfer agreement

On September 25, 2020, the Management Board of deltus 36. AG requested EASY SOFTWARE AG, in accordance with the announcement in the offer document for the voluntary public takeover offer dated 2. September 2020, to immediately enter into negotiations on the conclusion of a control and profit and loss transfer agreement pursuant to Sections 291 et seq. AktG (German Stock Corporation Act) with deltus 36. AG as the controlling company and EASY SOFTWARE AG as the controlled company. The Management Board of EASY SOFT- WARE AG decided to enter into discussions, as deltus 36. AG had announced in the meantime that the takeover offer had already been accepted in the amount of approximately 75.99% of the voting rights.

On November 10, 2020, the Management Board of EASY SOFTWARE AG, with the consent of the Supervisory Board, concluded a control and profit and loss transfer agreement pursuant to Sections 291 et seq. AktG (German Stock Corporation Act) with deltus 36. AG as the controlling company and EASY SOFTWARE AG as the controlled company. The auditing and tax consulting firm RSM GmbH, which was jointly commissioned by EASY SOFTWARE AG and deltus 36. AG, on November 10, 2020, submitted the final results of its company valuation according to the valuation standard IDW S1. Accordingly, RSM GmbH had calculated EUR 0.38 (corresponding to an amount of EUR 0.44 before current corporate income tax and solidarity surcharge) per EASY SOFTWARE AG share for each full fiscal year for the compensation pursuant to Section 304 of the German Stock Corporation Act (AktG) and EUR 11.42 per EASY SOFTWARE AG share for the compensation pursuant to Section 305 of the German Stock Corporation Act (AktG). The court-appointed contract auditor, Mr. Michael Wahlscheidt, certified public accountant, had confirmed the appropriateness of the compensation determined by RSM GmbH pursuant to Section 304 of the German Stock Corporation Act (AktG) and the severance payment pursuant to Section 305 of the German Stock Corporation Act (AktG).

Due to the decision of the Higher Regional Court of Düsseldorf on November 13, 2020 in the "Scan Optic" case, RSM GmbH had determined a higher enterprise value of EASY SOFTWARE AG and based on this, with regard to the control and profit and loss transfer agreement pursuant to Sections 291 et seq. AktG (German Stock Corporation Act) with deltus 36. AG as the controlling company and EASY SOFTWARE AG as the controlled company, the Company has now determined EUR 11.51 per EASY SOFTWARE AG share for the compensation pursuant to Section 305 AktG. In contrast, the value determined for the compensation pursuant to Section 304 of the German Stock Corporation Act (AktG) remained unchanged. The court-appointed contract auditor, Mr. Michael Wahlscheidt, confirmed the appropriateness of the compensation determined by RSM GmbH in accordance with Section 304 of the German Stock Corporation Act (AktG) and the compensation in accordance with Section 305 of the German Stock Corporation Act (AktG). Therefore, on November 15, 2020, the Management Board of EASY SOFTWARE AG, with the consent of the Supervisory Board, cancelled the control and profit and loss transfer agreement concluded on November 10, 2020, pursuant to Sections 291 et seq. German Stock Corporation Act (AktG) with deltus 36. AG as the controlling company and EASY SOFTWARE AG as the controlled company, and concluded it anew with compensation increased to EUR 11.51 per share of EASY SOFTWARE AG in accordance with Section 305 of the German Stock Corporation Act (AktG).

On December 20, 2020, EASY SOFTWARE AG and deltus 36. AG amended the control and profit and loss transfer agreement in the version of November 15, 2020, as the auditing and tax consulting firm RSM GmbH, which was jointly commissioned by EASY SOFTWARE AG and deltus 36. AG with the independent evaluation, had meanwhile informed that the compensation agreed in the control and profit and loss transfer agreement pursuant to Sections 291 et seq. AktG with deltus 36. AG is to be increased from EUR 11.51 to EUR 11.81 due to the change in the base interest rate from (rounded) -0.1% to (rounded) -0.2% and due to an improved earnings expectation for the 2020 financial year based on updated findings, which was also confirmed by the court-appointed contract auditor Mr. Michael Wahlscheidt. The compensation payment in accordance with section 304 of the German Stock Corporation Act (AktG), as well as the control and profit and loss transfer agreement in other respects, remained unchanged. The change to the agreed compensation under § 305 AktG resulted in a corresponding change to the proposed resolution on agenda item 1 of the Extraordinary Stockholders' Meeting convened for December 23, 2020. The extraordinary shareholders' meeting of EASY SOFTWARE AG approved the control and profit and loss transfer agreement on December 23, 2020 in accordance with the amended resolution proposal with the required majority. The Annual General Meeting of deltus 36. AG had previously approved the control and profit and loss transfer agreement on December 22, 2020.

Main subject matter of the control and profit and loss transfer agreement

Under the control and profit transfer agreement, EASY SOFTWARE AG places the management of its company under the control of deltus 36. AG. Accordingly, deltus 36. AG is entitled to issue instructions to the Management Board of EASY SOFTWARE AG regarding the management of the company.

EASY SOFTWARE AG undertakes to transfer its entire profit to deltus 36. AG. Subject to the formation or dissolution of reserves, the maximum amount permissible pursuant to Section 301 of the German Stock Corporation Act (AktG), as amended from time to time, shall be transferred. According to current law, this is at most the annual surplus arising without the profit transfer, reduced by any loss carried forward from the previous year, by the amount to be allocated to the statutory reserves pursuant to Section 300 of the German Stock Corporation Act (AktG), and by the amount blocked from distribution pursuant to Section 268 (8) of the German Commercial Code (HGB). EASY SOFTWARE AG may, with the written consent of deltus 36 AG, allocate amounts from the net income for the year to other revenue reserves, to the extent that this is permissible under commercial law and economically justified based on a reasonable commercial assessment. Such reserves may be reversed at the request of deltus 36. AG and either used to offset a net loss for the year or transferred as profit. Other reserves or profit carried forward from the period before the beginning of the agreement may not be used either to transfer profits or to offset a net loss for the year. The obligation to transfer profits shall exist for the first time for the entire profit of the fiscal year of EASY SOFTWARE AG in which the Agreement became effective upon entry in the Commercial Register of the registered office of EASY SOFTWARE AG. It shall become due at the end of each fiscal year of EASY SOFTWARE AG.

With regard to losses, the provision of Section 302 AktG is to be applied in its entirety in the currently applicable version. According to the currently valid version of

Section 302 (1) of the German Stock Corporation Act (AktG), deltus 36. AG is therefore obligated to assume losses by compensating for any annual net loss otherwise incurred during the term of the agreement, insofar as this is not compensated for by withdrawing contributions from the other revenue reserves that were allocated to them during the term of the agreement. The obligation to assume losses shall apply for the first time to the entire net loss for the fiscal year of EASY SOFTWARE AG in which the agreement became effective upon entry in the commercial register.

Furthermore, deltus 36. AG undertook to pay the outside shareholders of EASY SOFTWARE AG an annually recurring cash payment as appropriate compensation for the duration of the agreement, starting from the fiscal year of EASY SOFTWARE AG for which the claim of deltus 36. AG to profit transfer becomes effective. For each full fiscal year of EASY SOFTWARE AG, the compensation payment shall amount to EUR 0.44 gross ("gross amount") for each registered no-par value share of EASY SOFTWARE AG with a notional share in the share capital of EUR 1.00, less any amount for KSt and SolZ in the amount of the tax rate applicable for these taxes for the respective fiscal year ("net compensation amount"). This deduction is only to be made on that part of the gross amount which relates to the profits subject to German corporation tax. According to the circumstances at the time of the conclusion of the agreement, EUR 0.06 is to be deducted from the gross amount for KSt (15.0%) and SolZ (5.5% of KSt). On this basis, a net settlement amount of EUR 0.38 per EASY SOFTWARE AG share results. For clarification purposes, it has been agreed that any applicable withholding taxes (such as KESt plus SolZ) will be withheld from the net settlement amount in accordance with the statutory provisions. The compensation payment is due on the third banking day after the Annual General Meeting of EASY SOFTWARE AG for the respective past fiscal year, but no later than eight months after the end of the respective fiscal year. The compensatory payment shall be granted for the first time for the entire fiscal year of EASY SOFTWARE AG in which the agreement became effective by entry in the commercial register of the registered office of EASY SOFTWARE AG, and for which deltus 36. AG acquires a claim to profit transfer. It shall be reduced proportionately in the event of the formation of a short fiscal year of EASY SOFTWARE AG or in the event of the termination of the Agreement in the course of a fiscal year of EASY SOFTWARE AG.

If the share capital of EASY SOFTWARE AG is increased from company funds against the issue of new shares, the compensation payment per EASY SOFTWARE AG share shall be reduced to the extent that the total amount of the compensation payment remains unchanged. If the share capital of EASY SOFTWARE AG is increased against cash and/or non-cash contributions, the rights under the agreement shall also apply to the shares subscribed by outside shareholders from such a capital increase. The commencement of the entitlement from the new shares pursuant to the agreement results from the profit share entitlement determined by EASY SOFTWARE AG when issuing the new shares. If the compensation payment is increased by a final decision in an award procedure, the shareholders who have already resigned may also demand a corresponding supplement to the compensation they have already received. This corresponds to the statutory provision in Section 13 sentence 2 SpruchG. Such a claim for supplementation may also arise for a court-recorded settlement to terminate an award proceeding, to the extent provided by law.

In addition, deltus 36. AG undertook, at the request of any outside shareholder of EASY SOFTWARE AG, to provide its EASY SOFTWARE AG shares in return for a compensation of EUR 11.81 per EASY SOFTWARE AG share. The obligation of deltus 36. AG to acquire EASY SOFTWARE AG shares is limited in time. The transfer of EASY SOFTWARE AG shares against compensation is free of charge for the outside shareholders of EASY SOFTWARE AG. Should the compensation be increased by a legally valid decision in appraisal proceedings, the shareholders who have already received compensation may also demand a corresponding supplement to the compensation they have already received. This corresponds to the statutory provision in Sec. 13 Sentence 2 SpruchG. Such a claim for supplementation also arises in the case of a settlement recorded in court at the end of appraisal proceedings, to the extent provided for by law.

Interest on the aforementioned increase amounts is not stipulated in the agreement, but is also not required. Accordingly, the statutory provision of the Section 305 (3) sentence 3 of the German Stock Corporation Act (AktG), according to which the compensation shall bear interest at an annual rate of 5 percentage points above the respective prime rate pursuant to Section 247 of the German Civil Code (BGB) after expiry of the day on which the agreement became effective, and the assertion of further damages shall not be excluded.

deltus 36. AG is also granted information rights for all information required for exercising the management right regarding the legal, business, financial, personnel, and administrative affairs of EASY SOFTWARE AG, and EASY SOFTWARE AG is subject to information obligations regarding business development, in particular regarding significant business transactions.

The agreement is concluded for an indefinite period of time and may be terminated by either party with three months' notice to the end of a fiscal year. For tax reasons, a minimum contract term of five full years (60 months) after the beginning of the fiscal year for which the obligation of EASY SOFTWARE AG to transfer profits has become effective has been agreed. The Agreement may be terminated by either party for good cause without observing a notice period. The declaration of termination must be in writing. Upon termination of the Agreement, deltus 36. AG shall be obligated to provide security to the creditors of EASY SOFTWARE AG in corresponding application of Section 303 of the German Stock Corporation Act (AktG).

BaFin proceedings

In a letter dated February 12, 2020, EASY SOFTWARE AG was heard by the German Federal Financial Supervisory Authority (BaFin) pursuant to Section 55 OWiG on suspicion of a violation of Section 115 (1) Sentence 4 of the German Securities Trading Act (WpHG), as it had published the half-year financial report for fiscal year 2019 but had not submitted it to the Company Register. In its plea of April 30, 2020, the company admitted the omission of the transmission of half-yearly financial reports to the company register since 2008, but submitted with extensive evidence that the subjective facts were not fulfilled for any of the objective breaches of duty, because the omissions were neither intentional nor reckless. In addition, the relevant half-yearly financial reports were subsequently submitted to the Company Register. The Company has no further knowledge of the current status of the proceedings.

ONGOING LEGAL PROCEEDINGS

„ScanOptic" // EASY SOFTWARE AG ./. Wagner BGH II ZR 152/17 // OLG Düsseldorf I-17 U 29-16 (LG Duisburg 25 O 41-12)

These proceedings against the former Chairman of the Supervisory Board and major shareholder of EASY SOFTWARE AG relate to claims by the Company for inadmissible disbursements of purchase price payments from the sale of a shareholding in ScanOptic Gesellschaft für Scanner und optische Speichertechnologie mbH to Mr. Manfred A. Wagner (former Chairman of the Supervisory Board), as well as repayment by EASY SOFTWARE AG of a loan granted by Mr. Manfred A. Wagner and RS Consulting GmbH to EASY SOFTWARE (UK) PLC.

In its judgment of January 13, 2016, the Duisburg Regional Court ordered Mr. Manfred A. Wagner to pay damages in the amount of EUR 1,513,000.00 plus interest. The defendant, Mr. Manfred A. Wagner, appealed against the judgment. The Düsseldorf Higher Regional Court initially allowed the appeal and reversed the first-instance decision. The Company filed a complaint of non-admission against the decision of the Düsseldorf Higher Regional Court and, after it was admitted, an appeal to the Federal Court of Justice. The Federal Court of Justice reversed the decision of the Düsseldorf Higher Regional Court and referred the case back to the Court of Appeal.

In the reporting period, following the rejection of the legal dispute by the Court of Appeal and a new hearing, the Higher Regional Court of Dusseldorf rejected the appeal of the former Chairman of the Supervisory Board, Mr. Manfred A. Wagner, against the judgment of the Duisburg Regional Court of January 13, 2016, by decision of November 13, 2020, and confirmed the payment of damages in the amount of EUR 1,513,000.00 plus interest. The interest claim amounts to approximately EUR 1.4 million.

The Düsseldorf Higher Regional Court did not allow an appeal against the judgment on November 13, 2020. Mr. Manfred A. Wagner filed an appeal against the non-admission of the appeal with the Federal Court of Justice in due time, but the appeal was not substantiated during the reporting period. At the request of the opposing party, the Federal Court of Justice extended the deadline for filing the statement of grounds to April 15, 2021.

„sbr Health IT" // EASY SOFTWARE AG ./. Neuhaus, Wagner et al. OLG Düsseldorf I-17 U 111/19 (LG Duisburg 25 O 20/15)

With this lawsuit, EASY SOFTWARE AG asserted claims in the most recent amount of EUR 1,512,398.08 against former executive bodies of the company.

The background to the lawsuit is payments made by EASY SOFTWARE AG to sbr health IT GmbH, or payments to third parties who had in turn made payments to sbr health IT GmbH. The former Management Board member [redacted] and the former Supervisory Board Chairman Mr. Manfred A. Wagner were sued. In a counterclaim, Mr. Neuhaus then asserted remuneration claims in the amount of EUR 587,750.00. As a precautionary measure, the Company thereupon served notice of the dispute with respect to the counterclaim on Mr. Manfred A. Wagner, who in turn served notice of the dispute on Mr. René Scheer and Prof. Dr. Helmut Balzert (former members of the Company's Supervisory Board) as well as on the law firm Heuking Kühn Lüer Wojtek. With regard to his impending claim under the lawsuit, the defendant Mr. Wagner had also served notice of the dispute on the defendant Mr. Neuhaus.

In its ruling of April 29, 2019, Duisburg Regional Court granted the Company's claim against Mr. Neuhaus and Mr. Wagner as follows and dismissed the counterclaim:

The defendants were ordered as joint and several debtors to pay EASY SOFTWARE AG EUR 1,002,676.03 plus interest at a rate of 5 percentage points above the prime rate on specified partial amounts and periods. Mr. Neuhaus was also ordered to pay the plaintiff EUR 250,334.00 plus interest at 5 percentage points above the prime rate since September 6, 2014. Mr. Neuhaus was also ordered to pay the Company a further EUR 164,118.05 plus interest at 5 percentage points above the prime rate since July 17, 2015. In all other respects, the claim and counterclaim were dismissed.

The opposing party filed an appeal against the judgment with the Düsseldorf Higher Regional Court on May 27, 2019 (I-17 U 111/19). In this appeal, the defendants withdrew their appeals shortly before the pronouncement date of October 30, 2020. As a result, the first-instance judgment of the Duisburg Regional Court became final, by which Mr. Neuhaus and Mr. Wagner were jointly and severally ordered to pay damages in the amount of EUR 1,022,676.03 plus interest and the defendant Mr. Neuhaus was also ordered to pay damages in the total amount of EUR 414,452.05 plus interest.

Dieter Weißhaar ./. EASY SOFTWARE AG
LG Duisburg 25 O 5/20

The former Chairman of the Management Board of EASY SOFTWARE AG, Mr. Dieter Weißhaar, had filed a lawsuit against EASY SOFTWARE AG in the summary proceedings before the Duisburg Regional Court (25 O 5/20 KfH) in a written statement dated April 7, 2020. With the lawsuit, the plaintiff claimed payment of outstanding salaries totaling EUR 63,200.00 gross plus interest at 5 percentage points above the prime rate from EUR 31,600.00 gross since March 31, 2020, and from EUR 31,600.00 gross since April 30, 2020. Furthermore, the plaintiff claimed severance pay in the amount of EUR 1,088,000.00 gross plus interest at 5 percentage points above the prime rate since April 30, 2020, for the premature termination of the employment contract. The defendant has countered thatand has declared, among other things, the offsetting with claims for damages.

After the plaintiff had rejected a mediation procedure suggested by the court, the parties succeeded in concluding a settlement at the hearing before Duisburg Regional Court on February 17, 2021, which covered not only the claims asserted by way of action but also further payments claimed by the plaintiff.

In the settlement, the parties had agreed that the existing Executive Board employment relationship between them would be terminated by mutual agreement at the end of March 30, 2020. The defendant had undertaken to provide the plaintiff with a proper statement of account for the outstanding salary for March 2020 in the amount of EUR 31,600.00 gross and to pay the resulting net amount to the plaintiff. Furthermore, the defendant undertook to pay the plaintiff a total gross amount of EUR 100,000.00 for bonus 1 and bonus 2 for 2019 and a gross amount of EUR 50,000.00 for the pro rata bonus 1 and bonus 2 for 2020. Furthermore, the parties agreed on a payment of a further EUR 778,400.00 gross as compensation for the premature termination of the Executive Board service agreement between the parties and on flat-rate default interest for the delayed salary, bonus and severance payments to the plaintiff amounting to EUR 40,000.00 net. It was agreed that the payments were due for payment no later than two weeks after the settlement became final. In addition, the parties agreed to agree immediately on a joint announcement regarding the plaintiff's departure. In this context, both the professional and personal reputation of the plaintiff and the interests of the defendant were to be given due consideration. The costs of the legal dispute and the settlement were borne by the plaintiff to the extent of one third and by the defendant to the extent of two thirds by way of settlement, with the defendant, however, bearing a maximum gross amount of EUR 34,500.00 in total. The parties further agreed that - to the extent permitted by law (cf. in particular Section 93 (4) of the German Stock Corporation Act (AktG)) - the fulfillment of the above provisions of the settlement conclusively settles all mutual claims between the parties arising from and in connection with the Executive Board service agreement in dispute and its termination.

In the settlement dated February 17, 2021, the parties had reserved the right to revoke the settlement by March 17, 2021 (date of receipt by the court). However, as the parties had in the meantime also been able to agree on a joint press release and the full Supervisory Board had given its consent, the defendant confirmed the settlement in a letter to the court dated March 17, 2021. The plaintiff also confirmed the settlement in a letter to the court on March 17, 2021. The proceedings are therefore terminated.

2.4 ASSESSMENT OF THE BUSINESS DEVELOPMENT

Despite the unexpected pandemic-related recession, the Group's revenue and EBITDA excluding special items for the full 2020 financial year were within the forecast range.

The cloud and subscription business increased from TEUR 2,345 to TEUR 2,835 in the reporting year and represents almost 6% of consolidated revenue in

2020. Taking into account the software maintenance contracts, the share of contractually agreed revenue amounts to around 58% of annual revenue in 2020.

At EUR 6.75 million, Group EBITDA 2020 is above the forecast range, but is impacted by one-off effects in connection with income from legal disputes against former board members and expenses for legal advice in a compliance investigation and for the takeover offer of deltus 36. AG.

Lower than expected purchase price payments for Apinauten GmbH, Leipzig, amounting to EUR 1.6 million, income from claims for damages of EUR 2.8 million, provisions for severance payments of EUR 1.1 million and unscheduled legal costs of around EUR 0.8 million had a significant impact on the Group's net profit for 2020. Other special effects amounted to EUR 0.3 million.

Adjusted for the aforementioned special effects, Group EBITDA amounted to EUR 4.57 million.

Cash flow from operating activities, as a key indicator of cash-effective operating profit, increased by EUR 4.6 million to EUR 7.7 million in the reporting year (previous year: EUR 3.1 million).

2.5 COMPANY SITUATION

EASY SOFTWARE AG's financial statements are prepared in accordance with the German Commercial Code (HGB) in the individual financial statements, and in accordance with IFRS in the consolidated financial statements. In the following, there may be rounding differences between the figures in the financial statements and the (key) figures stated here.

2.5.1 EARNINGS POSITION OF THE GROUP REVENUE

DEVELOPMENT

Consolidated revenues of the EASY Group amounted to EUR 49.2 million in fiscal year 2020 (previous year: EUR 50.6 million). This corresponds to a decrease of 2.7%.

Maintenance revenues accounted for 53% of consolidated revenues (previous year: 50%), services for 21% (previous year: 25%), cloud and software rental for 5.8% (previous year: 4.6%), and software licenses for 20% (previous year: 20%). Other accounted for 0.2% (previous year: 1%).

For information on the sales performance of the foreign subsidiaries, please refer to the segment report in the notes to the consolidated financial statements.

In addition to own work capitalized and other operating income, total operating performance amounted to EUR 57.1 million (previous year: EUR 52.9 million). Own work capitalized was attributable to developments in the DMS and cloud business and, at TEUR 1,352 (previous year: TEUR 1,502), was below the previous year and in line with expectations.

Other operating income of EUR 6.5 million (previous year: EUR 0.9 million) was mainly characterized by the recognition of claims for damages of EUR 4.2 million and income from a lower purchase price payment for the remaining shares in Apinauten GmbH of EUR 1.6 million.

EARNINGS PERFORMANCE

In line with lower sales revenues, the cost of materials also decreased in the reporting period. It decreased from EUR 10.1 million in the previous year to EUR 9.6 million. Personnel expenses rose from EUR 27.7 million to EUR 29.2 million.

The cost of materials ratio decreased from 19.9% to 19.4% in 2020, mainly due to a lower share of purchased services. The personnel expense ratio increased from 54.8% in the fiscal year to 59.3%, which was due in particular to the provision for the severance payment to a former Executive Board member.

Other operating expenses increased to EUR 11.6 million in the reporting year (previous year: EUR 10.9 million). This is mainly due to increased costs for legal advice for a compliance investigation and costs incurred in connection with the takeover offer of deltus 36. AG.

Against this background, earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 6.75 million in fiscal year 2020 (previous year: EUR 4.2 million). Amortization of intangible assets and depreciation of property, plant and equipment decreased from EUR 6.1 million to EUR 6.0 million. EBIT (earnings before interest and taxes) rose to EUR 0.7 million (previous year: EUR -1.9 million).

The result from investments accounted for using the equity method from friendWorks GmbH amounted to EUR 0.3 million (previous year: EUR 4.1 million, mainly due to the one-off effect from the sale of shares in otris software AG).

Consolidated earnings before taxes (EBT) decreased accordingly to EUR 0.7 million (previous year: EUR 1.8 million). Taking into account a tax expense of EUR 3.6 million (previous year: tax income: EUR 0.3 million), this resulted in a consolidated net loss (business result) of EUR 2.9 million (previous year: consolidated net income of EUR 2.0 million). The high tax expense arose in connection with the majority takeover by deltus 36. AG and the control and profit and loss transfer agreement concluded with it. During the minimum term of the agreement of five years, the loss carryforwards available at EASY SOFTWARE AG cannot be used. As a result, deferred tax assets were adjusted in the consolidated financial statements. The consolidated result attributable to the shareholders of EASY SOFTWARE AG corresponds to earnings per share of EUR -0.45 (previous year: EUR 0.32).

2.5.2 EARNINGS POSITION OF EASY SOFTWARE AG

EASY SOFTWARE AG's revenue decreased to EUR 30.7 million in fiscal year 2020 (previous year: EUR 32.0 million). Total operating performance including own work capitalized, changes in inventories, and other operating income decreased to EUR 35.5 million (previous year: EUR 38.7 million). This is mainly due to the sale of shares in otris software AG in the previous year, which led to an increase in other operating income of around EUR 2.0 million compared to the previous year.

On the cost side, the cost of materials fell from EUR 9.6 million to EUR 7.7 million due to lower purchased services. Personnel expenses increased from EUR 13.4 million to EUR 14.7 million in the reporting period.

Other operating expenses, including one-off costs of around EUR 0.6 million, e.g. for the takeover bid by Deutsche Balaton AG and further legal advice, rose to EUR 11.5 million (previous year: EUR 10.2 million), resulting in EBITDA of EUR 1.5 million (previous year: EUR 5.5 million).

Depreciation and amortization fell by EUR 0.1 million compared with the previous year, resulting in EBIT of TEUR -861 for the reporting period (previous year: EUR 4.4 million). The financial result fell to EUR 1.5 million (previous year: EUR 2.9 million), mainly due to the absence of income from investments in otris software AG. Operating taxes amounted to EUR 0.3 million and include deferred tax expenses of EUR 0.13 million. These arose from the takeover of deltus 36. AG, in connection with the expiry of loss carryforwards. EBT amounted to EUR 2.0 million (previous year: EUR 7.3 million). The net profit for the year (operating result) decreased to EUR 1.8 million (previous year: EUR 7.3 million).

2.5.3 NET ASSETS AND FINANCIAL POSITION OF THE GROUP

2.5.3.1 NET ASSETS

CAPITAL STRUCTURE

Compared to the previous year, total assets decreased from EUR 51.5 million to EUR 45.9 million in the reporting period. On the assets side, the decrease is mainly due to lower other intangible assets, property, plant and equipment and deferred tax assets.

On the liabilities side, equity decreased to EUR 25.6 million (previous year: EUR 28.7 million) due to the negative consolidated result. Due to the repayment of the bank loans at the beginning of 2021, financial liabilities were reclassified from non-current to current liabilities. The expiry of deferred tax assets following the acquisition by deltus 36. AG resulted in deferred tax liabilities of EUR 2.3 million in the financial year. As a result, the EASY Group continues to have a very solid equity ratio of 55.8% as of December 31, 2020 (previous year: 55.8%).

LONG-TERM ASSETS

Non-current assets decreased from EUR 32.2 million to EUR 27.9 million. Deferred tax assets were not recognized in the reporting year due to the excess of deferred tax liabilities (previous year: EUR 1.1 million). In the other items, the main changes were in other intangible assets due to offsetting within the Group and in property, plant and equipment due to depreciation and amortization. Non-current assets represent 60.6% of total assets (previous year: 62.5%).

CURRENT ASSETS

Current assets decreased, with lower trade receivables and higher other receivables and assets, to EUR 18.1 million (December 31, 2019: EUR 19.3 million), accompanied by a share in total assets of 39.4% (previous year: 37.5%).

NON-CURRENT LIABILITIES

Non-current financial liabilities were reduced in the past fiscal year and amounted to EUR 1.4 million as of December 31, 2020 (December 31, 2019: EUR 7.4 million). Due to repayment agreements with the lending banks at the beginning of 2021, the loan liabilities were only to be reported as current. The personnel provisions relate to pension obligations and increased only slightly compared to the previous year, so that non-current liabilities decreased overall to EUR 4.2 million as of December 31, 2020 (December 31, 2019: EUR 7.8 million). This corresponds to a share of total assets of 9.2% (previous year: 15.2%).

SHORT-TERM BORROWINGS

Current liabilities increased in the reporting period from EUR 15.0 million as of December 31, 2019 to EUR 16.1 million as of December 31, 2020, resulting in a share of total assets of 35.1% (previous year: 29.0%). There were significant changes compared to the previous year in financial liabilities of EUR 6.9 million (December 31, 2019: EUR 7.1 million) and other liabilities of EUR 6.8 million (December 31, 2019: EUR 5.7 million).

OWNERSHIP

As of December 31, 2020, equity including non-controlling interests decreased to EUR 25.6 million (December 31, 2019: EUR 28.7 million). The reduction is mainly due to the lower consolidated net profit for the year.

Subscribed capital amounted to EUR 6.4 million in the reporting period (December 31, 2019: EUR 6.4 million). The equity ratio remained unchanged at 55.8% as of December 31, 2020 the same as in the previous year.

2.5.3.2 FINANCIAL POSITION

Net cash provided by operating activities increased to EUR 7.7 million in the past fiscal year (previous year: EUR 3.1 million).

The net cash outflow from investing activities amounted to EUR 3.2 million in the reporting period (previous year: net cash inflow of EUR 1.4 million). Payments for acquisitions and intangible assets amounted to EUR 3.2 million in the fiscal year (previous year: EUR 8.7 million). In addition, investments in property, plant and equipment amounted to EUR 0.4 million (previous year: EUR 0.5 million).

The net cash outflow from financing activities totaled EUR 4.2 million in the 2020 financial year (previous year: net cash inflow of EUR 3.0 million). Payments for the scheduled repayment of loans amounted to EUR 2.0 million (prev. year: EUR 2.8 million). In addition, there were interest payments of EUR 0.3 million (previous year: EUR 0.4 million).

This resulted in a total cash flow of EUR 0.3 million for the 2020 financial year (previous year: EUR 7.4 million). Cash and cash equivalents amounted to EUR 9.0 million as of December 31, 2020 (December 31, 2019: EUR 8.9 million).

2.5.4 NET ASSETS AND FINANCIAL POSITION OF EASY SOFTWARE AG

CAPITAL STRUCTURE

Compared to the previous year, total assets decreased from EUR 46.1 million to EUR 44.0 million in the reporting period.

The decrease on the assets side is mainly due to the EUR 1.5 million decrease in shares in affiliated companies due to the lower purchase price payment for Apinauten GmbH, as well as lower receivables and other assets. Receivables from affiliated companies decreased by EUR 1.2 million in the fiscal year, while cash on hand and bank balances amounted to EUR 4.2 million (previous year: EUR 5.0 million).

On the liabilities side, the main factors were the increase in equity from EUR 30.7 million to EUR 32.5 million and the decrease in other liabilities by EUR 3.1 million. In the previous year, other liabilities mainly related to the estimated remaining purchase price of EUR 3.5 million for the shares in Apinauten GmbH, Leipzig. In the year under review, there was an excess of deferred tax liabilities for the first time, as the tax losses carried forward by EASY SOFTWARE AG were frozen for the duration of the control and profit transfer agreement between EASY SOFTWARE AG and deltus 36. AG.

FIXED ASSETS

Non-current assets decreased from EUR 27.5 million to EUR 26.8 million in the reporting period, mainly due to the decrease in shares in affiliated companies as a result of the lower acquisition price of Apinauten GmbH.

Property, plant and equipment decreased mainly as a result of depreciation. Financial assets are tested annually for impairment. As in the previous year, no impairment losses were recognized at the balance sheet date of December 31, 2020. Fixed assets accounted for 61.0% (previous year: 59.6%) of total assets.

CURRENT ASSETS

Receivables and other assets decreased from EUR 13.1 million as of December 31, 2019 to EUR 12.3 million as of December 31, 2020. Trade receivables decreased by EUR 1.2 million compared to the previous year as of the reporting date. Receivables from affiliated companies decreased by EUR 1.2 million. Other assets increased by EUR 1.6 million compared to the previous year. In total, current assets decreased to EUR 16.5 million as of December 31, 2020 (previous year: EUR 18.1 million), corresponding to 37.6% of total assets (previous year: 39.3%).

PREPAID EXPENSES AND DEFERRED CHARGES AND THE ASSET DIFFERENCE FROM THE OFFSETTING OF ASSETS

Prepaid expenses increased from EUR 0.5 million as of December 31, 2019 to EUR 0.6 million at the end of the reporting period. As in the previous year, the difference on the asset side of a pension obligation amounted to less than EUR 0.1 million.

OWNERSHIP

The Company's equity increased by EUR 1.8 million to EUR 32.5 million (previous year: EUR 30.7 million) as a result of the net income for the financial year. Subscribed capital, additional paid-in capital and retained earnings remained unchanged from the previous year. As a result, the equity ratio increased from 66.7 percent at December 31, 2019 to 73.9% as of December 31, 2020.

PROVISIONS

Provisions increased in the reporting period from EUR 1.4 million as of December 31, 2019 to EUR 2.6 million as of December 31, 2020. EUR 2.6 million of this amount relates to other provisions (previous year: EUR 1.4 million). Other provisions mainly include provisions for obligations from severance payments, annual bonuses and employee commissions of EUR 1.8 million (previous year: EUR 0.6 million) and outstanding vacation of EUR 0.1 million (previous year: EUR 0.1 million).

LIABILITIES

Liabilities to banks decreased from EUR 7.4 million to EUR 5.4 million, trade payables increased from EUR 1.3 million to EUR 1.8 million. Liabilities to affiliated companies decreased to EUR 0.3 million (previous year: EUR 1.0 million). Other liabilities decreased to EUR 0.6 million, mainly due to the payment of the remaining purchase price for the acquisition of Apinauten GmbH. Total liabilities amounted to EUR 8.3 million as of December 31, 2020 (previous year: EUR 13.4 million), corresponding to 18.8% of total assets (previous year: 29.2%).

PREPAID EXPENSES

Deferred income relates to software maintenance contracts invoiced and paid in advance with performance periods extending beyond the financial year. At the end of the reporting period, these amounted to EUR 0.4 million (previous year: EUR 0.5 million).

FINANCIAL POSITION

Cash and cash equivalents amounted to TEUR 4,238 as of December 31, 2020 (December 31, 2019: TEUR 4,983). There was a current account line in the amount of EUR 1.0 million, which was not utilized as of the balance sheet date.

2.5.5 FINANCIAL MANAGEMENT

The financial management of EASY SOFTWARE AG and the EASY Group has made it a central goal to have sufficient liquidity reserves at all times, to minimize financial risks, and to ensure financial flexibility. The operating activities of the individual companies and the resulting inflow of funds represent the main source of liquidity. This is supplemented by income from associated companies at Group level and from affiliated companies and profit and loss transfer agreements at the level of the individual financial statements. Extensive financing through interest-bearing debt is only required for major investments, such as company acquisitions, and is therefore undertaken on a case-by-case basis. The loans regularly bear fixed interest rates.

An adequate equity base is the target, which is achieved at over 50% both at parent company level and at Group level, and is intended to support the external rating by banks. Consistent compliance with covenants is ensured. The interest-bearing liabilities are subject to covenants that take into account the equity ratio and a multiple of the Group EBITDA. Due to the repayment of the bank loans in February and April 2021, it has been agreed with the banks that no covenants need to be taken into account as of December 31, 2020.

Target fulfillment is monitored as part of corporate and Group planning. As a matter of principle, the EASY Group includes all consolidated subsidiaries in this planning at Group level. It is ensured that sufficient liquidity is available at all times. With the available capital resources and the financing measures taken, the EASY Group has, in the opinion of the Management Board, created the essential prerequisites for future development.

Financial management also includes monitoring the impairment of shares in affiliated companies in the separate financial statements and goodwill impairment testing in the consolidated financial statements. Annual impairment tests are carried out, and in the case of special events, impairment tests are also carried out during the year.

In the context of continued successful internal financing, a dividend payment is not planned for this year.

2.5.6 INVESTMENTS

In the past fiscal year, the EASY Group made investments with a volume of EUR 2.8 million (previous year: EUR 3.1 million). Of this amount, EUR 1.5 million (previous year: EUR 1.6 million) was invested in property, plant and equipment, and EUR 1.4 million (previous year: EUR 1.5 million) in intangible assets and development costs.

EASY SOFTWARE AG made investments with a volume of EUR 1.9 million (previous year: EUR 12.8 million). EUR 1.6 million of the invested funds went to intangible assets and EUR 0.3 million to property, plant and equipment. Lower investments are planned for the financial year 2021.

2.5.7 ORDER POSITION

The order backlog of the EASY Group at the end of the reporting year was in line with the overall economic situation. As of December 31, 2020, orders on hand in Germany amounted to EUR 4.6 million (December 31, 2019: EUR 4.4 million). For fiscal year 2021, the Executive Board expects a stable order backlog for new business across all Group companies. However, market demand is increasingly shifting from license purchases to software-as-a-service offerings with long-term leases. In some cases, this change in the business model will lead to a shift in revenue from 2021 to subsequent years. The effect is intensified if the lease is not concluded until the second half of the year.

2.5.8 EMPLOYEES

Qualified and motivated employees are of strategic importance to EASY. In the reporting period, the average number of employees in the Group remained constant at 364.

EASY SOFTWARE AG employed an average of 177 employees in fiscal year 2020 (previous year: 173). At the end of the financial year, the number of employees at EASY SOFTWARE AG was 184 (previous year: 182).

2.6 COMPENSATION REPORT

The compensation of the Executive Board in office in 2020 comprises a non-performance-related and a performance-related component. The non-performance-related component consists of a fixed amount paid out as a monthly base salary, insurance premiums and a value for non-cash benefits to be recognized in accordance with tax regulations. The performance-related component consists of a bonus, which is dependent on results. No other variable compensation components, such as stock options, have been agreed.

The total remuneration of active members of the Executive Board amounted to EUR 288 thousand in the 2020 financial year (previous year: EUR 389 thousand).

Mr. Dieter Weißhaar received fixed remuneration of EUR 80 thousand and fringe benefits of EUR 5 thousand for the financial year. On March 19, 2021, a settlement was reached with Mr. Weißhaar, which provides for a total gross payment of EUR 1.0 million to settle all claims of Mr. Weißhaar in connection with his Executive Board activities at the Company, including salary, bonus and severance claims. A provision of EUR 0.9 million has been recognized for the settlement, which has yet to be paid out.

Mr. Oliver Krautscheid received fixed remuneration of EUR 199 thousand and fringe benefits of EUR 4 thousand for the fiscal year. A provision of EUR 50 thousand was recognized for variable remuneration still to be paid. Short-term and long-term performance-based remuneration (bonus) was agreed with Mr. Oliver Krautscheid in the 2020 financial year, amounting to a maximum of EUR 100 thousand per financial year. The targets are based on Group EBITDA. The employment contract of Mr. Oliver Krautscheid contains provisions on benefits in the event of premature termination of the contract, according to which claims can be granted pro rata temporis.

Grants awarded TEUR	**Dieter Weißhaar Management Board** Exit: 20.03.2020				**Oliver Krautscheid Management Board** Admission: 11.02.2020			
	2019	**2020**	**Min.**	**Max.**	**2019**	**2020**	**Min.**	**Max.**
Fixed remuneration	325	80			0	199		
Ancillary services	19	5			0	4		
Total	**344**	**85**	**0**	**0**	**0**	**203**	**0**	**0**
One-year variable compensation	54	0		0	0	50		100
Utility expenses	0	0			0	0		
Total compensation	**398**	**85**	**0**	**0**	**0**	**253**	**0**	**100**

Inflow TEUR	**Dieter Weißhaar Management Board** Exit: 20.03.2020				**Oliver Krautscheid Management Board** Admission: 11.02.2020			
	2019	**2020**	**Min.**	**Max.**	**2019**	**2020**	**Min.**	**Max.**
Fixed remuneration	325	80			0	199		
Ancillary services	19	5			0	4		
Total	**344**	**85**	**0**	**0**	**0**	**203**	**0**	**0**
One-year variable compensation	45	0			0	0		
Utility expenses	0	0			0	0		
Total compensation	**389**	**85**	**0**	**0**	**0**	**203**	**0**	**0**

In accordance with Section 21 of the Articles of Association, the members of the Supervisory Board receive remuneration of EUR 15,000.00 (previous year: EUR 15,000.00) per financial year in addition to reimbursement of their expenses. The Chairman receives 2.5 times this amount, the Deputy Chairman 1.75 times this amount. In addition, the members of the Supervisory Board receive an attendance fee of EUR 1,500.00 per meeting for attending meetings. No performance-related remuneration components were granted or paid. There are no consulting agreements with members of the Supervisory Board. For 2019 and 2020, the members of the Supervisory Board were granted the following compensation (excluding expenses and value-added tax):

Allowances granted	Fixed remuneration		Attendance fees		Total compensation	
EUR	2019	2020	2019	2020	2019	2020
Oliver Krautscheid (Chairman, until February 10, 2020)	37,500	4,224	33,000	6,000	70,500	10,224
Stefan ten Doornkaat (Deputy until 10.02.2020, Chairman until 23.12.2020)	26,350	35,120	33,000	15,000	59,350	50,120
Armin Steiner (Supervisory Board member until March 20, 2020, Deputy until December 23, 2020)	9,008	23,365	25,500	27,000	34,508	50,365
Serkan Katilmis (Supervisory Board member since March 20, 2020, until December 23, 2020)	6,000	11,750	7,500	22,500	13,500	34,250
Richard Wiegmann (Chairman since 23.12.2020)	0	0	0	0	0	0
Zakary Scott Ewen (Supervisory Board member since Dec. 23, 2020)	0	0	0	0	0	0
Robert David Tabors (Supervisory Board member since December 23, 2020)	0	0	0	0	0	0
Stephen Paul Rowley (Supervisory Board member since Dec. 23, 2020)	0	0	0	0	0	0
Total	**78,858**	**74,459**	**99,000**	**70,500**	**177,858**	**144,959**

All payments relate exclusively to short-term benefits.

2.7 OTHER DISCLOSURES

COMPOSITION OF SUBSCRIBED CAPITAL

As of December 31, 2020, the share capital of EASY SOFTWARE AG amounted to EUR 6,442,039.00. It is divided into 6,442,039 bearer shares with a notional value of EUR 1.00 per share. As of December 31, 2020, and as of the date of preparation of the financial statements, there were no treasury shares.

RESTRICTIONS AFFECTING VOTING RIGHTS OR THE TRANSFER OF SHARES

The shareholders of EASY SOFTWARE AG are not restricted in their decision to acquire or sell shares either by German law or by the Company's Articles of Association. The acquisition and sale of shares does not require the approval of the Company's corporate bodies to become effective. The Company is not aware of any restrictions on the transferability of shares.

Each share entitles the holder to one vote at the Annual General Meeting. Shareholders' voting rights are not subject to any restrictions either by law or under the Company's Articles of Association. Voting rights are not limited to a specific number of shares or a specific number of votes. All shareholders who have registered in good time for the Annual General Meeting and have provided evidence of their entitlement to attend the Annual General Meeting and exercise their voting rights are entitled to cast votes from all the shares they hold and have registered. Only the statutory prohibitions on voting rights apply (e.g. Section 136 AktG).

THE COMPANY RECEIVED THE FOLLOWING NOTIFICATIONS PURSUANT TO SECTION 33 OF THE GERMAN SECURITIES TRADING ACT (WPHG) IN THE REPORTING PERIOD 2020:

Notification date	Notifiable name of the shareholder	Date of threshold contact	Reason for the notification	Total voting rights new
10.11.2020	Battery Partners XIII (AIV I Cayman), Ltd. Battery Partners XIII Side Fund (AIV I Cayman), Ltd.	06.11.2020	Acquisition	78.38%
09.11.2020	Thorsten Wagner	06.11.2020	Disposal	0.0%
06.11.2020	Wilhelm K. T. Zours	06.11.2020	Disposal	0.0%
29.09.2020	Axxion S.A.	28.09.2020	Disposal	1.71%
25.09.2020	Battery Partners XIII (AIV I Cayman), Ltd. Battery Partners XIII Side Fund (AIV I Cayman), Ltd.	22.09.2020	Other reason	2.03%
23.09.2020	Samson Rock Capital LLP	22.09.2020	Acquisition	3.14%
22.09.2020	Battery Partners XIII (AIV I Cayman), Ltd. Battery Partners XIII Side Fund (AIV I Cayman), Ltd.	17.09.2020	Other reason	26.83%
14.09.2020	Thorsten Wagner Global Derivative Trading GmbH	09.09.2020	Disposal	29.84%
11.09.2020	Battery Partners XIII (AIV I Cayman), Ltd. Battery Partners XIII Side Fund (AIV I Cayman), Ltd.	09.09.2020	Other reason	37.38%
17.08.2020	Lupus alpha Investment GmbH	13.08.2020	Disposal	2.33%
31.07.2020	Battery Partners XIII (AIV I Cayman), Ltd. Battery Partners XIII Side Fund (AIV I Cayman), Ltd.	24.07.2020	Acquisition	62.08%
07.01.2020	Lupus alpha Investment GmbH	01.01.2020	Other reason	7.44%
06.01.2020	Lupus alpha Investment S.A.	01.01.2020	Other reason	0.0%

SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

The Company has not issued any shares with special rights conferring powers of control.

TYPE OF VOTING RIGHTS CONTROL WHEN EMPLOYEES HAVE AN INTEREST IN THE CAPITAL AND DO NOT EXERCISE THEIR CONTROL DIRECTLY

There is no participation of employees in the capital from which the employees could not directly exercise their control rights.

STATUTORY PROVISIONS AND PROVISIONS OF THE ARTICLES OF ASSOCIATION CONCERNING THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Appointment and dismissal of members of the Management Board are governed by Sections 84, 85 of the German Stock Corporation Act (AktG) and Section 23 of the Articles of Association of EASY SOFTWARE AG. Accordingly, the Supervisory Board appoints the members of the Management Board. According to Section 23 of the Articles of Association, the Management Board consists of at least one person. Otherwise, the Supervisory Board determines the number of members of the Management Board. The Supervisory Board appoints the members for a maximum of five years. Reappointment for a maximum of five years or premature revocation of the appointment is permissible. The Supervisory Board may appoint a member of the Board of Management as Chairman. Deputy members of the Board of Management may be appointed.

The amendment to the Articles of Association is made in accordance with sections 179 and 133 of the German Stock Corporation Act (AktG) and section 13 (4) of the Articles of Association and requires a resolution of the Annual General Meeting passed by a three-quarters majority of the capital stock represented at the meeting considering the resolution. Pursuant to Art. 181 par. 3 AktG, the amendment to the Articles of Association becomes effective upon entry in the Commercial Register. Under Art. 19 of the Articles of Association, the Supervisory Board is authorized to make amendments to the Articles of Association that relate only to their wording.

AUTHORITY OF THE MANAGEMENT BOARD TO ISSUE CONVERTIBLE BONDS

At the Annual General Meeting on August 20, 2020, the Executive Board was authorized, with the approval of the Supervisory Board, to issue convertible bonds with or without conversion or subscription rights (hereinafter also referred to as „bonds") in a total nominal amount of up to EUR 13,000,000.00, with a term of five years and a conversion obligation at the end of the term, on one or more occasions until August 19, 2025. The holders of the bonds referred to in the previous sentence also have the right to convert the bonds into shares at any time. No convertible bonds have been issued to date.

MATERIAL AGREEMENTS OF THE COMPANY THAT ARE SUBJECT TO A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID

There were and are no agreements in the event of a change of control as a result of a takeover bid.

COMPENSATION AGREEMENT OF THE COMPANY MADE WITH MEMBERS OF THE MANAGEMENT BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

The Company has not entered into any compensation agreements with members of the Executive Board or employees in the event of a takeover bid.

3. RISK AND OPPORTUNITY REPORT

Risks refer to the general possibility of the occurrence of internal or external events that have an unfavorable effect on the net assets, financial position, or results of operations of EASY SOFTWARE AG or its subsidiaries, or the occurrence of which endangers the achievement of set targets. The business activities of EASY SOFTWARE AG are exposed to a variety of risks, which are inextricably linked to the company's business activities. The opportunities and risks arising from entrepreneurial activity are defined and assessed by the Executive Board on an ongoing basis. Key elements of the management and governance tools are the monitoring, analysis and assessment as well as the control of risks, as required by Section 91 (2) of the German Stock Corporation Act (AktG). A categorization of risks is made. A categorical exclusion or fundamental avoidance of specific risks is not envisaged. Risks are minimized or shifted to third parties where possible and expedient from an entrepreneurial point of view.

3.1 RISK MANAGEMENT

For EASY SOFTWARE AG and the EASY Group, consistent control and risk management is an essential instrument for safeguarding the company and the Group in the long term. The EASY Group has a company- and Group-wide early warning system for identifying potential threats, which incorporates both internal and external risk factors. Compliance with strategic requirements is monitored by the respective specialist departments. Ongoing central review of corporate key figures (revenue and EBITDA, as well as the development of new customer acquisition, KPIs, maintenance inventory development, and liquidity) and their development, deviations from plans, process control, and market and competition analyses complete the risk management system. EASY thus has a control and monitoring system that ensures the detection, analysis including evaluation, and communication as well as control of (inventory-threatening) risks and their change. In principle, all risks are covered by the risk management system. The risk management system only covers risks, not opportunities.

EASY's accounting-related internal control and risk management system comprises instruments and measures that are implemented in a coordinated manner to prevent accounting-related risks, or to detect, evaluate, and eliminate them in a timely manner. In this context, the Finance department has established guidelines and approval structures for risk prevention and for the detection and control of risks. With regard to the accounting process, the internal control and risk management system is fully integrated into the quality assurance process of the Company and the Group. The overall responsibility for all processes for preparing the annual and consolidated financial statements of the EASY Group lies with the Management Board.

The efficiency of the entire risk management system is regularly monitored and evaluated. The completed conversion of all EASY companies, with the exception of the Turkish national company through which the EASY Group exercises operational management, to a uniform Group-wide ERP system has further improved these control and risk management systems. Potential improvements are implemented without delay.

3.2 RISK MANAGEMENT WITH REGARD TO THE ACCOUNTING PROCESS

The EASY Group's accounting process is structured in accordance with the size of the company and the Group. In addition to compliance with accounting regulations, the parent company also monitors compliance with other Group requirements, such as those relating to processes. The accounting-related business data of the included Group companies is consolidated at EASY SOFTWARE AG as the parent company of the Group. Significant information and facts relevant to the accounting of the included Group companies are discussed with the individual departments before they are recorded, and their conformity with the applicable accounting regulations is checked by the accounting department. The contents of the financial statements of the subsidiaries included in the consolidated financial statements are analyzed by an appropriate reporting system and checked for accuracy with the involvement of other specialist departments. EASY SOFTWARE AG is supported by external consultants in preparing the consolidated financial statements. The annual financial statements of the EASY Group companies are prepared in accordance with the accounting regulations applicable in the country in which they are domiciled. In Germany, these are based on the regulations of the German Commercial Code (HGB). During consolidation as part of the preparation of the consolidated financial statements, the transition to accounting is made in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU. In addition to risks arising from non-compliance with accounting rules, risks may also arise from non-compliance with formal deadlines and dates. To avoid such risks, as well as to document the work processes carried out within the scope of preparing consolidated financial statements, EASY creates a closing calendar in which the time sequence of the individual activities and the assignment of responsibilities are recorded. This closing calendar is used to monitor compliance with the specified work processes as well as compliance with specified deadlines for preparing the financial statements. The closing calendar is also used to send timely warnings to the responsible employees in the event of scheduling or technical problems. It also enables the status of the preparation process to be tracked so that risks can be identified and eliminated in good time. Compliance with IT security regulations is ensured by means of individual access regulations in the accounting-related IT systems. The annual financial statements and the consolidated financial statements of EASY SOFTWARE AG are audited by the auditors for compliance with the applicable accounting regulations. The annual financial statements of EASY SOFTWARE AG and the consolidated financial statements are subject to mandatory audit. The final result of the audit is published in the form of a note with the respective financial statements.

3.3 RISKS

In addition to the general national and international economic development, industry-specific risks and rapid technological change may have a negative impact on the business performance of EASY SOFTWARE AG and the EASY Group. In connection with the economic and industry-specific development, there are particularly sales and earnings risks that cannot be completely ruled out despite permanent internal control and existing early warning systems.

3.3.1 MARKET AND ENVIRONMENT RISKS

GENERAL MARKET RISKS

The markets for the products of EASY SOFTWARE AG and the EASY Group are characterized by very high competition. Particularly in the European market – and especially in the German-speaking region – there is the greatest density of competition worldwide. However, a large number of companies with functionally similar products have existed side by side for decades, because at the same time there is a very high demand for corresponding products. In the case of newly developed products in particular, there is not only a general acceptance and sales risk, but also a recognizable earnings risk, which is caused by high expenses for market development, product launch and subsequent market penetration. Despite intensive market research, the achievement of sales targets for new products is always subject to risk. During the product development phase, which can sometimes extend over several years, markets and customer requirements can change. However, customer acceptance of new products is a key factor in achieving sales targets.

The EASY Group also sells its products and solutions internationally to take advantage of growth opportunities. International customers are served by regional subsidiaries or business partners. As a result, the EASY Group and its subsidiaries are also exposed to risks from international business, such as changes in legal, tax, or political conditions. However, since the EASY Group is primarily active in Germany, the risks from international business can be classified as manageable.

RISKS FROM CHANGES IN MARKET PRICES

Risks from changes in market prices in the currency area are controlled centrally by (Group) accounting, and are currently not hedged due to their manageable effects for the EASY Group. The EASY Group's sales invoiced in currencies other than the euro amount to the equivalent of EUR 2.8 million, which corresponds to 5.8% of total sales (previous year: EUR 2.5 million or 4.9%), with the German and Austrian companies invoicing predominantly in euros.

Risks arising from changes in market prices in the interest sector are also managed centrally by (Group) Accounting. Interest rate risks are countered by agreeing fixed-interest loans. Negative interest rates on credit balances are controlled by means of cash pooling wherever possible. The risk from the decline in interest income is considered to be immaterial due to the minor significance of interest income for the Group.

CORONAVIRUS (COVID-19)

The EASY Group is exposed to risks on both the procurement and sales sides due to the spread of the novel coronavirus (SARSCoV-2). In particular, the measures ordered by the German federal government to restrict public life may have an impact on the provision of services to local customers, and thus lead to declining sales. In addition, the negative macroeconomic impact of these circumstances cannot yet be predicted. If the outbreak cannot be significantly contained in the near future, this could have a significant negative impact on the business and earnings situation of the EASY Group, despite risk-minimizing measures.

3.3.2 CORPORATE STRATEGY RISKS

SHIFT TO CLOUD AND SUBSCRIPTION MODELS

To meet the increasing demand for cloud-based solutions, EASY has continued to invest in the development of these solutions. As a rule, the revenues generated from these models are lower than in the license business, but are achieved over longer periods of time and with higher customer loyalty.

The change from classic license business to cloud and rental models (subscriptions) will therefore have a temporary negative impact on the net assets, financial position, and results of operations of the EASY Group. In return, the contractually secured revenue share increases and customers have a long-term commitment to the company.

PRODUCT RISKS

EASY Group software products and solutions provide comprehensive functionalities. This enables the company to meet most customer requirements. However, the large functional scope also represents a risk for new product developments, since new product generations must also offer the full functional scope. The constantly increasing complexity also means increasing risks for product developments. In addition, there is a risk that new products will contain previously unknown or undetected errors when they are delivered. Correcting such errors can take up considerable resources and thus lead to higher costs and simultaneous delays in further product releases.

Delays or quality problems cannot be completely ruled out. These may impair market acceptance of EASY products and solutions, jeopardize the Group's market position, and negatively impact economic development. Therefore, the EASY Group takes extensive measures to ensure on-time delivery with high quality. No significant quality problems have occurred so far.

STRATEGIC PARTNERSHIPS

EASY's strategic partnerships with technology partners create dependencies on individual suppliers. In addition, they can create leeway in terms of pricing and conditions policy and the various provisioning options, e.g. in the cloud. The fulfillment of contractual obligations to customers depends on these running synchronously with the procurement side. EASY basically has long-running partner contracts and an installed customer base, which ensure conformity of interest with the partners.

VALUATION ALLOWANCES ON BUSINESS ACQUISITIONS

EASY has regularly acquired companies or business units in recent years. In this context, there is a risk of impairment losses on shares in affiliated companies in the separate financial statements and corresponding goodwill in the consolidated financial statements, if these do not generate the expected positive results (in the future). The shares and goodwill are subject to annual impairment tests. As in the previous year, no impairment losses were necessary in 2020.

3.3.3 OPERATING RISKS

DISTRIBUTION AND SALES RISKS

The diversification and complexity of the products require qualified and professional sales and, in some cases, extensive consulting. This places high demands on the knowledge and skills of sales staff and consultants. EASY conducts regular training sessions with all sales employees in order to continuously provide them with the latest knowledge, both in terms of technical knowledge and sales practices. In addition, this training program enables new employees to start their jobs more quickly and successfully advise customers on improving their processes with EASY products.

In connection with the trend toward cloud products, new sales structures must be established, and sales platforms must be used which enable simple product provision and implementation. In this context, there are risks that existing products will have to be enhanced with various services and sales platforms will be occupied by competitors.

RISKS IN THE PARTNER BUSINESS

The indirect sales channel opens up a large sales market for the EASY Group. Due to the broad industry diversification of its sales partners, EASY is relatively insensitive to negative developments in individual industries. Disruptions in existing cooperations and partnerships can lead to revenue losses. In addition, there is the risk of legal disputes. Indirect market access also entails the risk of lacking direct access to customers. This can lead to misjudgments and planning errors.

EASY's partner management is in close contact with partners to keep this risk as low as possible. In addition, the Group conducts events and other measures through which direct contact is sought with EASY customers and sales partners. The acquisition of new sales partners is subject to fierce competition. Therefore, the EASY Group offers its partners a very comprehensive program that enables new sales partners in particular to generate initial sales with EASY products very quickly.

DEPENDENCE ON QUALIFIED PERSONNEL AND KNOW-HOW CARRIERS

EASY's business requires highly specialized know-how in many areas. There is a risk that important know-how carriers could leave the company. At the same time, it can be difficult to recruit suitable people. EASY therefore takes appropriate measures to counteract unwanted employee turnover. At the same time, the Group is working on introducing multi-layered recruitment measures and creating framework conditions in order to be perceived as an attractive employer both internally and externally.

DATA SECURITY AND CYBER ATTACKS

In recent years, the risk of cyber attacks has increased massively. The most common types of cyber attack include phishing (deceiving employees with authentic-looking e-mails or websites in order to obtain sensitive company data, for example), the introduction of malware such as viruses or Trojans, and the introduction of ransomware to encrypt company data.

As a result of cyber attacks, there is a risk that the Company's information systems could be damaged, thus massively impairing or even interrupting its business activities. This could result in the Company not being able to meet its contractual obligations to customers or not being able to do so within a reasonable period of time. There is also a risk that parts of the IT infrastructure will have to be replaced and newly procured. At the same time, in the event of attacks on the IT systems, there is a risk that attackers could gain access to sensitive and/or personal data, which could result in a loss of reputation and/or financial penalties.

EASY has taken comprehensive IT technical measures aimed at preventing potential attackers from penetrating the Company's information systems and minimizing the impact of a potential attack. The network architecture, the information systems, and all related processes are regularly examined for possible improvements and are updated accordingly. In addition, employees are regularly informed about the threats posed by cyber attacks and the possible methods used by the perpetrators in order to raise awareness of the existing risks.

3.3.4 FINANCIAL RISKS

LIQUIDITY RISK

Liquidity risks arise from the possible inability of EASY Group companies to fulfill existing or future payment obligations due to insufficient availability of cash. The EASY Group has established and documented appropriate processes to manage financial risks. For example, a cash pool agreement was concluded between the parent company, EASY SOFTWARE Deutschland GmbH, EASY Software GmbH, Salzburg, and EASY APIOMAT GmbH. Another important component is financial planning, which serves as the basis for determining liquidity risk and future foreign exchange and interest rate risk, and in which all subsidiaries relevant from a cashflow perspective are included. The financial planning covers a planning horizon of twelve months and is updated regularly. Liquidity risk is determined and managed centrally as part of daily and medium-term liquidity planning.

Due to the high volume of advance payments from software maintenance contracts, which are collected at the beginning of the year, sufficient liquidity is largely ensured during the year, so that financing is generally provided from the Company's own funds.

There are therefore currently no significant risks with regard to liquidity. In addition to internal financing, the servicing of financial liabilities is ensured by maintaining the liquidity reserves resulting from advance payments, by an existing overdraft facility, the cash pooling system introduced, and the daily monitoring of cash flows.

Compliance with covenants under loan agreements is monitored on an ongoing basis.

DEFAULT RISKS

To avoid payment delays or difficulties in collecting receivables, the EASY Group continuously monitors the development of receivables and the receivables structure throughout the Group. This allows potential risks to be identified at a very early stage and appropriate countermeasures to be initiated.

The EASY Group takes sufficient account of the special risks of the business by forming specific valuation allowances. Group-wide, the level of individual value adjustments amounts to EUR 0.2 million (previous year: EUR 0.9 million). The general allowances were increased from 0.5% to 2.0% to provide for the risk of possible payment defaults due to the Corona crisis. In order to assess the risk of default, information on the creditworthiness of new customers is obtained on a regular basis. The information obtained is taken into account when structuring the service relationships with customers.

3.3.5 COMPLIANCE RISKS

Compliance risks are understood to mean penalties, financial or other material losses due to infringements of the law and non-compliance with internal company regulations or principles. In the reporting year, compliance violations were identified with regard to disclosure requirements and circumvention of internal regulations. The weaknesses were closed by revising internal guidelines, introducing an error-learning culture and effectively implementing compliance processes up to the level of Supervisory Board information. In addition, appropriate accounting provisions have been made for the cases that have come to light.

LITIGATION

EASY concludes standard market contracts with customers and partners. Contractual risks are limited by applying standardized GTCs.

If the Company is a party to out-of-court or court proceedings with external third parties, there is always the possibility that it will lose. In order to counteract the risk of a high financial burden from legal disputes, adequate provisions are therefore made in the balance sheet if necessary.

PROTECTION OF PRODUCT AND TRADEMARK RIGHTS

EASY has taken numerous measures to protect product and brand rights. These include copyrights, trademarks, licenses, confidentiality agreements, and various technical precautions. However, no guarantee can be given that these protective measures are sufficient. Thus, despite the protective measures taken by EASY, it may be possible for third parties to copy or further develop EASY products or otherwise obtain information that EASY considers its intellectual property. In addition, third parties could use the source code of EASY Group software beyond the contractually agreed limits. It is also possible that rights to employee inventions may not be held by companies of the EASY Group. This risk is limited as far as possible by means of employment contract regulations. Furthermore, EASY's property rights are not protected to the same extent in the legal systems of various countries as in Germany or the EU. On the other hand, EASY could also violate the property rights of third parties, in particular copyrights and patents. This is also counteracted by proactive risk management.

3.4 OPPORTUNITIES

The markets relevant to EASY are subject to constant change, which may constantly create new opportunities. A key factor for the success of the EASY Group is the timely identification, as well as the correct assessment and exploitation of these opportunities. These can be both internal and external potentials. EASY does not have an opportunity management system, i.e., the opportunity potential is not quantified.

The analysis of opportunities is the responsibility of the Board of Management. The strategic alignment of the company and the operational measures to be derived from it are based on the analysis of opportunities. The opportunities that arise are also associated with risks. The task of risk management is to assess these and reduce them as far as possible. In contrast, identifying, analyzing, and evaluating potential opportunities for the Group is assigned to the strategy process. In principle, EASY strives for a balanced relationship between opportunities and risks.

The most significant opportunities for the EASY Group are described below. However, this list only represents an excerpt of the opportunities available. Furthermore, the assessment of opportunities is subject to continuous change, as the relevant markets and the technological environment are constantly evolving. At the same time, new opportunities may also arise from these developments.

INCREASING DIGITALIZATION

The steady increase in digital communication, for example via digital media, platforms or networked devices, is leading to growing digitization pressure. New applications and needs are constantly emerging as a result of dynamic technological developments. Digitization holds great social opportunities and opens up enormous potential for additional value creation. In this context, companies are primarily required to be open, flexible and innovative in questioning their business models and processes and to develop new ones. In combination with flexible cloud technologies and robust security concepts, digitalization concepts and programs are a central component of the future strategy and IT budgets in many companies of all sizes. The continued rapid increase in the technological performance of devices and the forecast rise in the volume of data transferred will continue to require companies to significantly expand and flexibilize their corporate IT capacities.

The EASY portfolio is an essential part of the digital transformation, and demand for mobile, digital solutions is increasing significantly. As a technology leader in the field of software solutions for digital business processes, ongoing digitalization offers great opportunities for the EASY Group to serve the growing demand for simplifying and automating all document-related processes. Over the past years, a modern solution portfolio has been built up that standardizes even complex content to the greatest possible extent, and covers important topics such as mobility and collaboration. EASY has already won its first innovative projects in the Internet of Things (IoT) environment. The acquisition of Apinauten GmbH targets these opportunities in digitalization. This could have a correspondingly positive influence on the Group's net assets, financial position, and results of operations in the future.

INCREASING REGULATION

The net assets, financial position, and results of operations, as well as the business activities of the Company and the Group, are affected by changes in regulation in Germany and the European Union. Likewise, other political or legal changes, particularly changes in legislation, could have a positive effect on the net assets, financial position, and results of operations of the Company and the EASY Group. For example, the German Federal Cabinet recently resolved to adapt German law to the EU General Data Protection Regulation (EU GDPR), which will apply without restriction from May 2018. The European Commission would like to give citizens better control over their own data. This has a huge impact on the IT and compliance processes in most companies. Companies must fundamentally revise their existing IT, security and data protection concept with regard to the requirements of the GDPR and the use of their software systems to fulfill data subject rights.

The General Data Protection Regulation also places new demands on content management. Many companies still need to catch up here. EASY SOFTWARE AG and the EASY Group assume that these and other regulatory innovations will lead to additional demand in the future. This could positively influence the net assets, financial position, and results of operations of EASY SOFTWARE AG and the Group.

INCREASING ESTABLISHMENT OF OWN PRODUCTS AND SOLUTIONS

With the aim of increasing revenues with products developed in-house, the EASY Group has developed a modern portfolio. This can be expanded by individual solution modules, depending on customer interests. This results in benefit-oriented solutions that can be integrated extremely quickly, and are compatible with various systems and infrastructures as a standard. The positioning of the EASY Group with the increasing establishment of its own products and solutions in the market could positively influence the net assets, financial position, and results of operations of the EASY Group.

OPENING UP NEW TARGET GROUPS AND -MARKETS

The acquisition of Apinauten GmbH opens up new customer segments in the key account sector, with a focus on the financial industry, for the EASY Group. By offering SAP-based solutions, the EASY Group is also becoming increasingly interesting for larger, internationally active companies. Cloud technology continues to offer the opportunity for EASY solutions to be marketed more strongly abroad in the future. In particular, companies with many international locations are dependent on standardizing processes. The first successful projects in this context have already been completed, and further expansion could have a positive impact on the EASY Group's net assets, financial position, and results of operations.

INCREASING SCALABILITY

The growing business with software-as-a-service solutions will gain even more importance in the future. Here, the EASY archive and solution offering from the cloud opens up significant scaling opportunities for the EASY Group, especially via the new online sales and cooperations. These are developing very positively. Partners have the opportunity to participate in the success and create an ecosystem with self-developed (workflow) apps, which further strengthens the EASY solution world. As a market leader in Germany with over 13,600 installations and solutions that can be seamlessly integrated into all common application programs, EASY is in an excellent position to benefit from the prevailing trends.

INORGANIC GROWTH

In addition to improving internal processes and organic revenue growth, EASY continues to aim for growth through value-oriented, strategic acquisitions and partnerships.

The Management Board of EASY SOFTWARE AG is also constantly exploring interesting cooperation opportunities for the future, and is holding talks with potential partners to complement the Group. Successful implementation of further acquisitions would contribute to expanding the market position of the EASY Group achieved so far, and could positively influence the Group's net assets, financial position, and results of operations accordingly.

3.5 MANAGEMENT ASSESSMENT OF THE OVERALL RISK AND OPPORTUNITY SITUATION

A review of the current risk situation has shown that no risks endangering the existence of the Group existed in the reporting period and that no such risks have been identified for the future. All identified risks have been appropriately accounted for in the consolidated financial statements and provisions have been made where necessary.

So far, the effects of the Corona crisis have been limited and manageable. Due to the large number of customers across all sectors and the low dependency on individual customers, individual customer insolvencies were not significant in the reporting year. The fact that maintenance revenue for the full year 2021 has already been collected in the first quarter confirms these assumptions. Further information on the uncertainties of a continuing Corona crisis is provided in the forecast report.

The change from software license sales to subscription business could have a negative impact on revenue and earnings development as well as the financial position in new business in 2021 and trigger the need for organizational and product-related adjustments.

Financially significant effects could result from an attack on the Company's information systems (cyber attack). The Company believes that it has taken the necessary precautions to minimize the risk of a cyber attack as far as possible. However, current incidents worldwide show that there can be no 100% security against targeted attacks.

The other risks are considered to be of little significance for the current financial year in terms of their probability of occurrence and/or their financial impact.

4. FORECAST REPORT

A second year of recession is expected in the core market of Germany in 2021, with an increasing number of corporate insolvencies. The following statements do not fully take into account the possible effects of the Corona crisis, as these cannot yet be estimated at this point in time. A sustained decline in the purchasing behavior of our customers may influence EASY's business development in 2021.

Group revenue in Q1 2021 was 2.3% lower than in the same period of the previous year, partly because purchasing decisions were brought forward until government funding for digitalization projects was approved. In addition, the trend towards customer demand for software rental contracts provided as a service is strengthening very significantly in 2021. On the one hand, this will boost sales, but on the other hand it will mean that higher revenue contributions from software license sales will not be generated, which could lead to lower revenue compared with the previous year. In addition, the change to subscription models burdens the financial resources of the EASY Group. The revenue gap is also reflected disproportionately in the Group EBITDA.

The fact that the EASY Group issued maintenance invoices of almost EUR 22 million in January 2021 and that the payments were largely collected by the beginning of April 2021 has a stabilizing effect. In addition, the EASY Group has a high order volume in the services area and an intact sales pipeline for the second quarter of 2021.

Due to the uncertainties described above, however, there are increased revenue and EBITDA risks. Traditionally, however, the fourth quarter of a fiscal year is of outstanding importance for revenue growth and the achievement of the EBITDA forecast. If the trend towards software rental agreements continues until the end of the year and expands because, for example, customers' IT investment budgets are frozen or cancelled for Covid-19 reasons, this will have the consequence that significant portions of revenue will be deferred to subsequent years as rental income in 2021. In the event that several million in sales are missing in 2021, there will also be significant EBITDA burdens.

Currently, the Management Board is planning Group revenue in the range of EUR 46 to 52 million in 2021 and thus assumes the possibility of further growth in the single-digit percentage range. However, depending on customer demand for subscription solutions, because IT investment budgets are frozen or cancelled due to Corona, revenues could also decline significantly. However, EASY is striving to further expand its contract portfolio including subscriptions, which will increase the predictability of revenues and gradually reduce the dependency on the final quarter business.

Against the backdrop of the Covid-19 risks, the described business model change with changes to the internal management system and the domination and profit and loss transfer agreement with deltus 36. AG that took effect on January 1, 2021, we are no longer providing any additional EBITDA guidance for the current fiscal year. In accordance with the agreement, the minority shareholders of EASY SOFTWARE AG receive a fixed annual compensation payment from the controlling company, deltus 36. AG, which is independent of the results of the EASY Group.

Due to the close business relations between EASY SOFTWARE AG, EASY SOFTWARE Deutschland GmbH and EASY APIOMAT GmbH, and our dynamic structure within the Group, a separate quantitative forecast is not given for EASY SOFTWARE AG. We assume the same market and growth forecast here.

In the area of non-financial targets, the Executive Board intends to reduce staff turnover by increasing employee satisfaction and to increase customer satisfaction by recording and incentivizing the customer Net Promoter Score.

DEVELOPMENTS IN THE BUSINESS AREAS

With the acquisition of Apinauten GmbH from Leipzig, the EASY Group has positioned itself as a partner for digitalizing business processes for business customers of all sizes. Today, EASY has a product portfolio that can be combined in any way, providing customers with solutions locally or in the cloud that digitalize and automate their processes. Using ApiOmat as a multi-experience platform, existing customers can also be provided with a modern and mobile application quickly and easily.

In its existing business, EASY SOFTWARE increased revenue and customers with content services solutions based on the EASY archive and in the EASY cloud. The acquisition of ApiOmat technology opened up new market segments, customer groups, and revenue potential for the EASY Group. New business with licenses and cloud subscriptions grew by around 2.4% to EUR 12.8 million in the reporting year.

The largest business unit Support / Software Maintenance (53% of total sales) is characterized by high customer loyalty and thus growing sales (+2.3% to EUR 25.9 million). Other service units (consulting, training and managed services) saw their revenue fall to EUR 10.2 million (previous year: EUR 12.5 million), mainly due to the Corona pandemic.

In addition, the EASY Group continues to pursue the strategy of growing inorganically as well. Acquisitions are primarily aimed at expanding market shares and extending the portfolio through technology acquisitions, and enable the acquisition of qualified employees and new talents.

IMPACT OF THE CORONA CRISIS ON THE FORECAST REPORT

The first quarter of 2021 has so far shown manageable effects as a result of the Corona crisis. The sales and earnings situation developed in line with our expectations.

DIn addition, the possible negative overall economic effects, along with the influence on the planned business performance of the EASY Group for 2021, are not yet foreseeable. This circumstance was taken into account in our forecast, despite risk-minimizing measures, by specifying a broader revenue and EBITDA corridor.

The main value creation of the EASY Group's business activities lies in the provision of software maintenance contracts, the sale of software licenses and the provision of services at customers' premises, as well as the sale of cloud and rental contracts. Services in the cloud, software maintenance, and licenses are provided digitally; services can still be provided largely from the home office via remote connections to the customers' IT systems.

The impact on our production and procurement processes has been minimal so far. Our technology partners also deliver predominantly digitally, so that there are no delays in delivery for the processing of our customer orders. Our software development employees work from their home offices, so that the further and new development of our products is ensured.

Our digital infrastructure has been expanded by upgrading virtual private network capacity for all employees through our IT. Our financial and ERP systems run in the cloud. The area-wide provision of employees with notebooks, cell phones and Internet access has already been carried out in the past. Business trips are avoided. Meetings were replaced by telephone and video conferences.

Analysis of accesses to the EASY SOFTWARE website shows that there has been a significant increase in website hits. From this, it can be concluded that the importance of a central document management is forced once again by the Corona crisis. This could even have positive effects on the EASY Group's business in the medium and long term.

5. SUPPLEMENTARY REPORT

On February 9, 2021, the amendment to the Articles of Association was registered, expanding the Supervisory Board body from three to four members. As a result, Mr. Stephen Paul Rowley was appointed as a member of the Supervisory Board of EASY SOFTWARE AG.

On the same day, Mr. Andreas Zipser was appointed member and Chairman of the Executive Board with effect from March 1, 2021.

Also on February 9, 2021, the control and profit and loss transfer agreement between deltus 36. AG as the controlling company and EASY SOFTWARE AG as the controlled company, which was resolved at the Extraordinary Shareholders' Meeting on December 23, 2020, was entered in the commercial register and thus became legally effective retroactively from January 1, 2021.

In the further course, the Management Board of EASY SOFTWARE AG received the instruction to accede to the EUR 45 million credit agreement („senior facilities agreement") dated August 20, 2020 between deltus 36. AG and Sixth Street Group. In this context, EASY SOFTWARE AG, EASY Software Deutschland GmbH, and EASY Apiomat GmbH provided extensive collateral and were granted the right to draw on an overdraft facility of up to EUR 5 million.

The instruction also included the cancellation of the loan concluded with Sparkasse Essen dated August 5, 2019, with a nominal amount of EUR 4 million, and the loan concluded with National-Bank AG dated July 9/23, 2018, with a nominal amount of EUR 4 million. By instruction of deltus 36. AG dated March 11, 2021, the Management Board of EASY SOFTWARE AG was further instructed, among other things, to terminate the Company's current account line with National-Bank AG in the amount of EUR 1 million. The Management Board of EASY SOFTWARE AG has fully complied with the aforementioned instructions.

6. CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTION 289F OF THE GERMAN COMMERCIAL CODE (HGB) AND SECTION 315D OF THE GERMAN COMMERCIAL CODE (HGB)

The declaration on corporate governance includes the corporate governance report in accordance with the recommendation of the German Corporate Governance Code (DCGK). EASY SOFTWARE AG has made the corporate governance statement required by Section 289f of the German Commercial Code (HGB) and Section 315d of the German Commercial Code (HGB) permanently available to the public by posting it on its website (easy-software.com).

7. MANDATORY SUPPLEMENTARY REPORT – DEPENDENCY REPORT

Pursuant to Section 312 (3) of the German Stock Corporation Act (AktG), the Executive Board declares: „There were no reportable events at our company in relation to the controlling company or any of its affiliated companies during the reporting period.

Mülheim an der Ruhr, April 20, 2021

Andreas Zipser	Oliver Krautscheid
Chairman Executive Board	Executive Board
Chief Executive Officer	Chief Financial Officer
(CEO)	(CFO)

CONSOLIDATED FINANCIAL STATEMENTS 2020 (IFRS)

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2020

CONSOLIDATED BALANCE SHEET – ASSETS

CONSOLIDATED BALANCE SHEET – LIABILITIES

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED CHANGES IN EQUITY

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED BALANCE SHEET OF EASY SOFTWARE AG, MÜLHEIM AN DER RUHR AS OF DECEMBER 31, 2020

CONSOLIDATED BALANCE SHEET - ASSETS

	Notes	31.12.2020 TEUR	31.12.2019 TEUR
Long-term assets			
Software development costs	(1)	**7,469**	7,778
Goodwill	(2)	**11,502**	11,547
Other intangible assets	(3)	**4,797**	6,771
Property, plant and equipment	(4)	**3,556**	4,473
Financial assets accounted for using the equity method	(5)	**411**	341
Other receivables and assets	(9)	**123**	149
Deferred tax assets	(12)	**0**	1,127
		27,858	32,186
Short-term assets			
Inventories	(6)	**3**	13
Trade receivables	(7)	**5,372**	8,554
Receivables from income taxes	(8)	**439**	773
Other receivables and assets	(9)	**3,228**	1,104
Means of payment	(10)	**9,046**	8,900
		18,088	19,344
Total assets		**45,946**	51,530

The German text prevails. The English text is only a non-binding convenience translation.

CONSOLIDATED BALANCE SHEET - LIABILITIES

	Appendix	31.12.2020 TEUR	31.12.2019 TEUR
Equity			
Subscribed capital		**6,442**	6,442
Reserves			
Capital reserve		**13,965**	13,965
Retained earnings		**2,558**	2,558
Overall result		**2,597**	5,660
Equity attributable to shareholders of the parent		**25,562**	28,625
Non-controlling interests		**53**	111
	(11)	**25,615**	28,736
Debt			
Long-term debt			
Deferred tax liabilities	(12)	**2,308**	0
Personnel provisions	(13)	**504**	458
Financial liabilities	(15)	**1,393**	7,374
		4,205	**7,832**
Short-term debt			
Income tax liabilities	(14)	**121**	29
Financial liabilities	(15)	**6,878**	7,150
Trade accounts payable	(16)	**2,307**	2,131
Other liabilities	(17)	**6,820**	5,652
		16,126	14,962
Total liabilities and shareholders' equity		**45,946**	51,530

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2020

	Annex2020	2020 TEUR	2019 TEUR
Revenues	(19)	**49,241**	50,586
Own work capitalized	(20)	**1,352**	1,502
Other operating income	(21)	**6,517**	861
Cost of materials	(22)	**9,577**	10,050
Personnel expenses	(23)	**29,205**	27,731
Other operating expenses	(24)	**11,583**	10,922
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**6,745**	4,246
Amortization of intangible assets and depreciation of property, plant and equipment	(1), (3), (4)	**6,005**	6,104
Income from investments accounted for using the equity method	(25)	**309**	4,066
Financial income	(26)	**32**	5
Financial expenses	(26)	**354**	459
Earnings before taxes (EBT)		**727**	1,754
Taxes on income and earnings	(27)	**-3,638**	267
Group result		**-2,911**	2,021
therof attributable to non-controlling interests		**-32**	-3
therof profit/loss attributable to EASY SOFTWARE AG shareholders	(28)	**-2,879**	2,024
Earnings per share (in EUR) (diluted and basic)	(28)	**-0.45**	0.32

The German text prevails. The English text is only a non-binding convenience translation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2020

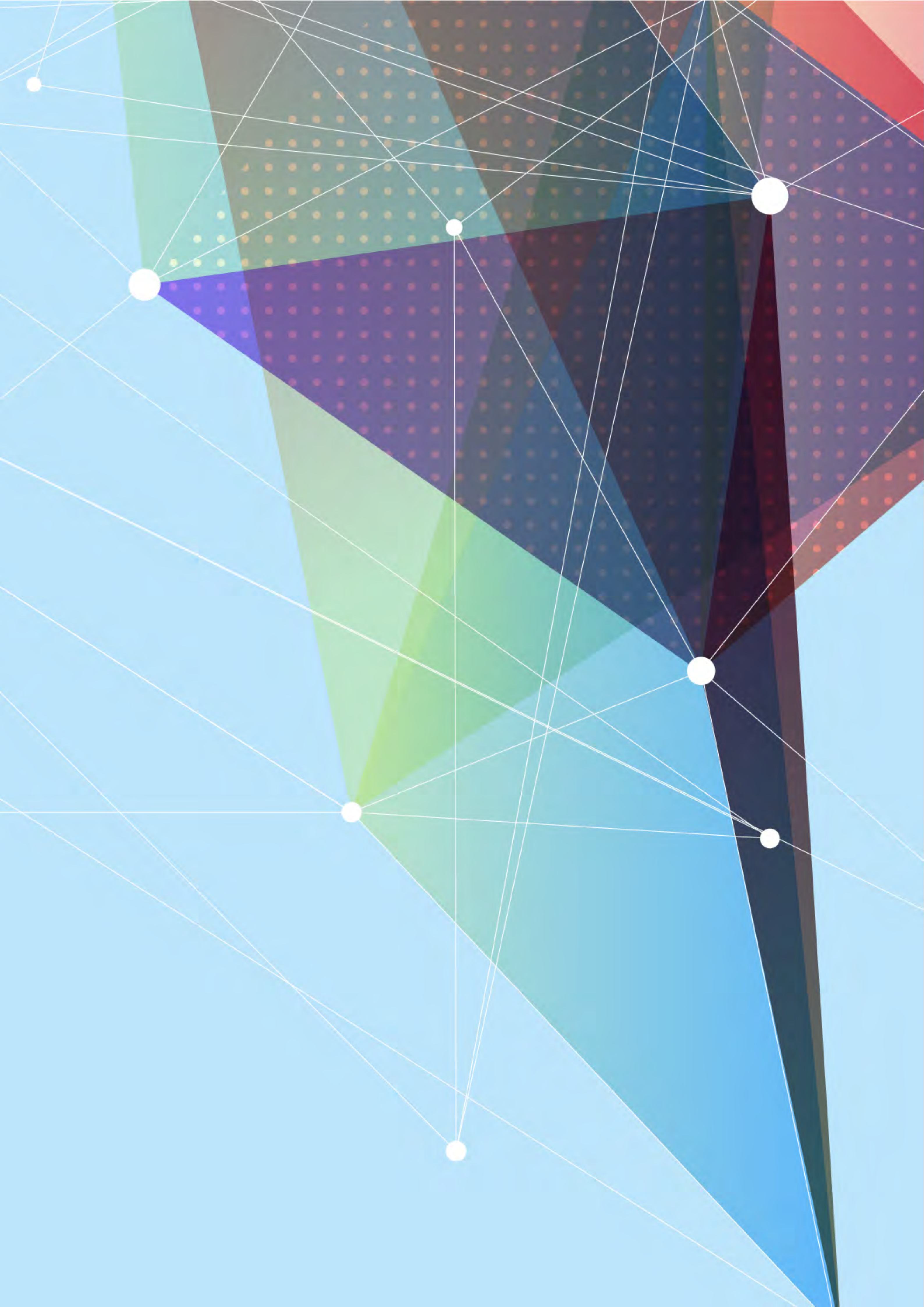
	Appendix	2020 TEUR	2019 TEUR
Group result		**-2,911**	2,021
Other result			
Items that will not be reclassified to profit or loss in the future			
Actuarial gains and losses from the calculation of personnel provisions	(13)	**-37**	-102
Items that may be reclassified to the income statement in the future under certain conditions			
Currency translation differences from the consolidation of foreign operations		**-172**	43
of which attributable to minority interests		**-25**	-10
Other comprehensive income		**-209**	-59
Total comprehensive income for the period		**-3,120**	1,962
of which total comprehensive income attributable to non-controlling interests		**-57**	-13
of which total comprehensive income attributable to shareholders of EASY SOFTWARE AG		**-3,063**	1,975

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2020

				Accumulated expenses and income recognized directly in other comprehensive income					
	Subscribed capital TEUR	**Capital-reserve** TEUR	**Profit-reserves** TEUR	**Balance sheet-loss (-)/ -gain (+)** TEUR	**Actuarial gains/ losses according to IAS 19** TEUR	**Difference from the foreign currency conversion** TEUR	**Share of equity attributable to shareholders of the parent company** TEUR	**Non-controlling interests** TEUR	**Total equity** TEUR
Development 2019									
January 1, 2019	**5,403**	**10,017**	**2,548**	**4,345**	**-251**	**-141**	**21,921**	**51**	**21,972**
Appropriation to retained earnings	0	0	10	-10	0	0	0	0	**0**
Distribution	0	0	0	-258	0	0	-258	0	**-258**
Total comprehensive income for the period	0	0	0	2,024	-102	53	1,975	-13	**1,962**
Capital increase	1,039	3,948	0	0	0	0	4,987	73	**5,060**
December 31, 2019	**6,442**	**13,965**	**2,558**	**6,101**	**-353**	**-88**	**28,625**	**111**	**28,736**
Development 2020									
January 1, 2020	6,442	13,965	2,558	6,101	-353	-88	28,625	111	**28,736**
Total comprehensive income for the period	0	0	0	-2,879	-37	-147	-3,063	-58	**-3,121**
December 31, 2020	**6,442**	**13,965**	**2,558**	**3,222**	**-390**	**-235**	**25,562**	**53**	**25,615**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2020

		2020 TEUR	2019 TEUR
	Group result	**-2,911**	2,021
	Net interest received / paid attributable to financing and investing activities	**232**	352
	Depreciation and amortization of non-current assets	**6,005**	6,104
	Gain / loss on disposal of property, plant and equipment	**-103**	23
	Gain from the sale of shares in otris software AG	**0**	-3,900
	Increase / decrease in inventories, trade receivables and other assets	**1,297**	-254
	Increase / decrease in deferred tax assets and liabilities	**3,435**	-226
	Other non-cash income and expenses	**-1,932**	-166
	Increase / decrease in trade accounts payable and other liabilities	**1,352**	-583
	Currency translation differences	**56**	15
	Income taxes paid	**223**	-300
=	Cashflow from ongoing activities	**7,654**	3,086
	Proceeds from the sale of intangible assets and property, plant and equipment	**106**	351
	Proceeds from sale of shares in otris software AG	**0**	9,196
	Payments for investments in intangible assets	**-1,352**	-1,507
	Payments for investments in property, plant and equipment	**-364**	-531
	Payments for business acquisitions	**-1,850**	-7,157
	Distributions received from equity investments	**239**	1,024
	Interest paid	**32**	5
=	Cashflow from investing activities	**-3,189**	1,381
	Deposit from capital increase	**0**	5,060
	Bank loans taken out	**0**	4,050
	Repayment of bank loans	**-1,965**	-2,838
	Repayment portion of lease payments	**-1,944**	-1,840
	Repayment of other financial liabilities	**0**	-851
	Interest payments	**-264**	-357
	Dividend payments	**0**	-258
=	Cashflow from financing activities	**-4,173**	2,966
=	Net change in cash and cash equivalents	**292**	7,433
	Effect of exchange rate changes on cash and cash equivalents	**-146**	-1
	Cash and cash equivalents at the beginning of the period	**8,900**	1,468
=	Financial resources at the end of the period	**9,046**	8,900



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2020 FINANCIAL YEAR

A: GENERAL INFORMATION

EASY SOFTWARE AG, Mülheim an der Ruhr, Germany was founded on March 6, 1990 as EASY Elektronische Archivsysteme GmbH, and on September 8, 1998 pursuant to Sections 190 et seq. UmwG, the Company was transformed into a stock corporation. The purpose of the Company is the development and sale of hardware and software for electronic archiving and document management systems.

The Company is registered under the commercial register number HRB 15618 at the competent local court in Duisburg, Germany. The EASY SOFTWARE AG share is admitted to trading on the Regulated Market (General Standard) of the Frankfurt Stock Exchange with the WKN A2Y N99.

In addition to its headquarters in Mülheim an der Ruhr, EASY SOFTWARE AG has German locations in Munich, Hamburg, and Potsdam. The EASY Group also includes subsidiaries in Mülheim an der Ruhr, Bobingen, Leipzig, and Paderborn (Germany), Salzburg (Austria), Suffolk (Great Britain), Exton (USA), Istanbul (Turkey), and Singapore, as well as an associated company in Straubing.

According to the circumstances on the balance sheet date, EASY SOFTWARE AG is to be regarded as the parent company of a group with its registered office in Germany. It is thus required to prepare consolidated financial statements and a consolidated management report. The Company prepares the consolidated financial statements for the largest and smallest group of consolidated companies.

The consolidated financial statements have been prepared in euros. All amounts are stated in thousands of euros unless otherwise indicated. Amounts below EUR 500 are rounded down and reported as EUR 0 thousand. As a result, rounding differences may occur at various points in these notes to the consolidated financial statements.

B: OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES

A) CONFORMITY OF THE CONSOLIDATED FINANCIAL STATEMENTS WITH IFRS

The consolidated financial statements for the financial year 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB), London, United Kingdom, as adopted by the European Union effective December 31, 2020. The consolidated financial statements have been prepared in accordance with the provisions of Section 315e (1) of the German Commercial Code (HGB). The same accounting policies have been applied in the preparation of the consolidated financial statements, with the exception of the standards and interpretations, and amendments and additions thereto, whose application is mandatory for the first time as set out below.

B) NEW STANDARDS AND INTERPRETATIONS TO BE APPLIED IN THE FISCAL YEAR

In the present consolidated financial statements, the accounting standards and interpretations revised, supplemented, and newly issued by the IASB, which were mandatory for EASY SOFTWARE AG in fiscal year 2020, were applied for the first time.

A detailed list of the new or amended standards and interpretations to be applied as of December 31, 2020 is provided in the following table:

Standard	Title/Content	First mandatory application in the EU	EU Endorsement
Amend. IAS 1 and IAS 8	Definition of materiality	**01.01.2020**	29.11.2019
Amend. IFRS 3	Definition of a business operation	**01.01.2020**	21.04.2020
Amend. References on the IFRS framework concept	Updating the references to the framework concept	**01.01.2020**	29.11.2019
Amend. IFRS 9, IAS 39 and IFRS 7	Reform of reference interest rates (phase 1)	**01.01.2020**	15.01.2020
Amend. IFRS 16	Rental concessions related to the coronavirus pandemic	**01.06.2020**	09.10.2020

The first-time application of these standards and interpretations did not have any material effects on the net assets, financial position and results of operations of the EASY Group or the disclosures in the notes in the reporting period.

C) NEW STANDARDS TO BE APPLIED IN SUBSEQUENT PERIODS

A number of other accounting standards and interpretations have been newly adopted or revised by the IASB, which must be applied by EASY SOFTWARE AG from January 1, 2021 at the earliest, provided that they have been approved for application by the European Commission and are relevant to EASY SOFTWARE AG.

Standard	Title/Content	First mandatory application in the EU	EU Endorsement
IFRS 17, Amend. IFRS 17	Insurance contracts	**still pending**	still pending
Amend. IAS 1	Presentation of financial statements - Classification of liabilities as current or non-current	**still pending**	still pending
Amend. IFRS 3	Reference to the framework concept	**still pending**	still pending
Amend. IAS 16	Property, plant and equipment - proceeds before intended use	**still pending**	still pending
Amend. IAS 37	Provisions, Contingent Liabilities and Contingent Forders - Onerous Contracts - Contract Fulfillment Costs	**still pending**	still pending
Annual improvement process (2018-2020 cycle)	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	**still pending**	still pending
Amend. IFRS 4	Insurance Contracts - Application of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	**still pending**	still pending
Amend. IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16	Reform of reference interest rates (phase 2)	**still pending**	still pending

No use was made of the option to apply standards/ interpretations already adopted by the IASB ahead of time. According to current estimates, the new or revised standards/interpretations will not have any material effects on the net assets, financial position, and results of operations of the EASY Group.

D) CONSOLIDATION PRINCIPLES

SCOPE OF CONSOLIDATION

In addition to EASY SOFTWARE AG, Mülheim an der Ruhr, as the parent company, subsidiaries controlled by it have been included. The Company obtains control if it can exercise power over the investee, is exposed to variable returns from its involvement with the investee, and has the ability to affect the amount of those returns through its power over the investee.

Enterprises	Shareholding	
	31.12.2020	**31.12.2019**
EASY SOFTWARE Deutschland GmbH, Mülheim an der Ruhr	**100%**	100%
EASY APIOMAT GmbH, Leipzig	**100%**	100%
EASY MOBILE SERVICE GmbH i.L., Mülheim an der Ruhr	**100%**	100%
EASY SOFTWARE GmbH, Salzburg, Österreich	**100%**	100%
EASY SOFTWARE (UK) Ltd., Suffolk, Großbritannien	**100%**	100%
EASY SOFTWARE INC., Exton, PA/USA	**100%**	100%
EASY SOFTWARE TÜRKİYE LTD. STI., Istanbul, Türkei	**51%**	51%
EASY SOFTWARE YAZILIM VE AR-GE MERKEZİ LİMİTED ŞİRKETİ, Istanbul, Türkei	**100%**	0%
EASY SOFTWARE (ASIA PACIFIC) PTE. LTD., Singapur	**100%**	100%

EASY SOFTWARE AG indirectly holds 52.0% of the shares in friendWorks GmbH, Straubing, via EASY SOFTWARE Deutschland GmbH. This company is not controlled despite a majority of voting rights, as the articles of association require a majority of 75.0% of voting rights for significant resolutions, and the management is one of the minority shareholders.

CHANGES IN THE SCOPE OF CONSOLIDATION

In November 2020, EASY SOFTWARE YAZILIM VE AR-GE MERKEZİ LİMİTED ŞİRKETİ, Istanbul, Turkey was founded. EASY SOFTWARE AG holds 100% of the shares in the company. The date of initial consolidation corresponds to the date of incorporation.

There have been no other changes in the scope of consolidation since December 31, 2019.

CONSOLIDATION PRINCIPLES AND REPORTING DATE

The consolidated financial statements are based on the annual financial statements of the subsidiaries and the parent company prepared in accordance with uniform accounting policies as of December 31, 2020.

All subsidiaries are fully consolidated in the consolidated financial statements.

The capital of the consolidated companies was consolidated using the purchase method at the date on which control was obtained (date of acquisition). The assets and liabilities of the subsidiary were measured at fair value.

Intercompany profits and losses have been eliminated, and sales, expenses and income as well as intercompany receivables and payables have been consolidated. Non-controlling interests are shown separately in equity.

The reporting date for all consolidated companies is December 31.

E) CURRENCY CONVERSIONS

In the separate financial statements of the subsidiaries, transactions in foreign currencies are translated at the exchange rate prevailing on the date of the transaction. Exchange rate fluctuations occurring up to the balance sheet date are taken into account in the valuation of receivables and liabilities denominated in foreign currencies; any resulting gains or losses are recognized in profit or loss. Currency translation differences on assets and liabilities that are to be recognized as a net investment in a foreign operation are recognized directly in equity in the currency translation reserve.

The annual financial statements of the foreign subsidiaries EASY SOFTWARE (UK) Ltd., Suffolk / Great Britain, EASY SOFTWARE INC., Exton / USA, EASY SOFTWARE (ASIA PACIFIC) PTE. LTD. / Singapore, EASY SOFTWARE TURKIYE Ltd Sti, Istanbul / Turkey and EASY SOFTWARE YAZILIM VE AR-GE MERKEZİ LİMİTED ŞİRKETİ, Istanbul, Turkey are established in accordance with IAS 21 translated into euros using the functional currency concept. Accordingly, the functional currency is the currency of the primary economic environment in which the subsidiary operates. As all consolidated companies operate independently in financial, economic and organizational terms, the respective local currency is generally the functional currency. Assets and liabilities are therefore translated at the closing rate on the balance sheet date; income statement items are translated at the average exchange rate for the year. Differences arising from the translation of financial statements are recognized directly in equity under foreign currency translation adjustments. In the year of deconsolidation of foreign subsidiaries, these currency differences are released to income.

The following exchange rates were used for currency translation purposes:

	Average price per EUR		Closing price per EUR	
	2020	**2019**	**2020**	**2019**
US-Dollar (USD)	**1.1405**	1.1193	**1.2284**	1.1199
British Pound (GBP)	**0.8890**	0.8773	**0.9047**	0.8539
Singapore Dollars (SGD)	**1.5733**	1.5272	**1.6271**	1.5113
Turkish Lira (TRY)	**7.9239**	6.3492	**9.0580**	6.6622

The foreign exchange risk has an insignificant impact on the Group´s net income and/or equity.

F) ACCOUNTING AND VALUATION PRINCIPLES

In accordance with IAS 1.60, the balance sheet is structured according to current and non-current assets and liabilities. The income statement is prepared using the nature of expense method.

The main accounting and valuation methods are as follows:

Software development costs for internally developed software products, if identifiable, are capitalized at cost to the extent that a clear allocation of expenses is possible and both the technical feasibility and the marketability of the newly developed products are assured (IAS 38). The development activity must also be sufficiently likely to lead to future cash inflows. Production costs comprise the costs directly attributable to the development process. Capitalized development costs for internally developed software products include the personnel costs incurred by employees engaged in software development, including statutory social security contributions to be borne by the employer, as well as costs of third-party development. Subsequent measurement is based on amortized cost. Acquisition or production costs are reduced by scheduled straight-line amortization based on the estimated selling period of the software products of five to eight years. In accordance with IAS 38, research costs cannot be capitalized and are therefore recognized directly as an expense in the income statement.

In accordance with IFRS 3, **goodwill** is capitalized at cost and, in accordance with IAS 38 in conjunction with IAS 36, tested for impairment regularly once a year - or more frequently if there are indications of impairment - and, if necessary, written down. If the reasons for an impairment loss recognized in prior years no longer apply, the impairment loss is reversed.

The recoverable amount of goodwill allocated to the cash-generating unit is determined in the impairment tests on the basis of the value in use. If the carrying amount of the cash-generating unit including the goodwill allocated to it exceeds the recoverable amount determined in this way, the difference represents the necessary impairment loss, which is recognized in profit or loss. If the carrying amount is less than the recoverable amount, it is assumed that the goodwill is impaired. In this case, no adjustment is required. If this impairment test reveals a need for impairment, the corresponding expense is recognized under depreciation and amortization.

Other intangible assets, in particular acquired customer bases, are measured at cost less amortization. Other intangible assets are amortized exclusively using the straight-line method over a finite useful life.

Property, plant and equipment are measured at cost (acquisition price including incidental acquisition costs) less scheduled depreciation and impairment losses. The optional revaluation method under IAS 16 is not applied. Property, plant and equipment are depreciated exclusively using the straight-line method.

Maintenance expenses that do not generate any additional economic benefits are recognized as expenses when they are incurred.

Depreciation is based on the following useful lives, which are applied uniformly throughout the Group:

	Useful life / years
Customer bases	8
Other intangible assets	3 - 9
Buildings	40
Installations in third-party buildings	10
Technical equipment and machinery	3 - 5
Office equipment	10 - 13

If there are indications of impairment and if the recoverable amount is lower than the amortized cost, the property, plant and equipment is written down on a non-scheduled basis. If the reasons for the impairment loss no longer apply, the impairment loss is reversed up to the amount of the amortized carrying amount without impairment loss.

Leases are recognized as a right-of-use asset and a corresponding lease liability. Each lease payment is apportioned between the principal and interest expense. The interest expense is recognized in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortized on a straight-line basis over the shorter of its useful life and the lease term. IFRS 16 does not apply to leases of a small amount (small-ticket leases valued at less than USD 5,000).

Equity-accounted financial assets are measured at cost, which comprises the Group's share of the associate's net assets acquired and, where appropriate, goodwill. The carrying amount is increased or decreased annuallyby the Group's share of after-tax income, dividends paid and other changes in equity. The entire carrying amount of an equity-method investment is tested for impairment in accordance with IAS 36 if there are indications that it may be impaired. If the recoverable amount falls below the carrying amount of an equity-accounted financial asset, an impairment loss is recognized in the amount of the difference. Subsequent reversals of impairment losses are recognized in profit or loss.

In accordance with IAS 2, product licenses and merchandise are recognized under **inventories** at the lower of cost or net realizable value, which is determined from expected sales proceeds less costs to be incurred. Work in progress – which does not fall within the scope of IFRS 15 – is recognized at the lower of cost or net realizable value.

Trade receivables are initially measured at fair value, which corresponds to cost. In accordance with IFRS 9, trade receivables are classified as „financial assets measured at amortized cost. In subsequent measurement, the receivables are carried at amortized cost. If there are doubts as to their realizability, the customer receivables are measured at the lower present value of the estimated future cash flows. Specific valuation allowances are recognized in the event of identifiable risks. Foreign currency amounts are translated into euros at the closing rate. Objective indications of the existence of an impairment of receivables are non-payment when due, the existence of a default in performance or economic difficulties on the part of the debtor. It is assumed that all receivables that are neither overdue nor impaired are fully recoverable due to the creditworthiness of the customer.

The financial assets reported under **other receivables and assets** are classified as „financial assets measured at amortized cost" in accordance with IFRS 9.

Income tax receivables and income tax liabilities are recognized at the amount expected to be recovered from or paid to the taxation authority.

Cash and cash equivalents are measured at nominal value.

Deferred taxes are calculated using the temporary method in accordance with IAS 12. Under this method, deferred tax assets and liabilities arise from temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements prepared in accordance with IFRS (HB II), from tax loss carryforwards and from consolidation adjustments.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The tax rates used to calculate deferred taxes in Germany and abroad are adjusted to the legal situation applicable on the respective reporting date. For the valuation of deferred taxes for the current year and future deferred taxes, an overall tax rate of 31.9% to 33.7% (previous year: 31.9% to 33.7%) was applied in Germany, depending on the company-specific trade tax rate. In the USA, a tax rate of 30.99% (previous year: 30.99%) and in the United Kingdom of 17.0% to 19.0% (previous year: 17.0% to 19.0%) was applied.

Deferred tax assets arising from temporary differences and tax-deductible loss carryforwards are recognized only to the extent that it is probable that sufficient taxable profit will be available to allow the benefit to be utilized, or to the extent that taxable temporary differences exist to allow the recognition of deferred tax liabilities.

In order to determine the recoverable deferred tax assets on tax loss carryforwards to be recognized, projections of future taxable income are made on the basis of the planning calculations, unless sufficient deferred tax liabilities are available. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which they can be utilized in future periods.

If there is any doubt as to the future recoverability of the deferred tax assets calculated, no deferred tax assets are recognized or a valuation allowance is recognized for deferred tax assets already recognized.

Deferred tax assets from loss carryforwards are calculated on the basis of a forecast period of five years.

Provisions for defined benefit plans are calculated as the Group's net obligation for each plan separately by estimating the future benefits that employees have earned in prior periods and, where applicable, in the current period. This amount is discounted and the fair value of any plan assets is deducted therefrom.

The defined benefit obligation is calculated annually by a recognized actuary using the projected unit credit method. If the calculation results in a potential asset for the Group after offsetting against plan assets, the recognized asset is limited to the present value of any economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. For the purpose of calculating the present value of any economic benefit, any applicable minimum funding requirements are taken into account.

Remeasurements of the net defined benefit liability are recognized immediately in other comprehensive income. The remeasurement includes actuarial gains and losses, the return on plan assets (excluding interest) and the effect of any asset ceiling (excluding interest). The Group determines the net interest cost (income) on the net defined benefit liability (asset) for the reporting period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual reporting period. This discount rate is applied to the net defined benefit liability (asset) at that date. It takes into account any changes in the net defined benefit liability (asset) arising from the payment of contributions and benefits during the reporting period. Net interest expense and other expenses for defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or a plan is curtailed, the resulting change in benefit relating to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Financial liabilities are initially recognized at their fair value at the balance sheet date. Due to the market-conforming interest rate for long-term maturities, the values recognized correspond to the fair values. In accordance with IFRS 9, financial liabilities are classified as liabilities measured at amortized cost.

Trade accounts payable are measured at amortized cost using the effective interest method. In accordance with IFRS 9, all financial liabilities are generally recognized at amortized cost using the effective interest method, as the fair value option is not applied by the Company.

Other liabilities are carried at their repayment amount.

Revenue from the sale of software and from the provision of software maintenance and services and cloud, as well as from the sale of hardware and other, is recognized when the delivery or service owed has been provided, the risk has been transferred or the service has been rendered, the inflow of benefits is probable and the amount of the expected consideration can be reliably determined.

Software maintenance revenue is recognized over the term of the contract. In the case of other services, revenue is recognized on a time-apportioned basis after the agreed service has been performed. Revenue from the sale of software licenses is recognized when the license is finally provided to the customer. Revenue from the sale of hardware and other goods is recognized as soon as the customer obtains control over the assets sold.

In SaaS contracts (Software as a Service), EASY SOFTWARE AG provides its customers with software products in a cloud. Revenue from these contracts is recognized in the amount of the period-specific usage fees for the software products. Multicomponent contracts exist for the sale of software licenses combined with maintenance contracts or combined with other services. Revenue is recognized separately according to the basic rates for the respective service.

Income and expenses for the financial year are recognized when they are incurred or realized, irrespective of the date of payment. **Interest** is recognized as income or expense in the period in which it arises.

Income taxes include current income taxes and deferred taxes and are recognized in the income statement unless the underlying items are immediately offset against equity. Current income taxes mainly relate to trade tax and corporate income tax and are calculated using the tax rates applicable at the balance sheet date.

Contingent assets and contingent liabilities are, on the one hand, possible claims or obligations that arise from past events but whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the entity. On the other hand, contingent assets or contingent liabilities represent present claims or obligations that arise from past events but for which an inflow or outflow of resources is not considered probable or the amount of which cannot be measured with sufficient reliability. According to IAS 37, such obligations are not to be recognized in the balance sheet but disclosed in the notes.

G) SEGMENT REPORTING

According to IFRS 8, segment reporting must be carried out in accordance with the Group's internal organizational and reporting structure. In the EASY Group, this is based on geographical aspects and is divided into the segments Germany, Austria, England, USA, Singapore, and Turkey. The same accounting and valuation principles apply to the segments as in the consolidated financial statements.

H) RISK PROVISIONING

The particular risks of the business are fully taken into account by recognizing specific valuation allowances. Information on the creditworthiness of new customers is generally obtained in order to assess the risk of default. The results obtained are taken into account when entering into service relationships. The maximum default risk is the amount of the recognized financial assets. The default risk is considered to be relatively low due to the high creditworthiness of the customers with whom EASY has business relationships and the diversified customer structure. There are no dependencies on large individual customers.

The Company is exposed to credit risk primarily from its operating business. Credit risk is defined as an unexpected loss from financial assets, e.g. if the customer is unable to meet its obligations within the due dates. In the operating business, accounts receivable are monitored on a decentralized basis on an ongoing basis. Credit risks are accounted for by means of valuation allowances.

The maximum credit risk is reflected by the carrying amounts of the financial assets recognized in the balance sheet.

Interest rate risk is of minor significance due to the relative and absolute insignificance of net interest income and the fact that fixed interest rates are generally agreed with lenders. Therefore, no sensitivity analysis is presented for the interest rate risk.

As the company is only exposed to foreign currency risks to an insignificant extent, a sensitivity analysis for the currency risk is not presented for reasons of materiality.

Due to the high volume of advance payments from software maintenance contracts collected at the beginning of the year, sufficient liquidity is ensured throughout the year, so that operating activities are generally financed from the Company's own funds. In addition to holding the resulting liquidity reserves and an existing overdraft facility, liquidity to service financial liabilities is ensured by daily monitoring of cash flows.

Risk management as a process with a systematic approach and documentation has been issued as a Board of Management guideline. Developments that pose a threat to the company as a going concern and internal guidelines are identified on an ongoing basis and reported to the Executive Board.

For additional information, please refer to the risk report in the combined management and Group management report.

I) ESTIMATES AND ASSESSMENTS

The preparation of the consolidated financial statements requires estimates and assumptions to be made for some items, which have an effect on the assets, liabilities, contingent assets and contingent liabilities, as well as income and expenses recognized as of the respective balance sheet date in the reporting period. The actual amounts may differ from the estimated amounts.

The assumptions and estimates are based on premises that reflect the current state of knowledge. In particular, the expected future business development is based on the circumstances prevailing at the time of preparation of the consolidated financial statements as well as on the future development of the global and industry-specific environment, which is assumed to be realistic. Due to developments in this environment that deviate from the assumptions and are beyond the control of management, the actual amounts may differ from the original estimates. If the actual development differs from the expected development, the assumptions and, if necessary, the carrying amounts of the assets and liabilities concerned are adjusted accordingly.

At the balance sheet date, the Board of Management made the following key assumptions concerning the future and identified significant sources of estimation uncertainty that may give rise to a risk that requires a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Pension provision: The valuation of the pension obligation is based on a method that uses various parameters, such as the expected discount rate, salary and pension trends, life expectancy and returns on plan assets. If these parameters develop significantly differently than expected, this may have an impact on the personnel provisions. For the carrying amounts, please refer to the consolidated statement of financial position and Note 13.

Impairment: Goodwill, other intangible assets and property, plant and equipment are generally tested for impairment on the basis of discounted cash flows from the continued use and sale of the assets. Factors such as lower than expected sales and resulting lower net cash flows, but also changes in discount rates, may lead to impairment. For the carrying amounts, please refer to the consolidated statement of financial position and notes 1 to 4.

Estimates and assumptions also have to be made, in particular when assessing the recoverability of deferred tax assets on loss carryforwards. For the carrying amounts, please refer to the consolidated statement of financial position and Note 12.

In the context of business combinations, the fair values of assets acquired and liabilities assumed must be determined. The selection of different valuation methods and the use of appropriate assumptions give the Company scope for discretion.

Depreciation of non-current assets is determined on the basis of their useful lives. The useful lives are determined on the basis of experience. The use of these assumptions is subject to the exercise of discretion. For the carrying amounts, please refer to the consolidated statement of financial position and Notes 1 to 4.

When capitalizing software development costs, assumptions must be made regarding the classification as development costs and the specific requirements for capitalization. The classification and the making of assumptions allow the Company discretionary scope. For the carrying amounts, please refer to the consolidated statement of financial position and Note 1.

J) CAPITAL MANAGEMENT

Management´s objectives are revenue growth and EBITDA growth. The objectives of capital management are subordinate to these goals. The aim here is to ensure financial flexibility and the long-term maintenance of business operations. In particular, this involves safeguarding liquidity, limiting economic risks and optimizing the cost of capital. Adequate equity capitalization (above 50.0%) is also intended to support the external rating by banks. Overall, the aim is to achieve a high increase in the value of the Group. As a matter of principle, the operating business is financed by equity and borrowed capital. The capital management strategy of EASY SOFTWARE AG has not changed compared to the previous year. Target fulfillment is monitored as part of corporate planning. It is ensured that sufficient liquidity is available at all times.

Equity	31.12.2020 TEUR	31.12.2019 TEUR
Equity	**25,615**	28,736
Balance sheet total	**45,946**	51,530
Equity ratio	**56%**	56%

Debts	31.12.2020 TEUR	31.12.2019 TEUR
Financial liabilities and trade payables	**10,578**	16,655
Other liabilities	**5,548**	6,139
Balance sheet total	**45,946**	51,530
Debt ratio	**35%**	44%

Financial security is mainly measured using the equity ratio and the debt ratio. The components of these ratios are the balance sheet total of the consolidated financial statements as well as the equity and liabilities reported in the consolidated balance sheet, which are managed as capital.

EASY SOFTWARE AG is subject to the minimum capital requirements for stock corporations. Compliance with these requirements is monitored on an ongoing basis.

The requirements were met in the fiscal year and in the previous year.

The EASY Group can manage its capital structure by adjusting dividends, reducing capital or issuing new shares, and issuing financial instruments that qualify as equity under IFRS.

C: NOTES TO THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED INCOME STATEMENT

NOTES TO THE CONSOLIDATED BALANCE SHEET

Composition and development of intangible assets and property, plant and equipment as of December 31, 2020 are shown in the attached statement of changes in consolidated non-current assets.

1. SOFTWARE DEVELOPMENT COSTS

Software development costs are amortized on a straight-line basis over the expected product life of five to eight years. Amortization of TEUR 1,661 (previous year: TEUR 1,664) is included in the consolidated income statement under amortization of intangible assets and depreciation of property, plant and equipment.

2. GOODWILL

Goodwill resulting from a business combination was determined at the time of initial consolidation in accordance with IFRS 3.

Goodwill is allocated to the cash-generating units defined as legal entities in the EASY Group, with the exception of the PCM division, as follows.

In accordance with IFRS 3 in conjunction with IAS 36, goodwill is tested annually for impairment. The respective carrying amount is compared with the respective recoverable amount. The recoverable amount is derived from the value in use, which is calculated as the present value of future cash flows.

The expected cash flows are based on a qualified planning process, taking into account the company's own experience and economic data collected externally. The cash flows are calculated using the indirect method on the basis of the pre-tax profit for the year, adjusted for non-cash income and expenses

	31.12.2020 TEUR	31.12.2019 TEUR
EASY APIOMAT GmbH (Apinauten GmbH)	**5,343**	5,343
EASY SOFTWARE Deutschland GmbH	**3,928**	3,928
EASY SOFTWARE AG (PCM business division)	**783**	783
EASY SOFTWARE (UK) LTD.	**405**	429
EASY SOFTWARE Deutschland GmbH (Systec GmbH)	**479**	479
EASY SOFTWARE GmbH	**352**	352
EASY SOFTWARE INC.	**212**	233
	11,502	11,547

and changes in working capital. The current prospects for success and the financial and earnings planning for the next three years were used to calculate the discounted net cash flows. The main assumptions underlying the planning for all companies are expected average increases in sales of between -4.7% and 12.2% (previous year: between -0.3% and 20.3%) and average growth rates in personnel expenses of between -10.1% and 0.6% (previous year: -8.3% to 1.3%). After the detailed planning phase, a growth rate of 1.0% (previous year: 1.0%) is planned. Plannable special effects are also taken into account. The pre-tax discount rate used to discount the planned cash flows to the balance sheet date is 10.4% (previous year: 11.3%) p.a., in line with the industry risk.

As in previous years, there was no need for impairment in 2020. As the recoverable amounts are significantly higher than the carrying amounts, no changes in valuation parameters are realistic that would lead to a recoverable amount lower than the carrying amounts.

3. OTHER INTANGIBLE ASSETS

Depreciation and amortization amounting to TEUR 1,973 (previous year: TEUR 2,153) is included in the consolidated income statement under amortization of intangible assets and depreciation of property, plant and equipment. There were no impairments. The customer bases of TEUR 4,753 (previous year: TEUR 6,432) reported under other intangible assets result from acquired customer relationships. They will be fully amortized within the next 1 - 7 years (previous year: 2 - 8 years).

4. SHAREHOLDERS

Depreciation and amortization amounting to TEUR 2,371 (previous year: EUR 2,287 thousand) is included in the consolidated income statement under depreciation and amortization of intangible assets and property, plant and equipment. There were no impairments.

Property, plant and equipment includes rights of use for leased land and buildings in the amount of TEUR 2,043 (previous year: TEUR 2,438) and operating and office equipment in the amount of TEUR 687 (previous year: TEUR 1,087). In 2020, additions to rights of use for land amounting to TEUR 690 (previous year: TEUR 484) and for operating and office equipment amounting to TEUR 439 (previous year: TEUR 588) were recognized. Depreciation on leased land and buildings amounted to TEUR 1,086 (prior year: TEUR 1,011), and depreciation on leased operating and office equipment to TEUR 839 (prior year: TEUR 830).

5. AT EQUITY VALUATED FINANCIAL ASSETS

The shares in associated companies relate to the 52% interest in friendWorks GmbH, Straubing. The company is valued at equity, as EASY SOFTWARE AG exercises significant influence over its business and financial policies.

The following overview shows the main items of the balance sheets and income statements of the associates accounted for using the equity method:

	friendWorks GmbH **2020** TEUR
Long-term assets	181
Short-term assets	1,339
Debt	578
Net assets	942
Revenue	4,184
Net income for the period	594

The result from associates accounted for using the equity method does not include any impairment losses. The shares in associated companies are not subject to any restraints on disposal. There is no quoted market price for the shares. The associated companies are active in software development, sales and consulting.

The reconciliation to the carrying amount of these investments is shown below:

	friendWorks GmbH 2020 TEUR
Status 01.01.2020	341
Proportionate net income for the period	309
Distribution	-239
State 31.12.2020	411

6. INVENTORIES

Inventories relate to product licenses.

7. TRADE RECEIVABLES

All trade receivables have a term of up to one year and are therefore reported in full under current assets.

The development of allowances for credit losses on trade receivables is as follows:

	2020 TEUR	2019 TEUR
January 1	**961**	481
Dissolutions	**85**	363
Addition	**295**	843
Utilizations	**840**	0
December 31	**331**	961

8. RECEIVABLES FROM INCOME TAXES

Income tax receivables relate to corporate and trade tax refund claims of the German companies.

	Gross amount before valuation allowance	Net total = balance sheet value	neither impaired nor past due	of which not impaired as of the reporting date and past due in the following time bands				
				less than 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	more than 180 days
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
At December 31, 2020								
	5,703	**5,372**	**3,662**	**750**	**256**	**90**	**206**	**408**
At December 31, 2019								
	9,515	8,554	5,088	1,783	494	129	229	831

9. OTHER RECEIVABLES AND ASSETS

Other receivables mainly comprise claims for damages of TEUR 1,457 (prior year: TEUR 0), VAT receivables of TEUR 757 (prior year: TEUR 31) and deferred income of TEUR 830 (prior year: TEUR 755). Valuation allowances of TEUR 1,457 (prior year: TEUR 0) were recognized on the claims for damages asserted. TEUR 123 (prior year: TEUR 149) of the remaining amounts are classified as non-current.

As in the previous year, there were no valuation allowances at the balance sheet date.

10. CASH

Cash and cash equivalents comprise cash, checks, demand deposits with credit institutions, and other current and highly liquid financial assets with an original maturity of up to three months and are composed as follows:

	31.12.2020 TEUR	31.12.2019 TEUR
Cash assets	**48**	19
Bank balances	**8,998**	8,881
	9,046	8,900

11. OWNERSHIP

The subscribed capital amounts to EUR 6,442,039.00 as of December 31, 2020 (previous year: EUR 6,442,039.00). It is divided into 6,442,039 no-par value bearer shares with a notional interest in the subscribed capital of EUR 1.00 each. All shares grant the same rights.

By resolution of the Annual General Meeting on August 6, 2019, the Management Board was authorized, with the approval of the Supervisory Board, to issue bearer or registered bonds with warrants and/or convertible bonds with a total nominal value of up to twenty million euros and a term of at least three years on one or more occasions until August 31, 2020 and to grant or impose option rights or obligations on the holders or creditors of bonds with warrants or conversion rights or obligations on the holders or creditors of convertible bonds for no-par value shares of the Company with a pro rata amount of the capital stock of up to two million euros in total in accordance with the terms and conditions of these bonds.

The authorization of the Executive Board resolved by the Annual General Meeting on August 6, 2019 under agenda item 9 to issue warrant-linked and/or convertible bonds with a total nominal amount of up to EUR 20.0 million with the approval of the Supervisory Board was revoked at the Annual General Meeting on August 20, 2020.

At the Annual General Meeting on August 20, 2020, the Executive Board was authorized, with the approval of the Supervisory Board, to issue convertible bonds with or without conversion or subscription rights (hereinafter also referred to as „bonds") in a total nominal amount of up to EUR 13 million, with a term of five years and a conversion obligation at the end of the term, on one or more occasions until August 19, 2025. The holders of the bonds referred to in the preceding sentence are also entitled to a conversion right into shares of the Company at any time. This means that the holders of the aforementioned bonds may be granted conversion or subscription rights to up to 1,300,000 no-par value registered shares of the Company with a pro rata amount of the share capital totaling up to EUR 1.3 million. The conversion or subscription rights may be serviced from conditional capital to be resolved at this or future Annual General Meetings. No convertible bonds have been issued to date.

The statutory reserve of TEUR 35 is reported under retained earnings.

The non-controlling interests relate to the shareholders holding 49.0% of the subscribed capital of EASY SOFTWARE TÜRKİYE Ltd Sti.

12. DEFERRED TAX LIABILITIES (PREV. YEAR TAX ASSETS)

Deferred tax assets and liabilities relate to the following balance sheet items:

	31.12.2020 TEUR	31.12.2019 TEUR
Other intangible assets	**323**	0
Property, plant and equipment	**909**	1,184
Pension provisions	**218**	201
Loss carryforwards	**360**	4,745
Deferred tax assets	**1,810**	6,130
Software development costs	**2,153**	2,336
Other intangible assets	**1,091**	1,525
Property, plant and equipment	**874**	1,142
Deferred tax liabilities	**4,118**	5,003
Balance sheet presentation after netting	**-2,308**	1,127

Both additions and utilizations are recognized under taxes on income. The decrease in deferred tax assets on loss carryforwards mainly results from EASY SOFTWARE AG. Due to the profit and loss transfer agreement concluded with deltus 36. AG, an income tax group will be established as of January 1, 2021. During the (minimum) term of the profit and loss transfer agreement of five years, existing tax loss carryforwards cannot be utilized. The deferred tax assets in the amount of TEUR 4,289 were therefore reversed in full through profit or loss.

If there is insufficient taxable income in subsequent fiscal years, the asset is not recoverable.

The loss carryforwards not yet taken into account in the calculation of deferred tax assets amount to TEUR 18,804 (previous year: TEUR 6,857). The deferred tax assets not capitalized amounted to TEUR 6,337 (prior year: TEUR 2,311).

13. PERSONNEL PROVISIONS

The personnel provisions relate to pension obligations from pension commitments to a former member of the Board of Management of the parent company and a former managing director of a subsidiary, which are defined benefit plans linked to length of service and granted in fixed monetary amounts. The amount of the pension obligations before netting with plan assets is determined using actuarial methods in accordance with IAS 19 and corresponds to the present value of the defined benefit obligation (DBO). Actuarial gains and losses are recognized in other comprehensive income in the year in which they occur. The following calculation parameters were used:

	31.12.2020 %	31.12.2019 %
Actuarial interest rate for pensioners	**1.60**	1.60
Actuarial interest rate for entitled persons	**1.00**	1.30
Pension dynamic	**1.00 - 2.00**	1.00 - 2.00

Biometric probabilities according to „Guidelines tables 2018 G" by Prof. Dr. Klaus Heubeck

A salary trend and a fluctuation rate were not taken into account, as the beneficiary is no longer employed by the EASY Group. The present value of the defined benefit obligation is determined on the basis of mortality probabilities. An increase in the life expectancy of the beneficiary employees leads to an increase in the plan liability. In addition to the longevity risk, EASY SOFTWARE AG bears the interest rate risk from changes in general capital market interest rates. These risks have been countered by taking out a reinsurance policy. Pension obligations have increased, ceteris paribus, due to the general decline in capital market interest rates in recent years.

The net liability from pension obligations developed as follows:

The plan assets relate to receivables from reinsurance policies. The plan assets bear interest at a rate of 0.0% to 2.0%.

An increase (decrease) in the discount rate by 0.5 percentage points would have led to a decrease (increase) in the present value of the defined benefit obligation of TEUR 88 (TEUR 97). An increase (decrease) in the pension dynamic by 1.0% would have led to an increase (decrease) in the present value of the defined benefit obligation of TEUR 138 (TEUR 119). The sensitivity analysis is not expected to be representative of the actual change in the pension obligation, as it is unlikely that deviations from the assumptions made will occur in isolation, as there are interactions between the assumptions.

	2020 TEUR	**2019** TEUR
Projected benefit value as of January 1	**1,327**	1,143
Current service cost	**38**	32
Interest expense	**15**	23
Actuarial gains (-)/losses from changes in financial assumptions	**57**	152
Actuarial gains (-)/losses from experience adjustments	**2**	1
Claim	**-24**	-24
Projected benefit value as of December 31	**1,415**	1,327

	2020 TEUR	**2019** TEUR
Plan assets as of 1 January	**869**	828
Contributions	**31**	31
Interest income	**7**	11
Result from plan assets that are not included in interest income	**4**	-1
Plan assets as of 31 December	**911**	869
Net debt (-)	**-504**	-458

Reinsurance policies have been taken out to cover the pension obligation. The amount recognized at the reporting date relates to the difference between the present value of the defined benefit obligation and the fair value of the reinsurance.

As in the previous year, the Group's asset/liability management consists of hedging part of the risks arising from pension commitments by means of reinsurance policies.

Contributions of TEUR 31 (previous year: TEUR 31) and pension payments of TEUR 24 (previous year: TEUR 24) are expected for the coming financial year. No significant changes are expected in subsequent years.

The average term of the defined benefit obligation at the balance sheet date was 12 years (previous year: 13 years).

In addition, there are defined contribution plans under which the Company pays contributions to state pension insurance institutions on the basis of statutory provisions. The Company has no further benefit obligations beyond the payment of contributions. The contributions to state pension schemes recognized as expenses amount to TEUR 1,825 (prior year: TEUR 1,714).

14. INCOME TAX LIABILITIES

Income tax liabilities relate to corporate income tax and trade tax obligations.

15. FINANCIAL LIABILITIES

The financial liabilities result from bank loans and leasing liabilities. Interest rates of 4.75% (previous year: 4.75%) are charged on bank loans with a carrying amount of TEUR 0 (previous year: TEUR 50). Repayment loans with a carrying amount of TEUR 2,233 (previous year: TEUR 3,349) bear interest at 2.25% and loans with a carrying amount of TEUR 3,200 (previous year: TEUR 4,000) bear interest at 2.95%. All bank loans will be repaid on an unscheduled basis at the beginning of 2021. There were no covenants as of the balance sheet date. In the previous year, the liabilities from part of the purchase price for the acquisition of Apinauten GmbH had a carrying amount of TEUR 3,473 and did not bear interest. The undiscounted nominal value of the leasing liabilities amounts to TEUR 2,988, of which TEUR 1,562 is due within one year and TEUR 1,426 is due in more than one year.

16. TRADE PAYABLES

Trade accounts payable relate to operating activities and are recognized at amortized cost. The liabilities are non-interest-bearing and have a remaining term of less than one year.

17. OTHER LIABILITIES

Other liabilities relate to deferred income in the amount of TEUR 1,113 (previous year: TEUR 1,846) and other liabilities in the amount of TEUR 5,707 (previous year: TEUR 3,806). Other liabilities include personnel liabilities of TEUR 3,788 (prior year: TEUR 2,509), liabilities from other taxes of TEUR 483 (prior year: TEUR 786), accounts receivable with credit balances of TEUR 450 (prior year: TEUR 27) and liabilities to associated companies of TEUR 42 (prior year: TEUR 15). All other liabilities are non-interest bearing.

18. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

		Book value		Fair value	
		31.12.2020	31.12.2019	**31.12.2020**	31.12.2019
		TEUR	TEUR	TEUR	TEUR
Financial assets					
Trade receivables and other assets	(1)	**5,372**	8,554	**5,372**	8,554
Means of payment	(1)	**9,046**	8,900	**9,046**	8,900
Financial liabilities					
Liabilities to banks	(2)	**5,376**	7,398	**5,376**	7,398
Leasing liabilities	(2)	**2,895**	3,653	**2,895**	3,653
Residual purchase liabilities	(2)	**0**	3,473	**0**	3,473
Accounts payable trade	(2)	**2,307**	2,131	**2,307**	2,131
Other liabilities (financial instruments only)	(2)	**5,048**	3,017	**5,048**	3,017

Valuation categories according to IFRS 9:
(1) Assets carried at amortized cost
(2) Liabilities carried at amortized cost

Deferred income mainly relates to software maintenance contracts that have already been invoiced and paid for by customers and whose performance periods extend beyond the fiscal year.

The methods and assumptions used to determine the fair values of financial instruments are as follows:

Trade receivables, cash and cash equivalents, liabilities to credit institutions and trade and other payables are very close to their carrying amounts due to the short maturities of these instruments.

In principle, the EASY Group uses the following hierarchy to determine and report fair values:

- Level 1: quoted prices (unchanged) in active markets for similar assets or liabilities,
- Level 2: Inputs other than prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: factors not based on observable market data for the measurement of the asset or liability.

The expected cash outflows from financial instruments are as follows:

	Book value	expected	thereof due in the following time bands			
		cash outflow	up to 2 months	2-12 months	1-2 years	2-5 years
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Financial liabilities	8,271	8,271	380	6,499	557	836
Accounts payable trade	2,307	2,307	2,307	0	0	0
Other liabilities (financial instruments only)	5,048	5,048	3,010	2,039	0	0
	15,626	**15,626**	**5,697**	**8,538**	**557**	**836**

In the previous year, this resulted in the following presentation:

	Book value	expected	thereof due in the following time bands			
		cash outflow	up to 2 months	2-12 months	1-2 years	2-5 years
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Financial liabilities	14,525	14,525	531	6,620	3,092	4,282
Accounts payable trade	2,130	2,130	2,130	0	0	0
Other liabilities (financial instruments only)	3,017	3,017	1,627	1,390	0	0
	19,672	**19,672**	**4,288**	**8,010**	**3,092**	**4,282**

The following net gains and losses on financial instruments were recognized in fiscal years 2020 and 2019:

		Gains / Losses (-)		
		2020	**2019**	**Disclosed in the statement**
		TEUR	TEUR	**of comprehensive income**
Financial assets				
Trade receivables	(1)	**-199**	-470	Other operating income, other operating expenses
Other assets	(1)	**-1,457**	0	Other operating expenses
Means of payment	(1)	**32**	5	Financial income
Financial liabilities				
Liabilities to banks	(2)	**-272**	-339	Financial expenses
Leasing liabilities	(2)	**-90**	-102	Financial expenses

Measurement categories under IFRS 9:
(1) Assets carried at amortized cost
(2) Liabilities carried at amortized cost

INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

19. REVENUES

The Group's net sales can be broken down by sales markets or areas of activity as follows:

	2020 TEUR	2019 TEUR
Domestic	**41,799**	40,567
Abroad	**7,442**	10,019
	49,241	50,586
Software maintenance	**25,960**	25,319
Services	**10,243**	12,510
Cloud/leasing	**2,835**	2,345
Total services	**39,038**	40,174
Sale of software	**9,931**	10,120
Sales of hardware and other	**272**	292
Sale of goods in total	**10,203**	10,412
	49,241	50,586

20. OWN WORK CAPITALIZED

Own work capitalized relates to software development costs. They include directly attributable personnel costs and external costs.

21. OTHER OPERATING INCOME

The other operating income relates to:

	2020 TEUR	2019 TEUR
Income from lawsuits against former corporate organs	**4,214**	0
Derecognition of purchase price liability Apinauts	**1,572**	0
Derecognition of liabilities	**204**	25
Investment grants	**170**	258
Income from asset disposals	**103**	1
Reduction in valuation allowances	**97**	363
Insurance compensation	**63**	110
Exchange rate differences	**21**	0
Income from derecognized receivables	**0**	59
Other	**73**	45
	6,517	861

22. COST OF MATERIALS

The cost of materials is composed as follows:

	2020 TEUR	2019 TEUR
Software	**2,703**	2,357
Hardware and other goods	**0**	346
Software maintenance and other services	**6,874**	7,347
	9,577	10,050

23. PERSONNEL EXPENSES

The personnel expenses are composed as follows:

	2020 TEUR	2019 TEUR
Wages	**23,909**	23,753
Severance	**1,230**	22
Social Contributions	**4,066**	3,956
	29,205	27,731

24. OTHER OPERATING EXPENSES

Other operating expenses are composed as follows:

	2020 TEUR	2019 TEUR
Legal and consulting fees	**1,756**	860
Valuation allowances and losses on receivables	**1,753**	833
EDP costs	**1,634**	1,621
Third party development / work	**1,281**	1,034
Advertising and fairs	**1,240**	1,557
Trade and entertainment costs	**600**	1,706
Telephone and postage	**551**	468
Car costs	**349**	427
Sales commissions	**339**	33
Training costs	**332**	171
Insurances	**311**	290
Rents and ancillary expenses	**301**	503
Contributions and fees	**232**	149
Recruitment costs	**160**	253
Capital market costs	**120**	118
Other taxes	**30**	38
Exchange rate differences	**7**	2
Other remaining expenses	**587**	859
	11,583	10,922

Rentals, vehicle expenses and miscellaneous other expenses include payments from operating leases amounting to EUR 22 thousand (previous year: EUR 22 thousand) (low-value leased assets).

25. RESULT FROM INVESTMENTS ACCOUNTED FOR AT EQUITY METHOD

The result is attributable to the following associated companies:

	2020 TEUR	2019 TEUR
otris software AG	**0**	3,900
friendworks GmbH	**309**	166
	309	4,066

26. FINANCIAL RESULTS

Financial income relates to income from current interest on bank balances in current and fixed-term deposit accounts. It is derived from assets classified as „assets measured at amortized cost" in accordance with IFRS 9. The financial expenses relate to expenses from bank borrowings and lease liabilities and originate from the category „liabilities measured at amortized cost. Reference is made to Note 18.

27. TAXES ON INCOME AND EARNINGS

In addition to deferred taxes, tax expense includes corporate income and trade taxes of the domestic companies and comparable income taxes of the foreign companies.

Income taxes are composed as follows:

	2020 TEUR	2019 TEUR
Deferred tax expense (prior year: income)	**-3,394**	**238**
Current tax expense (prior year: income)	**-244**	**29**
Total tax expense (prior year: income)	**-3,638**	**267**

Reconciliation from expected to actual tax expense:

	2020 TEUR	2019 TEUR
Earnings before income taxes	**727**	1.754
Expected income tax (EBT x tax rate 33.7%)	**-245**	-591
plus / minus differences:		
Losses that cannot be utilized	**-4,198**	-1,402
Non-tax-deductible expenses / tax-exempt income	**684**	721
Utilization of loss carryforwards	**131**	1,506
Differences from foreign tax rates	**-17**	-25
Taxes previous years	**7**	58
Actual tax expense (prior year: income)	**-3,638**	267

Income taxes attributable to other comprehensive income break down as follows:

	31.12.2020		
	Amount before income tax TEUR	Income tax TEUR	Amount after income tax TEUR
Actuarial gains and losses from the calculation of personnel provisions	-56	19	**-37**
Currency translation differences from the consolidation of foreign operations	-172	0	**-172**
	-228	**19**	**-209**

In the previous year, this resulted in the following presentation:

	31.12.2019		
	Amount before income tax TEUR	Income tax TEUR	Amount after income tax TEUR
Actuarial gains and losses from the calculation of personnel provisions	-153	51	**-102**
Currency translation differences from the consolidation of foreign operations	43	0	**43**
	-110	**51**	**-59**

28. EARNINGS AND EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF EASY SOFTWARE AG

		2020	2019
Group result	TEUR	**-2,911**	2,021
Profit attributable to non-controlling interests	TEUR	**32**	3
Earnings attributable to the shareholders of EASY SOFTWARE AG	TEUR	**-2,879**	2,024
Average number of shares	Units	**6,442,039**	6,268,866
Earnings per share	EUR / share	**-0.45**	0.32

In accordance with IAS 33, earnings per share are calculated by dividing the share of profit after tax attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the reporting period. There was no dilutive effect either in the financial year or in the previous year.

The distribution of a dividend is not planned until further notice, with the exception of the fixed dividend to minority shareholders from 2021 of EUR 0.44 per share.

29. RESEARCH AND DEVELOPMENT EXPENSES

In the reporting period, research and development expenses for software products amounted to TEUR 5,292 (previous year: TEUR 5,023), which are included in the current expenses for the period.

30. CONTINGENCIES

As part of the existing risk management system, financing risks and thus also the risks arising from the utilization of contingent liabilities are closely monitored. Contingent liabilities are only entered into after a risk assessment has been carried out.

As of December 31, 2020, there were no contingent liabilities subject to reporting requirements.

31. OTHER FINANCIAL OBLIGATIONS

Other financial obligations (minimum lease payments under operating leases) break down as follows according to the total terms of the underlying contracts in the financial year:

	Up to 1 year TEUR	1 to 5 years TEUR	More than 5 years TEUR	Total TEUR
other leases	22	88	0	**110**
	22	**88**	**0**	**110**

In the previous year, this resulted in the following presentation:

	Up to 1 year TEUR	1 to 5 years TEUR	More than 5 years TEUR	Total TEUR
other leases	22	88	0	**110**
	22	**88**	**0**	**110**

D: CONSOLIDATED CASH FLOW STATEMENT

32. DISCLOSURES ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

In accordance with IAS 7, the consolidated statement of cash flows shows how cash and cash equivalents in the Group have changed during the financial year as a result of cash inflows and outflows.

The consolidated statement of cash flows distinguishes between cash flows from operating activities, investing activities and financing activities.

Cash and cash equivalents are identical to the balance sheet item with the same designation.

The reconciliation of the change in recognized financial liabilities to the cash flow from financing activities is as follows:

	2020 TEUR	**2019** TEUR
Financial liabilities as of January	**14,524**	6,380
Financial liabilities as of December 31	**8,271**	14,524
Change	**-6,253**	8,144
Non-cash purchase price liability	**1,623**	-3,472
Interest payments	**-264**	-357
First-time adoption IFRS 16	**0**	-4,421
Additions IFRS 16	**-1,129**	-1,072
Payment of purchase price Apinauts (investing activities)	**1,850**	0
Repayment of liabilities Apinauten GmbH	**0**	-658
Deposit from capital increase	**0**	5,060
Dividends paid	**0**	-258
Cash flow from financing activities	**-4,173**	2,966

E. SEGMENT REPORTING

33. PRESENTATION OF SEGMENT REPORTING

Segment reporting has been prepared in accordance with IFRS 8. Segmentation by region is based on the Group's internal management and reporting to the Board of Management (responsible entity). Only sales services are provided in the foreign segments, while all products and services of the EASY Group are provided and sold in the Germany segment.

In fiscal year 2020, the following presentation resulted:

	Germany TEUR	Austria TEUR	United Kingdom TEUR	USA TEUR	Singapore TEUR	Turkey TEUR	Consolidation TEUR	Total TEUR
Revenues	45,522	3,046	1,306	1,298	88	1,279	-3,298	**49,241**
- External sales	43,465	2,926	1,296	1,298	88	168	0	**49,241**
- Intersegmentary sales	2,057	120	10	0	0	1,111	-3,298	**0**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	6,154	394	127	139	15	-84	0	**6,745**
Depreciation	5,923	47	21	0	0	14	0	**6,005**
Interest income	0	0	7	4	0	31	-10	**32**
Interest expenses	361	0	0	0	0	3	-10	**354**
Result from associated companies	309	0	0	0	0	0	0	**309**
Earnings before taxes (EBT)	179	347	113	143	15	-70	0	**727**
Income tax expenses	-3,452	-89	-181	84	0	0	0	**-3,638**
Profit / loss	-3,273	258	-68	227	15	-70	0	**-2,911**
Total carrying amount of assets	42,347	911	1,216	970	46	741	-285	**45,946**
Additions to fixed assets	2,803	8	1	0	0	33	0	**2,845**
Investments in associated companies	411	0	0	0	0	0	0	**411**
Non-current assets	27,370	42	167	244	0	35	0	**27,858**
Deferred tax assets	-2,668	0	117	242	0	0	0	**-2,309**
Debt	19,109	323	485	267	13	574	-440	**20,331**

In the previous year, this resulted in the following presentation:

	Germany TEUR	Austria TEUR	United Kingdom TEUR	USA TEUR	Singapore TEUR	Turkey TEUR	Consoli-dation TEUR	Total TEUR
Revenues	47,420	3,216	1,280	1,014	0	1,253	-3,597	**50,586**
- External sales	45,493	2,639	1,139	1,014	0	301	0	**50,586**
- Intersegmentary sales	1,927	577	141	0	0	952	-3,597	**0**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	3,901	256	-59	145	-9	12	0	**4,246**
Depreciation	5,979	81	26	0	0	18	0	**6,104**
Interest income	2	0	7	6	0	1	-11	**5**
Interest expenses	470	0	0	0	0	0	-11	**459**
Result from associated companies	4,066	0	0	0	0	0	0	**4,066**
Earnings before taxes (EBT)	1,520	175	-78	151	-9	-5	0	**1,754**
Income tax expenses	457	-49	-142	3	0	-2	0	**267**
Profit / loss	1,977	126	-220	154	-9	-7	0	**2,021**
Total carrying amount of assets	47,421	794	1,854	1,218	22	960	-739	**51,530**
Additions to fixed assets	17,169	45	54	0	0	422	0	**17,690**
Investments in associated companies	341	0	0	0	0	0	0	**341**
Non-current assets	31,520	82	373	160	0	51	0	**32,186**
Deferred tax assets	670	0	299	158	0	0	0	**1,127**
Debt	20,609	465	1,022	702	3	732	-739	**22,794**

The accounting policies of the segments correspond to the Group accounting policies described in section B. f).

F. OTHER DISCLOSURES

34. DISCLOSURE PURSUANT TO § 160 PARA. 1 NO. 8 AKTG

The Company received the following notifications pursuant to Section 33 of the German Securities Trading Act (WpHG) during the financial year:

Notification date	Reportable name of the shareholder	Date of threshold contact	Reason for notification	Total voting rights new
10.11.2020	Battery Partners XIII (AIV I Cayman), Ltd. Battery Partners XIII Side Fund (AIV I Cayman), Ltd.	06.11.2020	Acquisition	78.38 %
09.11.2020	Thorsten Wagner	06.11.2020	Disposal	0.0%
06.11.2020	Wilhelm K. T. Zours	06.11.2020	Disposal	0.0%
29.09.2020	Axxion S.A.	28.09.2020	Disposal	1.71%
25.09.2020	Battery Partners XIII (AIV I Cayman), Ltd. Battery Partners XIII Side Fund (AIV I Cayman), Ltd.	22.09.2020	Other reason	2.03%
23.09.2020	Samson Rock Capital LLP	22.09.2020	Acquisition	3.14%
22.09.2020	Battery Partners XIII (AIV I Cayman), Ltd. Battery Partners XIII Side Fund (AIV I Cayman), Ltd.	17.09.2020	Other reason	26.83%
14.09.2020	Thorsten Wagner Global Derivative Trading GmbH	09.09.2020	Disposal	29.84%
11.09.2020	Battery Partners XIII (AIV I Cayman), Ltd. Battery Partners XIII Side Fund (AIV I Cayman), Ltd.	09.09.2020	Other reason	37.38%
17.08.2020	Lupus alpha Investment GmbH	13.08.2020	Disposal	2.33%
31.07.2020	Battery Partners XIII (AIV I Cayman), Ltd. Battery Partners XIII Side Fund (AIV I Cayman), Ltd.	24.07.2020	Acquisition	62.08%
07.01.2020	Lupus alpha Investment GmbH	01.01.2020	Other reason	7.44%
06.01.2020	Lupus alpha Investment S.A.	01.01.2020	Other reason	0.0%

Voting rights notifications from previous years in which the Company was notified of exceeding or falling below the reporting thresholds are as follows:

Notification date	Reportable name of the shareholder	Date of threshold contact	Reason for notification	Total voting rights new
12.06.2019	Wilhelm K. T. Zours, Deutsche Balaton Aktiengesellschaft	07.06.2019	Acquisition	30.18% (attributed)
24.04.2019	Wilhelm K. T. Zours, Deutsche Balaton Aktiengesellschaft	18.04.2019	Acquisition	29.17% (attributed)
24.04.2019	Axxion S. A., Grevenmacher (Luxemburg)	18.04.2019	Disposal	3.88% (direct)
24.04.2019	Petra Neureither PEN GmbH	24.04.2019	Disposal	2.98% (attributed)
02.04.2019	Thorsten Wagner Global Derivative Trading GmbH	28.03.2019	Acquisition	32.17% (attributed)
26.03.2019	Petra Neureither PEN GmbH	19.03.2019	Disposal	4.53% (direct)
22.03.2019	Wilhelm K. T. Zours, Deutsche Balaton Aktiengesellschaft	19.03.2019	Acquisition	21.41% (attributed)
01.06.2018	Wilhelm K. T. Zours, Deutsche Balaton Aktiengesellschaft	28.05.2018	Acquisition	15.01% (attributed)
16.04.2018	Axxion S. A., Grevenmacher (Luxemburg)	11.04.2018	Disposal	13.14% (direct)
07.07.2017	Stephan Kaleske	07.07.2017	Acquisition	5.40% (direct 2.997 %; attributed 2.41 %)
04.07.2017	Petra Neureither, PEN GmbH	04.07.2017	Acquisition	5.55% (attributed)

VV Beteiligungen Aktiengesellschaft, Heidelberg / Germany, notified us on April 16, 2013, pursuant to Section 21 (1) of the German Securities Trading Act (WpHG), that the share of voting rights held by VV Beteiligungen Aktiengesellschaft in EASY SOFTWARE AG, Am Hauptbahnhof 4, 45468 Mülheim an der Ruhr / Germany, exceeded the thresholds of 3.0% and 5.0% of the voting rights on April 12, 2013, and amounted to 5.73% of the voting rights (309,807 voting rights) on that day. The voting rights are attributed to VV Beteiligungen Aktiengesellschaft pursuant to section 22 (1) sentence 1 no. 1 WpHG via Deutsche Balaton Aktiengesellschaft, Heidelberg / Germany.

Delphi Unternehmensberatung Aktiengesellschaft, Heidelberg / Germany, notified us on April 16, 2013, pursuant to Section 21 (1) of the German Securities Trading Act (WpHG), that the share of voting rights held by Delphi Unternehmensberatung Aktiengesellschaft in EASY SOFTWARE AG, Am Hauptbahnhof 4, 45468 Mülheim an der Ruhr / Germany, exceeded the thresholds of 3.0% and 5.0% of the voting rights on April 12, 2013, and amounted to 5.73% of the voting rights (309,807 voting rights) on that day. The voting rights are attributed to Delphi Unternehmensberatung Aktiengesellschaft via VV Beteiligungen Aktiengesellschaft and Deutsche Balaton Aktiengesellschaft, Heidelberg / Germany, pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Lupus alpha Kapitalanlagegesellschaft mbH, Frankfurt / Germany, notified us on June 25, 2012, pursuant to Section 21 (1) of the German Securities Trading Act (WpHG), that its share of voting rights in EASY SOFTWARE AG, Am Hauptbahnhof 4, 45468 Mülheim an der Ruhr / Germany, exceeded the thresholds of 3.0% and 5.0% on June 21, 2012, and amounted to 6.38% (345,000 voting rights) on that day. Of these, a voting right share of 1.48% (80,000 voting rights) is held directly by Lupus alpha Kapitalanlagegesellschaft mbH pursuant to section 21 (1) WpHG. A further voting right share of 4.90% (265,000 voting rights) is attributed to Lupus alpha Kapitalanlagegesellschaft mbH pursuant to section 22 (2) WpHG from shares held by Lupus alpha Investment S.A..

Lupus alpha Investment S.A., Luxembourg, notified us on June 25, 2012, pursuant to Section 21 (1) of the German Securities Trading Act (WpHG), that its share of voting rights in EASY SOFTWARE AG, Am Hauptbahnhof 4, 45468 Mülheim an der Ruhr / Germany exceeded the threshold of 5.0% on June 21, 2012, and amounted to 6.38% (345,000 voting rights) on that day. Of these, a voting right share of 4.9% (265,000 voting rights) is held directly by Lupus alpha Investment S.A., Luxembourg, pursuant to section 21 (1) WpHG. A further voting right share of 1.48% (80,000 voting rights) is attributed to Lupus alpha Investment S.A. pursuant to section 22 (2) WpHG.

Mr. Thorsten Wagner, Germany, notified us on February 24, 2012, pursuant to Section 21 (1) of the German Securities Trading Act (WpHG), that his share of voting rights in EASY SOFTWARE AG, Mülheim an der Ruhr / Germany, exceeded the threshold of 25.0% on February 24, 2012, and amounts to 25.08% (1,355,285 voting rights) as of that date; thereof, 25.08% (1,355,285 voting rights) are attributable to him pursuant to Section 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG). Voting rights attributed to Mr. Thorsten Wagner are held via the following company controlled by him, whose share of voting rights in EASY SOFTWARE AG amounts to 3.0% or more: Global Derivative Trading GmbH.

Global Derivative Trading GmbH, Lehrte / Germany, notified us on April 18, 2011, pursuant to Section 21 (1) of the German Securities Trading Act (WpHG), that its share of voting rights in EASY SOFTWARE AG, Mülheim an der Ruhr / Germany, exceeded the threshold of 20.0% on April 15, 2011, and amounted to 20.73% (1,119,853 voting rights) as of that date.

35. TOTAL REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AS WELL AS LOANS GRANTED

The EASY Group defines the members of the Management Board of the parent company and the Supervisory Board as key management personnel.

The remuneration of the Management Board in office in 2020 is composed of a non-performance-related and a performance-related part. The non-performance-related part consists of a fixed amount, which is paid as a monthly base salary, insurance payments, and a value for non-cash benefits to be recognized in accordance with tax regulations. The performance-related component consists of a bonus, which is dependent on results. No other variable compensation components, such as stock options, have been agreed.

Total compensation granted to active members of the Executive Board in the 2020 financial year amounted to EUR 288 thousand (previous year: EUR 389 thousand).

Mr. Dieter Weißhaar received fixed remuneration of TEUR 80 and fringe benefits of TEUR 5 for the financial year. On March 19, 2021, a settlement was reached with Mr. Weißhaar, which provides for a payment totaling EUR 1.0 million to settle all claims of Mr. Weißhaar in connection with his Management Board activities at the Company, including salary, bonus and severance claims. Other liabilities of EUR 1.0 million were recognized for this purpose.

Mr. Oliver Krautscheid received fixed remuneration of TEUR 199 and fringe benefits of TEUR 4 for the fiscal year. Other liabilities of TEUR 50 were recognized for variable remuneration still to be paid out. Short-term and long-term performance-related compensation (bonus) was agreed with Mr. Oliver Krautscheid in fiscal year 2020, which amounts to a maximum of TEUR 100 per fiscal year. The targets are based on Group EBITDA. The employment contract of Mr. Oliver Krautscheid contains provisions on benefits in the event of premature termination of the contract, according to which claims can be granted pro rata temporis.

A provision for pensions in the amount of TEUR 392 (previous year: TEUR 397) has been recognized for a former member of the Management Board. Remuneration of TEUR 24 (previous year: TEUR 24) was paid.

In accordance with Section 21 of the Articles of Association, the members of the Supervisory Board receive remuneration of EUR 15,000.00 (previous year: EUR 15,000.00) per fiscal year in addition to reimbursement of their expenses. The Chairman receives 2.5 times this amount, the Deputy Chairman 1.75 times this amount. In addition, the members of the Supervisory Board receive an attendance fee of EUR 1,500.00 per meeting for attending meetings. No performance-related compensation components were paid. For 2020, the members of the Supervisory Board received remuneration, including attendance fees, of TEUR 136 (previous year: TEUR 180). All remuneration relates exclusively to short-term benefits.

There were no loan agreements with members of the Supervisory Board or the Executive Board.

For further details, please refer to the combined management report and Group management report.

36. RELATIONSHIPS WITH RELATED PERSONS AND COMPANIES

Related parties as defined by IAS 24 are legal entities or natural persons that can influence EASY SOFTWARE AG and its subsidiaries, or that are subject to control or significant influence by EASY SOFTWARE AG or its subsidiaries.

EASY SOFTWARE AG maintained various contractually agreed business relationships with related companies and persons.

The services amounting to TEUR 781 (previous year: TEUR 744) provided by EASY SOFTWARE AG to associated companies mainly consisted of the sale of software licenses.

The services amounting to TEUR 451 (previous year: TEUR 461) received by EASY SOFTWARE AG from associated companies mainly consisted of the purchase of software licenses and the provision of customer training services. They are fully attributable to associated companies.

The amount of outstanding balances relating to related parties amounts to liabilities to associated companies in the amount of TEUR 42 (previous year: TEUR 15). The receivables are unsecured and are settled in cash. No guarantees have been given or received.

Members of the Executive Board and the Supervisory Board did not hold any shares in EASY SOFTWARE AG as of the balance sheet date.

There were no other significant facts or transactions with related parties requiring disclosure in the financial year under review.

37. BODIES

EXECUTIVE BOARD

Dieter Weißhaar, Essen, economist, Chairman of the Executive Board (until March 20, 2020)

Oliver Krautscheid, Frankfurt am Main, business graduate, CFO (from February 11, 2020)

Andreas Zipser, Heidelberg, graduate in mathematics/business administration, CEO (from March 1, 2021)

The members of the Executive Board perform their duties on a full-time basis.

SUPERVISORY COUNCIL

Oliver Krautscheid, Chairman, Frankfurt am Main, business graduate (until February 10, 2020)

Mr. Krautscheid holds further supervisory board mandates as Chairman of the Supervisory Board of EPG Engineered nanoProducts Germany AG, Griesheim and Chairman of the Board of Directors of The Fantastic Company AG (Zug), as Chairman of CD Deutsche Eigenheim AG, Berlin (until February 7, 2020) and as Chairman of MOLOGEN AG (i.L.), Berlin (until July 30, 2020).

Stefan ten Doornkaat, Deputy Chairman of the Supervisory Board, Düsseldorf, lawyer and tax law specialist, self-employed in his own law firm, Düsseldorf (until December 23, 2020).

Mr. ten Doornkaat holds further supervisory board mandates as chairman at Global Oil and Gas AG, Dortmund, as member at Mox Deals AG i.I., Ratingen for the insolvency administrator and as member at EPG nanoProducts Germany AG.

Armin Steiner, Hanover, graduate in business administration (until December 23, 2020)

Mr. Steiner is a member of the Executive Board of Beta Systems Software AG, Berlin, and holds various board positions within the Beta Systems Group.

Mr. Serkan Katilmis, Cologne, Managing Director (until December 23, 2020)

Mr. Katilmis has another supervisory board function as a member of the supervisory board of CD Deutsche Eigenheim AG, Berlin.

Mr. Richard Wiegmann, Mörfelden-Walldorf, economist, President and CEO of Verti-GIS Group, London, United Kingdom, Chairman (since December 23, 2020)

Mr. Zakary Scott Ewen, London, United Kingdom, Master of Business and Administration / Bachelor of Science, Principal (Director) at BMC UK Subadvisor Support Ltd, London, United Kingdom (since December 23, 2020).

Mr. Robert David Tabors, Weston (USA), Bachelor of Arts, Private Equity Partner at Battery Ventures (since December 23, 2020).

Mr. Stephen Paul Rowley, Esher, United Kingdom, Bachelor of Science, independent consultant specializing in equity and venture capital and member of various boards of software companies (since December 23, 2020).

38. FEES AND SERVICES OF THE AUDITOR (DISCLOSURES PURSUANT TO SECTION 314 (1) NO. 9 HGB)

The total fee charged for the financial year by the auditor Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft for auditing the financial statements amounted to TEUR 119 in 2020 and TEUR 13 for other services. No other auditing services or tax advisory services were provided for the financial year.

39. EMPLOYEES

In the financial year 2020, the Group employed an average of 364 people (previous year: 365). By geographical location, 304 (previous year: 318) employees were employed in Germany, 9 (previous year: 8) in Austria, 12 (previous year: 12) in the United Kingdom, 6 (previous year: 4) in the USA, and 33 (previous year: 23) in Turkey and Singapore.

40. EVENTS AFTER THE BALANCE SHEET DAY

At the extraordinary virtual shareholders' meeting on December 23, 2020, the conclusion of the control and profit and loss transfer agreement between EASY SOFTWARE AG and deltus 36. AG dated November 15, 2020, in conjunction with the amendment dated December 20, 2020, was resolved. The entry in the commercial register took place on February 9, 2021.

By instruction dated February 26, 2021 and amendment dated March 11, 2021 of the controlling deltus 36. AG, EASY SOFTWARE AG, EASY Software Deutschland GmbH, and EASY ApiOmat GmbH have joined the credit agreement for the acquisition of shares in EASY SOFTWARE AG by deltus 36. AG. In the course of joining the credit agreement, extensive collateral was provided by the companies of the EASY Group.

On February 9, 2021, the Supervisory Board of EASY SOFTWARE AG resolved to appoint Mr. Andreas

Zipser, Heidelberg, as Chief Executive Officer (CEO) of the Company, effective March 1, 2021. The current sole member of the Executive Board, Mr. Oliver Krautscheid, will continue his Executive Board office in the function of CFO as of the Executive Board expansion.

With regard to the spread of the SARS-CoV-2 virus, we refer to the comments in the management report in the sections on market and environmental risks and in the report on expected developments.

There were no other events of particular significance for the net assets, financial position and results of operations after the end of the financial year.

41. EXEMPTION PURSUANT TO SECTION 264 (3) HGB

EASY SOFTWARE Deutschland GmbH waives the preparation of notes and management report as well as the disclosure of the annual financial statements for the business year 2020. For this company, EASY SOFTWARE AG publishes its consolidated financial statements and Group management report with the German Bundesanzeiger (Federal Gazette) in an exempting manner.

42. RELEASE OF THE FINANCIAL STATEMENTS

On April 16, 2021, the Executive Board of EASY SOFTWARE AG released the consolidated financial statements and the Group management report for forwarding to the Supervisory Board.

43. DECLARATIONS ON THE CORPORATE GOVERNANCE CODE AND ON CORPORATE MANAGEMENT

The Executive Board and the Supervisory Board have issued a declaration on the Corporate Governance Code in accordance with Section 161 (1) of the German Stock Corporation Act (AktG). A declaration on corporate governance pursuant to Section 289f HGB and Section 315d of the German Commercial Code (HGB) was also submitted by the Executive Board. They are permanently available to the public on the Company's website at www.easy-software.com.

Mülheim an der Ruhr, April 20, 2021

Andreas Zipser	Oliver Krautscheid
Chairman Executive Board	Executive Board
Chief Executive Officer	Chief Financial Officer
(CEO)	(CFO)

APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DEVELOPMENT OF CONSOLIDATED FIXED ASSETS AS OF DECEMBER 31, 2020

2020	Acquisition and production costs						
	01.01.2020 TEUR	Change in accounting TEUR	Additions TEUR	Access sub take-acquisition TEUR	Disposals TEUR	Currency conversion TEUR	31.12.2020 TEUR
Software development costs	**9,760**	**0**	**1,352**	**0**	**0**	**0**	**11,112**
Goodwill	**11,600**	**0**	**0**	**0**	**0**	**-45**	**11,555**
Customer bases	13,562	0	0	0	0	0	13,562
Industrial property rights	6,502	0	0	0	599	0	5,903
Other intangible assets	**20,064**	**0**	**0**	**0**	**599**	**0**	**19,465**
Land and buildings	3,937	0	690	0	268	0	4,359
Operating and office equipment	4,606	0	803	0	425	-60	4,924
Property, plant and equipment	**8,543**	**0**	**1,493**	**0**	**693**	**-60**	**9,283**
	49,967	**0**	**2,845**	**0**	**1,292**	**-105**	**51,415**

DEVELOPMENT OF CONSOLIDATED FIXED ASSETS AS OF DECEMBER 31, 2019

2019	Acquisition and production costs						
	01.01.2019 TEUR	Change in accounting TEUR	Additions TEUR	Access sub take-acquisition TEUR	Disposals TEUR	Currency conversion TEUR	31.12.2019 TEUR
Software development costs	**1,912**	**0**	**1,502**	**6,841**	**495**	**0**	**9,760**
Goodwill	**6,229**	**0**	**0**	**5,343**	**0**	**28**	**11,600**
Customer bases	11,199	0	0	2,363	0	0	13,562
Industrial property rights	6,496	0	6	0	0	0	6,502
Other intangible assets	**17,695**	**0**	**6**	**2,363**	**0**	**0**	**20,064**
Land and buildings	951	2,965	508	0	487	0	3,937
Operating and office equipment	2,257	1,329	1,095	32	112	5	4,606
Property, plant and equipment	**3,208**	**4,294**	**1,603**	**32**	**599**	**5**	**8,543**
	29,044	**4,294**	**3,111**	**14,579**	**1,094**	**33**	**49,967**

	Accumulated depreciation					Net book values	
	01.01.2020 TEUR	of the business year TEUR	Disposals TEUR	Currency conversion TEUR	31.12.2020 TEUR	31.12.2020 TEUR	31.12.2019 TEUR
	1,982	**1,661**	**0**	**0**	**3,643**	**7,469**	**7,778**
	53	**0**	**0**	**0**	**53**	**11,502**	**11,547**
	7,130	1,679	0	0	8,809	4,753	6,432
	6,163	294	598	0	5,859	44	339
	13,293	**1,973**	**598**	**0**	**14,668**	**4,797**	**6,771**
	1,447	1,098	268	0	2,277	2,082	2,490
	2,623	1,273	423	-23	3,450	1,474	1,983
	4,070	**2,371**	**691**	**-23**	**5,727**	**3,556**	**4,473**
	19,398	**6,005**	**1,289**	**-23**	**24,091**	**27,324**	**30,569**

	Accumulated depreciation					Net book values	
	01.01.2019 TEUR	of the business year TEUR	Disposals TEUR	Currency conversion TEUR	31.12.2019 TEUR	31.12.2019 TEUR	31.12.2018 TEUR
	813	**1,664**	**495**	**0**	**1,982**	**7,778**	**1,099**
	53	**0**	**0**	**0**	**53**	**11,547**	**6,176**
	5,451	1,679	0	0	7,130	6,432	5,748
	5,689	474	0	0	6,163	339	807
	11,140	**2,153**	**0**	**0**	**13,293**	**6,771**	**6,555**
	531	1,032	116	0	1,447	2,490	420
	1,473	1,255	109	4	2,623	1,983	784
	2,004	**2,287**	**225**	**4**	**4,070**	**4,473**	**1,204**
	14,010	**6,104**	**720**	**4**	**19,398**	**30,569**	**15,034**

FINAL REMARKS

BALANCE SHEET OATH OF THE BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Mülheim an der Ruhr, April 21, 2021

EASY SOFTWARE AG

Andreas Zipser	Oliver Krautscheid
Chairman Executive Board	Executive Board
Chief Executive Officer	Chief Financial Officer
(CEO)	(CFO)

AUDIT REPORT OF THE INDEPENDENT AUDITOR

The auditor's report reproduced below also includes a „Report on the audit of the electronic reproductions of the financial statements and management report prepared for disclosure purposes in accordance with Section 317 (3b) HGB" („ESEF Report"). The subject matter underlying the ESEF statement (ESEF documents to be audited) is not attached. The audited ESEF documents can be viewed in or downloaded from the German Bundesanzeiger (Federal Gazette).

AUDIT REPORT OF THE INDEPENDENT AUDITOR

To EASY SOFTWARE AG, Mülheim an der Ruhr, Germany

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

EXAMINATION JUDGEMENTS

We have audited the consolidated financial statements of EASY SOFTWARE AG, Mülheim an der Ruhr, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the business year from January 1 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We have also audited the combined management and group management report (hereinafter: combined management report) of EASY SOFTWARE AG, Mülheim an der Ruhr, for the business year from January 1 to December 31, 2020. In accordance with German legal requirements, we have not audited the content of the (Group) Corporate Governance Statement published on the Company's website and referred to in section 6 of the combined management report.

According to our assessment based on the knowledge gained during the audit

- the accompanying consolidated financial statements comply in all material respects with IFRS as adopted by the EU and the additional requirements of German law pursuant to § 315e (1) HGB and give a true and fair view of the net assets and financial position of the Group as of December 31, 2020 and of its results of operations for the fiscal year from January 1 to December 31, 2020 in accordance with these requirements and
- the accompanying combined management report as a whole provides a suitable view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements, and accurately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the above-mentioned components of the combined management report that were not audited as to their substance.

In accordance with § 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations concerning the propriety of the consolidated financial statements and the combined management report.

BASIS FOR THE AUDIT JUDGMENTS

We conducted our audit of the consolidated financial statements and the combined management report in accordance with § 317 HGB and the EU Regulation on Auditing (No. 537/2014; hereinafter referred to as „EU-APrVO") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those provisions and standards is further described in the „Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Combined Management Report" section of our auditor's report. We are independent of the Group companies in accordance with European law and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. In addition, we declare pursuant to Article 10 (2) (f) EU-Audit Regulation that we have not performed any prohibited non-audit services according to Article 5 (1) EU-Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements and the combined management report.

PARTICULARLY IMPORTANT AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from January 1 to December 31, 2020. These matters were considered in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

In the following, we present the audit matters that we consider to be of particular importance:

- Impairment of goodwill

a) The risk for the conclusion

As of the reporting date, the consolidated balance sheet shows seven items of goodwill (previous year: seven) with a total carrying amount of EUR 11.5 million (previous year: EUR 11.5 million). This corresponds to around 25.0% (previous year 22.4%) of total assets.

The Company's disclosures on goodwill are included in the sections „B. Summary of Significant Accounting Policies," subsection „f) Accounting Policies," paragraph „Goodwill" and „C. Disclosures and Explanations on the Consolidated Balance Sheet and Consolidated Income Statement, subsection „2. Goodwill" of the notes to the consolidated financial statements.

In accordance with IAS 36.90, cash-generating units to which goodwill has been allocated must be tested for impairment at least annually.

As part of this test, the Company uses complex valuation models based on expectations of the future development of the respective operating business and the resulting cash flows. The result of the impairment test is therefore largely subject to the influence of estimated values. Against this background, we considered these matters to be of particular significance in our audit.

b) Audit approach and conclusions

As part of our audit, we tested the plausibility of the forecasts underlying the impairment tests of all significant goodwill. In doing so, we also examined them for a possible unilateral exercise of judgment.

In addition to a plausibility check of the underlying planning, we assessed the planning accuracy by comparing the previous year's planning with the revised actual values.

In addition, we examined the methodological correctness of the calculation procedures used, the derivation of the discount rates and, on a test basis, the computational correctness.

The assumptions and measurement decisions of the legal representatives underlying the goodwill impairment test are within acceptable ranges and are balanced overall.

OTHER INFORMATION

The legal representatives or the Supervisory Board are responsible for the other information. The other information includes:

- the (Group) management declaration published on the Company's website, to which reference is made in the combined management report,
- the report of the Supervisory Board,

- the Corporate Governance Report pursuant to No. 3.10 of the German Corporate Governance Code as amended on February 7, 2017,
- the other parts of the annual report, but not the consolidated financial statements, not the content of the audited information in the combined management report and not our auditor's report thereon, and
- the assurance pursuant to § 297 (2) sentence 4 HGB on the consolidated financial statements and the assurance pursuant to § 289 (1) sentence 5 HGB in conjunction with Section 315 (1) sentence 5 HGB on the combined management report.

The Supervisory Board is responsible for the Report of the Supervisory Board. The legal representatives and the Supervisory Board are responsible for the declaration pursuant to § 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code, which forms part of the corporate governance declaration published on the Company's website. Otherwise, the legal representatives are responsible for the other information.

Our audit opinions on the consolidated financial statements and the combined management report do not cover the other information and, accordingly, we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, we have a responsibility to read the other information referred to above and, in doing so, assess whether the other information

- is materially inconsistent with the consolidated financial statements, the content of the audited disclosures in the combined management report or our knowledge obtained in the course of the audit; or
- otherwise appears to be materially misrepresented.

If, based on our work, we conclude that there has been a material misstatement of such other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The legal representatives are responsible for the preparation of the consolidated financial statements in compliance with the IFRS rules as applicable in the EU, and the German statutory provisions applicable in all material respects pursuant to § 315e (1) HGB, and that the consolidated financial statements furnish a true and fair view of the net assets, financial position and results of operations of the Group under compliance with these regulations. Furthermore, the legal representatives are responsible for the internal controls they deem necessary to permit the prepared consolidated financial statements are free of material misstatement, whether intentional or unintentional.

While preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern as well as disclosing matters relating to the continuation of the business insofar as relevant. They are also responsible for the bookkeeping for the continuing operations on the basis of the accounting policy, unless there is an intention to liquidate the group or to cease operations or if there is no realistic alternative.

In addition, management is responsible for the preparation of the combined management report, which as a whole provides a suitable view of the Group's position, is consistent in all material respects with the consolidated financial statements, complies with German legal requirements, and suitably presents the opportunities and risks of future development. Furthermore, management is responsible for the arrangements and measures (systems) that it determines are necessary to enable the preparation of the combined management report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the combined management report.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Our objective is to obtain reasonable certainty that the consolidated financial statements as a whole are free from material misstatement, whether intentional or unintentional, and that the combined management report provides a true and fair view of the group's standing and that it is coherent with the consolidated financial statements as well as the findings of the audit in all material respects, in accordance with German legal requirements and the opportunities and risks of future development; and that our audit opinion corresponds to our audit opinions on the consolidated financial statements and the combined management report.

Reasonable certainty is a high standard but does not imply a guarantee that an audit conducted in accordance with § 317 HGB and EU-APrVO in compliance with the German generally accepted standards for the audit of financial statements (IDW) always reveals a material misstatement. Misstatements may be a result of breaches or inaccuracies, and are considered material if it could reasonably be expected that they would individually or collectively affect the economic decisions of the addressees made on the basis of these consolidated financial statements and the combined management report.

During the audit, we exercise due discretion and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material misstatement, whether intentional or unintentional, in the consolidated financial statements and the combined management report, and conduct and perform audit procedures in response to such risks, as well as obtaining sufficient and appropriate audit evidence to form the basis of our opinion. The risk that material misstatements are not detected is higher for violations than for inaccuracies, since violations may include fraudulent interactions, counterfeiting, intentional incompleteness, misrepresentations or overriding internal controls.
- we obtain an understanding of the internal control system insofar as relevant to the audit of the consolidated financial statements and the arrangements and measures relevant to the audit of the combined management report so as to design audit procedures that are appropriate for the circumstances, but not with the aim of providing an opinion on the effectiveness of these systems.
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- we draw conclusions about the appropriateness of the accounting policies used by the legal representatives and, based on the audit evidence obtained, whether there is any material uncertainty related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are obliged to draw attention in our audit opinion to the related disclosures in the consolidated financial statements and the combined management report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or circumstances may lead to the group being unable to continue its business activities.
- we assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in that the consolidated

financial statements prepared in compliance with the IFRS as adopted by the EU and supplemented by section § 315e (1) HGB provide a true and fair view of the net assets, financial position and results of the operations of the group.

- we obtain sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group to enable us to express an opinion on the consolidated financial statements and the combined management report. We are responsible for the guidance, supervision and execution of the audit of the consolidated financial statements. We are solely responsible for our audit opinions.
- we assess the consistency of the combined management report with the consolidated financial statements, its legal compliance and the picture of the position of the group conveyed therein.
- we perform audit procedures on the future-oriented statements made by the legal representatives in the combined management report. Based on sufficient and appropriate audit evidence, we particularly verify the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not provide a separate opinion on the forward-looking statements and the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

We make a declaration to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and the safeguards that have been put in place to address them.

From the matters we discussed with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure of the matter.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT PREPARED FOR THE PURPOSE OF DISCLOSURE IN ACCORDANCE WITH § 317 (3B) OF THE GERMAN COMMERCIAL CODE (HGB)

EXAMINATION JUDGEMENT

In accordance with Section 317 (3b) HGB, we have performed a reasonable assurance review to determine whether the reproductions of the consolidated financial statements and the combined management report (hereinafter also referred to as „ESEF documents") contained in the attached file „ESEF_EASYSOFTWARE_Konzernabschluss_2020" and prepared for disclosure purposes comply in all material respects with the electronic reporting format („ESEF format") requirements of § 328 (1) HGB. In accordance with German legal requirements, this audit extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the consolidated financial statements and the combined management report prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements of Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1 to December 31, 2020 included in the „Report on the audit of the consolidated financial statements and the combined management report" above, we do not express any audit opinion on the information contained in these reproductions or on the other information contained in the aforementioned file.

BASIS FOR THE AUDIT OPINION

We conducted our audit of the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned attached file in accordance with § 317 (3b) of the German Commercial Code (HGB) and in compliance with the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purpose of Disclosure pursuant to § 317 (3b) of the German Commercial Code (HGB) (IDW EPS 410). Our responsibility thereunder is further described in the section „Responsibility for the Audit of the ESEF Documents". Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1).

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The legal representatives of the Company are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the combined management report in accordance with § 328 (1) sentence 4 no. 1 HGB and for the award of the consolidated financial statements in accordance with § 328 (1) Sentence 4 No. 2 HGB.

Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of ESEF documents that are free from material non-compliance, whether due to fraud or error, with the requirements of § 328 (1) HGB regarding the electronic reporting format.

The legal representatives of the Company are also responsible for submitting the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited combined management report as well as other documents to be disclosed to the operator of the German Bundesanzeiger (Federal Gazette).

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

RESPONSIBILITY FOR THE AUDIT OF THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of § 328 (1) HGB. During the audit, we exercise our professional judgment and maintain a critical attitude. In addition

- we identify and assess the risks of material non-compliance with the requirements of § 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- we obtain an understanding of internal controls relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.
- we assess whether the ESEF documentation provides a consistent XHTML representation of the audited consolidated financial statements and the audited group management report.
- we assess whether the markup of ESEF documents with inline XBRL technology (iXBRL) provides an adequate and complete machine-readable XBRL copy of the XHTML rendering.

- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents complies with the requirements of Delegated Regulation (EU) 2019/815, as amended at the reporting date, regarding the technical specification for this file.

OTHER DISCLOSURES PURSUANT TO ARTICLE 10 EU-APRVO

We were elected by the Annual General Meeting on August 20, 2020 as auditors of the consolidated financial statements. Following the Annual General Meeting, we were commissioned by the Supervisory Board. We have served as the auditor of the financial statements of EASY SOFTWARE AG, Mülheim an der Ruhr, since fiscal year 2018. Previously, we served as the group auditor of EASY SOFTWARE AG, Mülheim an der Ruhr, from 2012 to 2014.

We declare that the audit opinions contained in this audit opinion are consistent with the additional report to the Audit Committee pursuant to Article 11 EU-APrVO (audit report).

AUDITOR IN CHARGE

The auditor responsible for the audit is Mr. Hans-Peter Möller.

Hanover, April 21, 2021
Ebner Stolz GmbH & Co. KG
Auditing firm
Tax consulting company

Christian Fröhlich	Hans-Peter Möller
Accountant	Accountant

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In the following, 1 would like to inform you about the work of the Supervisory Board in the past fiscal year 2020.

COOPERATION BETWEEN THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

During the 2020 financial year, the Supervisory Board performed the duties incumbent upon it under the law, the Articles of Association and the Rules of Procedure with all due care. In addition, the Supervisory Board also took into account the recommendations of the Government Commission on the German Corporate Governance Code (GCGC). We advised the Executive Board on the management of the Company and carefully reviewed and monitored its conduct of business. In addition, we dealt extensively with the operational and strategic development of the Company. The yardsticks for monitoring were, in particular, the legality, regularity, expediency and economic efficiency of the management of the company, as weil as the effectiveness of risk management and the company's organization. The Supervisory Board dealt intensively with the Situation and development of the Company and with business transactions in the 2020 reporting year.

At the Supervisory Board meetings, the Management Board informed the Supervisory Board by means of written and oral reports about individual business transactions and events of major importance for the Company, the business and financial situation, business development, Strategie further development and corporate planning, as weil as the risk situation and risk management of the Company. The Management Board also reported on and discussed with the Supervisory Board deviations in the course of business from forecasts. At each of our meetings we had the opportunity to discuss in detail the reports and draft resolutions submitted by the Executive Board. This applies in particular to measures requiring the approval of the Supervisory Board and to transactions of significance for profitability and liquidity. Where the Executive Board submitted individual measures to the Supervisory Board for approval, the Supervisory Board always examined and discussed the transactions concerned in detail. lt discussed their benefits, possible risks and other effects in detail with the Executive Board and passed resolutions accordingly. Furthermore, the Supervisory Board jointly discussed other measures and transactions of material importance to the Company without any specific requirement for approval in connection with the reports and information provided by the Executive Board. In addition, the Supervisory Board had the Company's books and records inspected as part of a compliance audit in the 2020 reporting year, among other things in accordance with Section 111 (2) Sentence 1 and 2 of the German Stock Corporation Act (AktG).

Outside of Supervisory Board meetings, the Supervisory Board also received regular as weil as ad hoc written and verbal reports from the Management Board. The content of these reports was the current business development as weil as other events that were of material importance for assessing the situation, development, and management of EASY SOFTWARE AG. In addition, the Chairman of the Supervisory Board discussed strategy, planning, current business development and situation (including the risk Situation), risk management, and compliance, as weil as significant individual topics and decisions in regular meetings with the Management Board.

MEETINGS AND RESOLUTIONS OF THE SUPERVISORY BOARD AND FOCAL POINTS OF ITS WORK

In the 2020 financial year, the Supervisory Board held a total of 25 meetings. These took place on January 13, 2020, January 14, 2020, January 27, 2020, February 10, 2020, March 11, 2020, March 16, 2020, March 17, 2020, March 20, 2020, April 6, 2020, April 17, 2020, April 28, 2020, May 8, 2020, May 14, 2020, June 15, 2020, August 21, 2020, September 4, 2020, September 8, 2020, September 9, 2020, September 25, 2020, September 30, 2020, October 9, 2020, October 12, 2020, November 10, 2020, November 15, 2020, and

December 20. Of these, one meeting (February 10, 2020) could be held as a mixed attendance meeting, while all other meetings were held as video and/or telephone meetings due to the Corona pandemic. All meetings were attended by all Supervisory Board members (in March, only two Supervisory Board members attended each meeting due to the ongoing court appointment of the third Supervisory Board member). In addition, the members of the Supervisory Board were in regular contact with the Chairman of the Supervisory Board.

In addition, a total of 4 resolutions were adopted by circular resolution, on May 9, 2020, concerning the agenda of the Annual General Meeting for the 2019 financial year, on May 25, 2020, concerning, among other things, the appointment of managing directors in subsidiaries, on June 26, 2020, concerning the establishment of a subsidiary in Turkey, and on September 10, 2020, concerning the joint reasoned opinion on the takeover bid of deltus 36. AG.

No committee meetings were held, as the Super- ˙visory Board has not formed any committees due to its size. The practice is for the Supervisory Board to meet without the Executive Board at times du ring the course of its meetings. In doing so, the Supervisory Board deals with such agenda items that either concern the Executive Board itself or require internal discussion by the Supervisory Board.

The main topics of the Supervisory Board's deliberations and resolutions at the individual meetings in the reporting year were as follows:

The main topic in the first quarter was the compliance review initiated by the Supervisory Board into the management actions of the Chairman of the Executive Board, Mr. Dieter Weißhaar, and related measures necessitated by specific indications of breaches of duty. The Supervisory Board also dealt with the appointment of Mr. Oliver Krautscheid as a further member of the Executive Board together with the conclusion of an Executive Board service agreement with him and the court appointment of a third Supervisory Board member, which became necessary due to the resignation of Mr. Krautscheid as a member and Chairman of the Supervisory Board. Finally, the Supervisory Board dealt with the dismissal of the Chairman of the Executive Board, Mr. Dieter Weißhaar, and the termination of his Executive Board service contract.

The main topic in the second quarter was the discussion and review of the financial results for the 2019 annual and consolidated financial statements as weil as the business development in the first half of the year und er the restrictions of Covid-19. Among other things, the Supervisory Board dealt with the accounting of the company and its subsidiaries, the risk and opportunity management report and the compliance report, the joint 2020 Declaration of Conformity with the German Corporate Governance Code by the Executive Board and Supervisory Board, and the corporate governance declaration. As a result, the Supervisory Board adopted and approved the 2019 annual and consolidated financial statements in accordance with the German Commercial Code (HGB) and IFRS and, together with the auditor, determined the focal points for the audit of the 2020 annual and consolidated financial statements. In addition, the Supervisory Board dealt with preparations for the 2020 Annual General Meeting, which was held virtually due to the Corona pandemic, and adopted the resolutions required for this, including the proposed resolutions for the Annual General Meeting and the Supervisory Board's report for 2019. Furthermore, the contractually agreed payment of the second purchase price installment to the founders of Apinauten GmbH was resolved, M&A opportunities were discussed, and the further results of the compliance audit were dealt with and, in this context, the action for summary judgment filed by Mr. Dieter Weißhaar was also discussed, which was ultimately settled amicably and comprehensively on March 17, 2021.

The main topic in the third quarter was the takeover by deltus 36. AG, which required the preparation of a reasoned opinion on the offer document of deltus 36. AG pursuant to Sec. 27 (1) Sentence 1 WpÜG. The Supervisory Board dealt intensively with the examination and evaluation of the appropriateness of the offered takeover price and, among other things, obtained a fairness opinion for this purpose. In addition, the Supervisory Board dealt with the desire of deltus 36. AG to conclude a control and profit transfer agreement with deltus 36. AG as the controlling company and EASY SOFTWARE AG as the controlled company, in connection with which, among other things, the examination of the company value calculation was also commissioned.

The main topic in the fourth quarter was the conclusion of the control and profit transfer agreement with deltus 36. AG as the controlling company and EASY SOFTWARE AG as the controlled company, in connection with which the planning for the fiscal years 2021-2025 and the enterprise value calculations and the assessment of the appropriateness of the compensation and settlement payments to the shareholders were discussed and dealt with in detail, together with the corresponding expert opinions and reports. To this extent, the Supervisory Board approved the conclusion of the control and profit and loss transfer agreement, including amendment agreements, and accordingly dealt with the preparation of the Extraordinary General Meeting 2020, at which a resolution was passed on the approval of the control and profit and loss transfer agreement and at which, in view of the completed takeover by deltus 36. AG, the election of new Supervisory Board members also took place.

In addition, the Supervisory Board dealt on an ongoing basis with the current business situation of the Company and the Group in the 2020 financial year and, in this context, also discussed the adjusted planning for the 2020 financial year and the business planning and budget for 2021. Other recurring topics included the monthly reports of the Executive Board on the revenue development of the business areas and subsidiaries, the growth of the cloud and international business, risk management, and the liquidity situation of the Group. Furthermore, the Supervisory Board dealt with strategic topics and measures requiring approval, as weil as internal Group topics such as clearing issues and individual topics of the national companies such as the establishment of a Turkish development company. Finally, the Supervisory Board dealt with organizational issues such as the rules of procedure for the Board of Management and the election of the Chairman and Deputy Chairman of the Supervisory Board.

INVESTOR TALKS

In the reporting year, the Supervisory Board, represented by its Chairman, held talks with investors. The subject of the talks was the loss of confidence in the Chairman of the Executive Board.

CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

Conflicts of interest on the part of members of the Executive Board and Supervisory Board, which must be brought to the attention of the Supervisory Board without delay and reported to the Annual General Meeting, did not arise in the reporting year. There were no consulting or other service relationships between members of the Supervisory Board and the Company in the reporting year. The joint declaration of the Executive Board and Supervisory Board on the German Corporate Governance Code of April 2020 is available on the company's website www.easy-software.com.

COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

In the 2020 financial year, there were changes to both the Executive Board and the Supervisory Board.

By resolution of the Supervisory Board dated February 10, 2020, Mr. Oliver Krautscheid was appointed as a further member of the Management Board alongside Mr. Dieter Weißhaar, who had been acting as sole member of the Management Board until that date, for a period of 2.5 years (until August 31, 2022), effective February 11, 2020. For this purpose, Mr. Krautscheid had resigned his mandate as member and Chairman of the Supervisory Board of EASY SOFTWARE AG with effect from the end of February 10, 2020.

On March 20, 2020, the Supervisory Board resolved to dismiss Mr. Dieter Weißhaar as a member and Chairman of the Executive Board of the Company with immediate effect. The resolution confirmed the decision already made on March 17, 2020 by the Supervisory Board, which at the time consisted of only the two Supervisory Board members Mr. Stefan ten Doornkaat and Mr. Armin Steiner, and which only regained its quorum after the court appointment of Mr. Serkan Katilmis by resolution of the Duisburg Local Court on March 17, 2020.

The Supervisory Board members Mr. Stefan ten Doornkaat (since March 20, 2020 Chairman of the Supervisory Board), Mr. Armin Steiner (since March 20, 2020 Deputy Chairman of the Supervisory Board) and Mr. Serkan Katilmis then resigned their mandates on the occasion of the takeover by deltus 36. AG with effect from the end of the Extraordinary General Meeting on December 23, 2020. The resignations were made by declarations dated November 11, 2020 (Mr.Steiner and Mr. Katilmis) and December 22, 2020 (Mr. ten Doornkaat).

As successors for the respective remaining term of office of Mr. Stefan ten Doornkaat, Mr. Armin Steiner and Mr. Serkan Katilmis, i.e. for a term of office until the end of the Annual General Meeting which resolves on the ratification of actions for the financial year 2024, the Extraordinary General Meeting on December 23, 2020 elected Mr. Richard Wiegmann, Mr. Zakary Scott Ewen and Mr. Robert David Tabors as members of the Supervisory Board, each with effect from the end of the Extraordinary General Meeting of the Company. Furthermore, the extraordinary shareholders' meeting on December 23, 2020 resolved to elect Mr. Stephen Paul Rowley as a member of the Supervisory Board of EASY SOFTWARE AG with effect from registration of the expansion of the Supervisory Board to four members resolved under agenda item 3 until the end of the shareholders' meeting resolving on the discharge for the fiscal year 2024. The registration of the expansion of the Supervisory Board to four members, and thus also the beginning of the term of office of the Supervisory Board member Mr. Rowley elected by the extraordinary shareholders' meeting on December 23, 2020, took place on February 9, 2021. Mr. Richard Wiegmann has assumed the chairmanship of the Supervisory Board, and Mr. Rowley has assumed the deputy chairmanship of the Supervisory Board.

On February 9, 2021, the Supervisory Board of EASY SOFTWARE AG resolved to appoint Mr. Andreas Zipser as an additional member and Chairman of the Management Board of EASY SOFTWARE AG for a period of 2 years, effective March 1, 2021. As of the Management Board expansion, Mr. Oliver Krautscheid, who had been acting as sole Management Board member until then, was assigned the function of CFO.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS, AUDIT OF FINANCIAL STATEMENTS

Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hanover branch office (hereinafter „Ebner Stolz") audited the financial statements and consolidated financial statements of EASY SOFTWARE AG for the fiscal year 2020. Ebner Stolz was elected as auditor of the financial statements and consolidated financial statements at the Annual General Meeting on August 20, 2020. Prior to this, Ebner Stolz had confirmed to the Chairman of the Supervisory Board that there were no circumstances that could impair their independence as auditors or give rise to doubts about their independence. The auditor audited the annual financial statements of EASY SOFTWARE AG prepared in accordance with the provisions of the German Commercial Code (HGB), the consolidated financial statements prepared in accordance with Section 315e (1) of the German Commercial Code (HGB) on the basis of the International Financial Reporting Standards (IFRS), and the combined Group management report and management report of EASY SOFTWARE AG, and issued unqualified audit opinions. The auditor thus confirmed that, in its opinion based on the findings of the audit, the annual financial statements and the consolidated financial statements provide a true and fair view of the net assets, financial position, and results of operations of EASY SOFTWARE AG and the EASY SOFTWARE Group in accordance with the applicable financial reporting framework. Furthermore, the auditor confirmed that the combined Group management report and management report are consistent in all material respects with the annual financial statements and the consolidated financial statements, and as a whole provide a suitable view of the position of EASY SOFTWARE AG and the EASY SOFTWARE Group, and suitably present the opportunities and risks of future development.

At the Supervisory Board's financial statements meeting on April 21, 2021, the Executive Board explained the accounting and consolidated financial statements and its proposal for the appropriation of net income. The Executive Board also answered questions from the Supervisory Board members. The auditors present at the Supervisory Board's financial statements meeting reported in detail on the audit and audit results and explained the audit reports. The auditors also informed the Supervisory Board that their audit had not revealed any significant weaknesses in the internal control and risk management systems relating to the financial reporting process. The Supervisory Board questioned the auditor in detail about the audit results and the nature and scope of the audit work. The Supervisory Board was able to satisfy itself that the audit was conducted properly by the auditors. In particular, it came to the conclusion that the audit reports -as weil as the audit itself -complied with the legal requirements. The Supervisory Board then gave its approval to the results of the audit.

The Supervisory Board's own review of the financial statement documents and discussion of the audit results also did not lead to any objections to the annual financial statements and the consolidated financial statements.

The Supervisory Board also approved the combined management report and Group management report and the statements on the development of the Company contained therein. The concluding statement therein reads: ,,There were no reportable events at our company in relation to the controlling company or any of its affiliated companies during the reporting period." The annual financial statements were then adopted by the Supervisory Board without qualification or amendment, and the consolidated financial statements were approved by the Supervisory Board without qualification or amendment. The Supervisory Board also approved the Executive Board's proposal for the appropriation of profits. Finally, the Supervisory Board adopted the present report to the Annual General Meeting.

As result of the takover by deltus 36. AG (which became effective on November 6, 2020), the Management Board prepared a report on relationships with affiliated companies pursuant to Section 312 German Stock Corporation Act (AktG) („dependency report"). The Supervisory Board conducted an independent examination of this report, which was audited by Ebner Stolz.

The auditor issued the following audit opinion on the report: „In accordance with our audit and evaluation, which have been duly performed, we confirm that the statements contained in the report are factually correct."

Based on the final result of the Supervisory Board's review of the report, the Supervisory Board states that it does not raise any objections to the concluding statement of the Management Board on the report on relationships with affiliated companies in financial year 2020.

The Supervisory Board would like to thank the Management Board and all employees of EASY SOFTWARE AG for their commitment and dedication during the past year. We would also like to thank our shareholders, in particular our new investor Battery Ventures, for their confidence in the Company.

Mülheim an der Ruhr, April 2021

Richard Wiegmann
Chairman of the Supervisory Board

Germany
EASY SOFTWARE AG – Headquarter
Am Hauptbahnhof 4
45468 Mülheim an der Ruhr
Telefon: +49 208 450 16-0
E-Mail: info@easy-software.com

EASY SOFTWARE Deutschland GmbH
Am Hauptbahnhof 4
45468 Mülheim an der Ruhr
Telefon: +49 208 450 16-0
E-Mail: info@easy-software.com

EASY APIOMAT GmbH
Reichsstraße 2
04109 Leipzig
Telefon: +49 341 264 222-35
E-Mail: info@easy-software.com

Austria
EASY SOFTWARE GmbH
Mauermannstraße 8
5023 Salzburg
Telefon: +43 662 461 546
E-Mail: info.at@easy-software.com

United Kingdom
EASY SOFTWARE (UK) LTD.
Reflection House, The Anderson Centre,
Olding Road, Bury St. Edmunds
Suffolk, IP 33 3TA
Telefon: +44 1284 72 78 70
E-Mail: info.uk@easy-software.com

USA
EASY SOFTWARE INC.
102 Pickering Way, Suite 503
Exton, PA 19341
Telefon: +1 610 240 92 60
E-Mail: info.us@easy-software.com

Asia
EASY SOFTWARE (ASIA PACIFIC) PTE. LTD.
4 Battery Road
Bank of China Building, #25-01
Singapore 049908
Telefon: +1 610 350 86 77
E-Mail: info@easy-software.com