

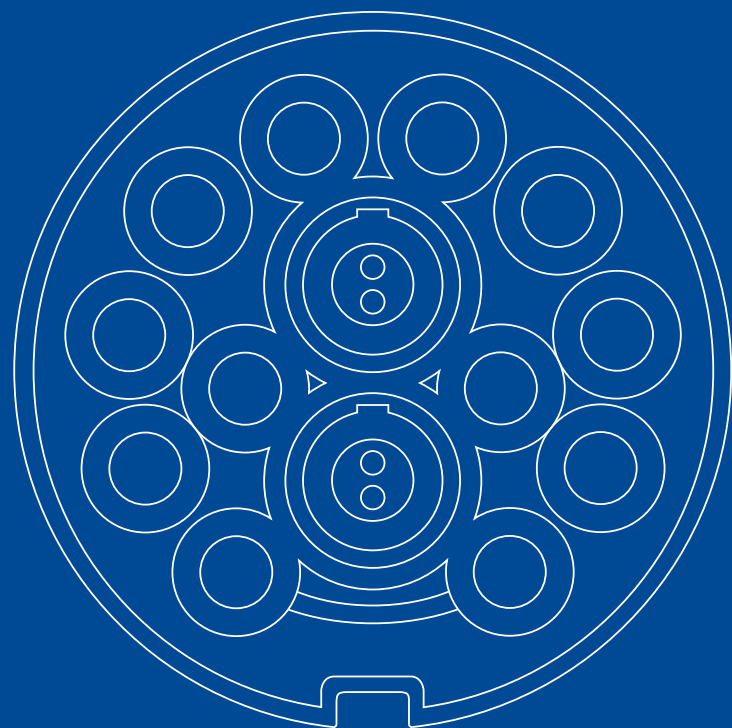


AdCapital



ADCAPITAL AG
2020 ANNUAL REPORT





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HARNESSING POTENTIAL AND EXPANDING MANAGEMENT POSITIONS



**Dear Sir or Madam, dear shareholders,
dear employees,**

For more than one year, the Corona pandemic has had the world in its grip. Restrictions on public and private life, government aid programs, travel restrictions, hygiene concepts, video conferencing, etc. have become part of our lives. All of this also affects our daily work routines.

While we were initially optimistic that we could get the virus under control in a manageable period of time with a one-time lockdown, it became clear in the fall of 2020 that we would not see "normalcy" for quite some time.

With the start of the pandemic and the first lockdown, the entire German economy, but also large parts of the global economy, prepared for a drastic slump in 2020. The closure of plants, first in China and then in the rest of the world, led to order cancellations and postponements as well as a production stop also in the AdCapital Group companies. The development of crisis scenarios was the consequence, with the predominating question "How long will the money last?" We therefore prepared a Corona forecast in April 2020 with an expected drop in sales of more than 15% compared to 2019. Accordingly, the financial development's assessment was also quite pessimistic or at least cautious. However, it was already apparent at that time that only greater slumps or a lack of recovery after the lockdown might jeopardize the Group's or individual Group companies' continued existence as a going concern.

Fortunately, the situation in China began to ease in May. With the reopening of the Chinese plants, sales increased rapidly. Initially, we also expected short-term catch-up effects. However, sales remained consistently good and figures in Europe also picked up again at the end of the first half of the year – not in all sectors and companies, but in the major part of our companies.

The most difficult phase in spring 2020 was cushioned in Germany, at least in terms of costs, with the help of short-time work. A corresponding cost relief was also available in other countries.

This positive trend continued in the second half of the year. Sales remained stable or even increased, particularly from September

2020. Despite the second lockdown as of November 2020, such positive development continued, so that we achieved a total operating performance of € 146 million at the end of 2020, just under 2% below the previous year's figures. Our largest company, Erich Jaeger, even improved its total operating performance by 4%. The Group's operating result (EBIT), where we naturally benefited from the personnel cost savings due to short-time work, amounted to € 3.1 million, which is very pleasing in view of the concerns expressed in the spring.

Some of the quite different events of 2020 show the perspective, but also the volatility and risks of the situation currently determined by Corona.

On the one hand, there are developments which might have a positive impact on our business beyond 2020:

- Economic stimulus measures by the Chinese government in order to improve infrastructure provided for increasing unit sales in the truck sector.
- The trend towards cycling and camping vacations provided for additional sales of cable harnesses for trailer coupling systems in Europe in the second half of 2020.
- Deliveries of electronic components to a manufacturer of laboratory measuring equipment increased significantly as a result of the equipment's use for Corona tests.

In contrast hereto, there are also risks and negative developments:

- There were hardly any orders for tools and molds in the premium passenger car segment due to the lack of new vehicle developments.
- Prices for raw materials and freight capacities have been rising sharply since the end of 2020. In addition, there are supply bottlenecks for electronic components.
- Corona infections in individual plants are affecting production.

Nevertheless, the second half of the year was predominated by positive effects. Despite high infection rates in the Czech Republic and Mexico, we have so far succeeded in keeping our plants in these countries open. In addition, we also had to cope with an electroplating accident at a German plant, which was mastered with only one week of production downtime thanks to our employees' great commitment. These two examples are repre-

sentative of many other measures and incidents and show our employees' high level of commitment and exemplary behavior in difficult times.

Still, it is to be feared that further lockdowns involving changes in consumer or customer behavior or a lack of government support could have serious negative effects on the economy as a whole and our companies in particular.

Therefore, we are also very glad that we were able to conclude the financing of Erich Jaeger Group's growth with three banks during these difficult times and that we could create an additional financial cushion for the upcoming investments, but also for possible Corona-related further restrictions. This proves the credibility of our strategy with a clear focus on Erich Jaeger and a transparent implementation of the measures.

In particular, this will enable Erich Jaeger to achieve the technical and cost advantages of manufacturing its own cables for our customers and to implement the growth that will be generated by winning orders in North America.

The prospects for growth under our automotive strategy are therefore good in the medium term. In the short term, there is still considerable uncertainty despite the increasing availability of vaccines. The ability to plan and implement projects is significantly delayed as traveling was not possible. Projects for relocating production, which are currently in the planning stage, or acquiring new customers are particularly affected by the current situation.

Therefore, we are planning growth for 2021 and also see ourselves well on target based on the first three months' sales figures. However, we still have to make a major reservation, as it is currently difficult for us to assess the pandemic's development and its impact on plants, customers, sales, as well as material costs and availability.

Nevertheless, our Group has managed the crisis much better than expected so far and we can confidently say that we will emerge from it stronger than before.

The Management Board
Hans-Jürgen Döringer

SUPERVISORY BOARD'S REPORT

In the fiscal year 2020, the Supervisory Board performed its duties as required by law, the Company's Articles of Incorporation and rules of procedure, and continuously monitored and advised the Management Board in the Company's management. In the reporting year, the Supervisory Board obtained detailed information on the Company's and the Group's situation, the business development as well as the business policy during seven regular meetings, by telephone and in personal meetings with the Management Board.

During the entire fiscal year 2020, the Management Board and the Supervisory Board maintained a trustful exchange. The already close cooperation with the Management Board was further intensified in order to enable an appropriate response to the Corona crisis' challenges.

The Management Board continuously informed the Supervisory Board about all incidents and measures relevant for the Company and the Group in a comprehensive and timely manner. In particular, it explained to the Supervisory Board the business development's deviations from the set targets and plans, showing both the reasons and possible countermeasures. In this context, the Management Board presented the corporate planning's possible scenarios as well as their respective ramifications for the Group companies. The Management Board regularly and promptly informed us about the current risk situation and the measures initiated within the scope of risk management. Accordingly, the Supervisory Board was at all times fully informed about the Company's and the Group's situation.

The Chairwoman of the Supervisory Board was regularly and promptly informed by the Management Board about significant business transactions, the current situation and the prospects also outside our Supervisory Board meetings.

The Supervisory Board discussed with the Management Board all decisions of particular importance for the Company. The Supervisory Board members carefully reviewed the Management Board's proposed resolutions, also taking the opportunity to present their own views and make corresponding suggestions. The

Supervisory Board reviewed all of the Management's decisions and measures requiring the Supervisory Board's consent pursuant to law, the Articles of Incorporation or the rules of procedure. The Supervisory Board's resolutions were passed on the basis of comprehensive information and intense discussions.

Supervisory Board discussions in detail

Discussions with the Management Board were mainly focused on overcoming the Corona-related pressure on the Group companies, but also on Erich Jaeger Group's further development. The Company's and the Group companies' business, financial and profit situation as well as their planned further development were a regular subject of Supervisory Board meetings and other consultations with the Management Board.

In the fiscal year 2020, we conducted a total of seven Supervisory Board meetings. All Supervisory Board members were present during every meeting. In 2020, the Supervisory Board initially comprised three members and, as of October 2020, four members.

During the first Supervisory Board meeting on February 20, 2020, an external consultant had presented to the Supervisory Board the results of an examination of the Erich Jaeger "cable production" project's profitability. After intense discussions, the Supervisory Board approved the related investment subject to certain conditions. Furthermore, Erich Jaeger Group's further development was discussed between the Management Board and the Supervisory Board. Moreover, the Supervisory Board discussed in detail the subsidiaries' personnel matters. In addition, the Management Board informed the Supervisory Board about various issues related with other Group companies.

Following intense discussions, the Supervisory Board resolved on the Management Board's re-appointment on March 5, 2020. The management contract was approved on October 7.

Within the scope of the second Supervisory Board meeting on April 6, 2020, the Supervisory Board discussed the annual financial statements and the consolidated financial statements as of December 31, 2019, the group management report and the dependency report for the fiscal year 2019 as well as the auditor's respective audit reports. Following discussions with the auditor,

we approved the annual and consolidated financial statements. As such, the 2019 annual financial statements were adopted. Furthermore, we adopted the Supervisory Board's report and the proposed resolutions for the upcoming 2020 annual general meeting. The Management Board comprehensively informed us about the Corona crisis' effects on the individual Group companies. In particular the prospects for Erich Jaeger Group's financial position and profit situation were, due to the temporary closure of our plant in the PR China and our customers' plants worldwide, quite alarming at that time. Therefore, the Supervisory Board approved the filing of an application for an entrepreneurial loan for Erich Jaeger GmbH + Co. KG with KfW (German state-owned development bank) together with a consortium of banks. Furthermore, the Management Board informed us about the current status of a legal dispute with a shareholder and about planned new appointments to management positions at two Group companies.

During the Supervisory Board meeting on May 8, 2020, we first discussed the matters related to the upcoming 2020 annual general meeting. Furthermore, the Management Board presented two forecast scenarios for the fiscal year 2020 which had been prepared on the basis of the first quarter's data. In this context, the Management Board in particular addressed the liquidity situation in light of the Corona pandemic and presented the situation at Erich Jaeger Group. The Supervisory Board approved the changes proposed by the Management Board in connection with the group-internal financing and the increased scope of bank financing.

In the meeting of May 29, 2020, it was also decided to conduct the 2020 annual general meeting "virtually" and without the shareholders' presence due to the Corona pandemic. Furthermore, we addressed the approval of management contracts at Group companies as well as credit applications to financing banks.

In the fifth meeting on July 28, 2020, the Management Board again presented the current business situation. In this context, the Management Board mentioned the effects resulting from an electroplating accident at one of the subsidiaries. The Supervisory Board also approved decisions in connection with the bank financing for Erich Jaeger GmbH & Co. KG.

On October 8, 2020, the Supervisory Board meeting took place at the subsidiary Bavaria Digital Technik GmbH's (BDT) premises in Pfronten. During such meeting, the new Supervisory Board member Mr. Meyer zu Schwabedissen participated for the first time in a Supervisory Board meeting of the Company. Based on the information presented by the Management Board, the Supervisory Board discussed the status of Erich Jaeger's "cable production" project. During a tour of the premises, the Supervisory Board members could get a personal impression of BDT's business operations. Subsequently, the current business situation and its planned development were presented to the Supervisory Board. Furthermore, the Management Board explained the other Group companies' situation and prospects.

In the last meeting of the year on December 8, 2020, the Management Board reported, together with the Managing Director, about the business development at OPUS Formenbau GmbH & Co. KG. Subsequently, such subsidiary's operating performance, planning and strategic course were discussed in detail. Such topics were also discussed in detail for Erich Jaeger Group and the subsidiary Taller GmbH. Furthermore, the Management Board once again informed about the "cable production" project's current status. The meeting also focused on the report on the business development of other Group companies as well as the planning for the fiscal year 2021. Following the Management Board's explanations and intense discussions, the Supervisory Board approved the individual Group companies' and the Group's planning. Furthermore, the Management Board once again informed the Supervisory Board about the Group companies' personnel matters and the current status of court proceedings initiated by one shareholder.

Audit and adoption of the 2020 annual financial statements

Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, which had been selected as auditor and group auditor by AdCapital AG's annual general meeting on July 28, 2020, was engaged by the Supervisory Board to audit the annual and consolidated financial statements as of December 31, 2020 as well as the Company's group management report for the fiscal year 2020, after the auditing firm had confirmed to the Supervisory Board that there were no circumstances which might impair their independence as auditor.

The auditor audited and issued an unqualified audit certificate upon AdCapital AG's accounting records, annual financial statements and consolidated financial statements as of December 31, 2020 as well as the group management report for the fiscal year 2020. The Management Board explained AdCapital AG's annual and consolidated financial statements, the group management report and the dependency report during the Supervisory Board's accounts review meeting on March 23, 2021. The auditors signing the audit certificates participated in the accounts review meeting and reported on their audit's scope, key audit issues and significant findings. They addressed in particular the particularly important audit matters as well as the performed audit procedures and also reported on their findings in connection with the internal control and risk management system related to the financial reporting process. The questions posed by the Supervisory Board were answered to its satisfaction.

The Supervisory Board reviewed and discussed during the accounts review meeting AdCapital AG's annual and consolidated financial statements as well as the group management report which had been prepared by the Management Board. After such review, the Supervisory Board declares that, according to its review's final result, it has no objections and that it approves the annual financial statements and consolidated financial statements prepared by the Management Board as of December 31, 2020, as well as the group management report for the fiscal year 2020. AdCapital AG's annual financial statements as of December 31, 2020 were thus adopted. The Management Board has proposed to carry forward the 2020 annual net profits to new account. We have approved such proposal.

Dependency report for the fiscal year 2020

The Management Board has prepared and submitted to the Supervisory Board a report on the Company's relations with affiliated companies pursuant to Art. 312 AktG (German Stock Corporation Act) for the fiscal year 2020 (dependency report). In accordance with Art. 313 AktG, the dependency report was also audited by the auditor. The auditor's report on the audit of the dependency report has been submitted to the Supervisory Board members. There were no objections. During the Supervisory Board's accounts review meeting on March 23, 2021, the auditor reported on his

audit's significant findings. The Supervisory Board examined the dependency report and agreed to the result of the dependency report's audit by the auditor.

The audit certificate issued by the auditor on the dependency report for the fiscal year 2020 reads as follows: "According to our duly performed audit and assessment, we confirm that

- 1. the report's actual statements are correct, and,
- 2. with regard to the legal transactions stated in the report, the Company's performance was not inappropriately high."

According to the final result of the Supervisory Board's own examination of the dependency report, no objections can be raised against the Management Board's declaration at the end of the dependency report.

The Supervisory Board would like to thank the Management Board for its consistently open, constructive and very intensive cooperation in the past fiscal year. We would also like to thank the managing directors and employees of the Group companies for their work in these turbulent and difficult times.

Waldbronn, March 23, 2021

Dr. Sonja Zobl-Leibinger
(Chairwoman of the Supervisory Board)



THINK
GLOBALLY,
ACT
INTERNATIONALLY



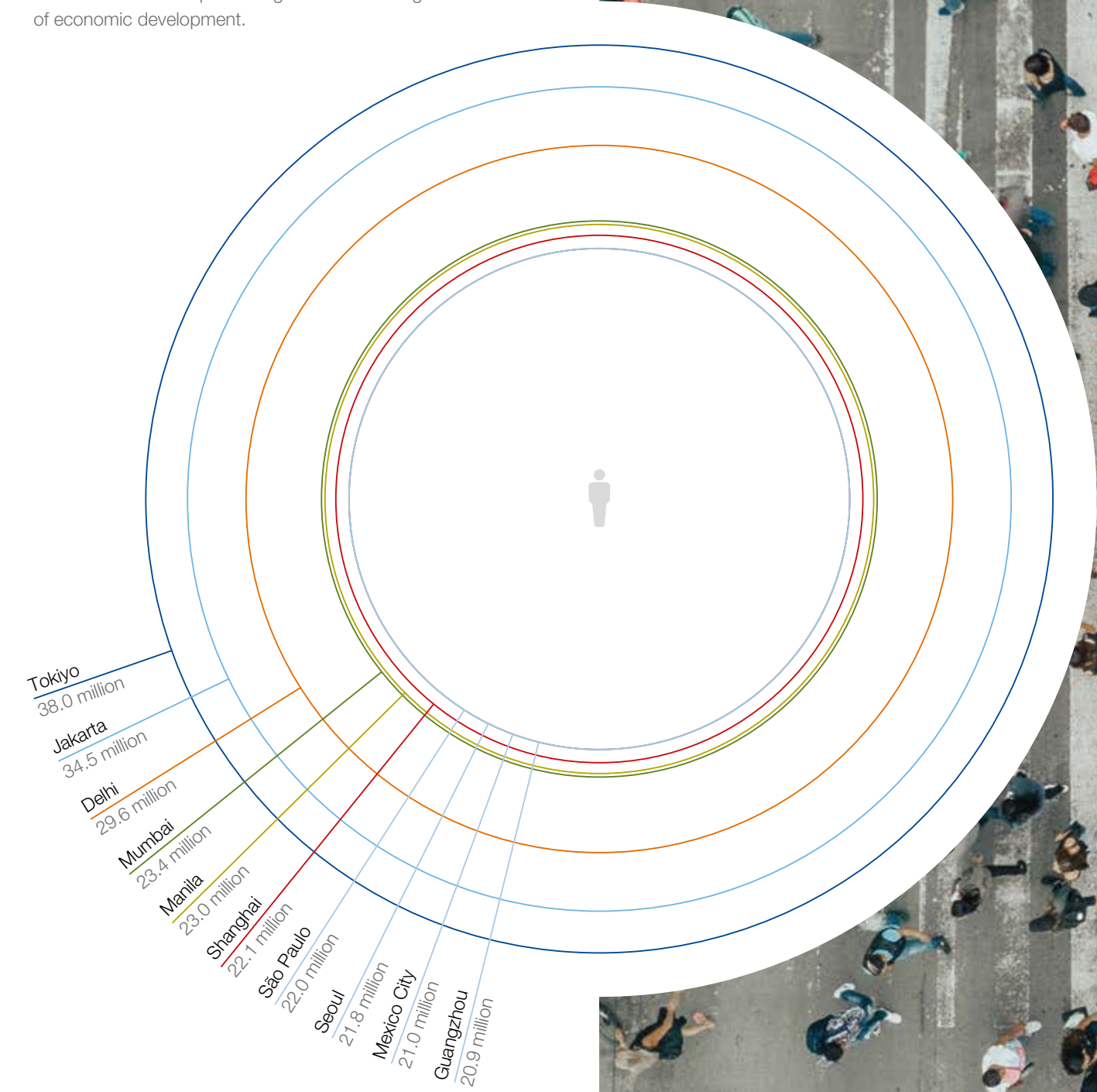
METROPOLITAN AND MEGAREGIONS

Metropolitan regions are cities with over a million residents that maintain a close exchange with their surrounding areas.

Megaregions are areas in which several metropolitan regions grow together with their industrial and commercial areas. These regions emerge unplanned, from historical and economic processes. In Europe, for example, the so-called "blue banana" with 111 million people stretches from Liverpool via Rotterdam, Frankfurt and Stuttgart to Milan. Such megaregions are centers for future economic growth, for innovation and growing consumption.

The ten largest metropolitan regions worldwide

This is where large enterprises have their headquarters or important branches. The special economic zones in China are also metropolitan regions and a strong driver of economic development.



MARKETS AND POTENTIALS

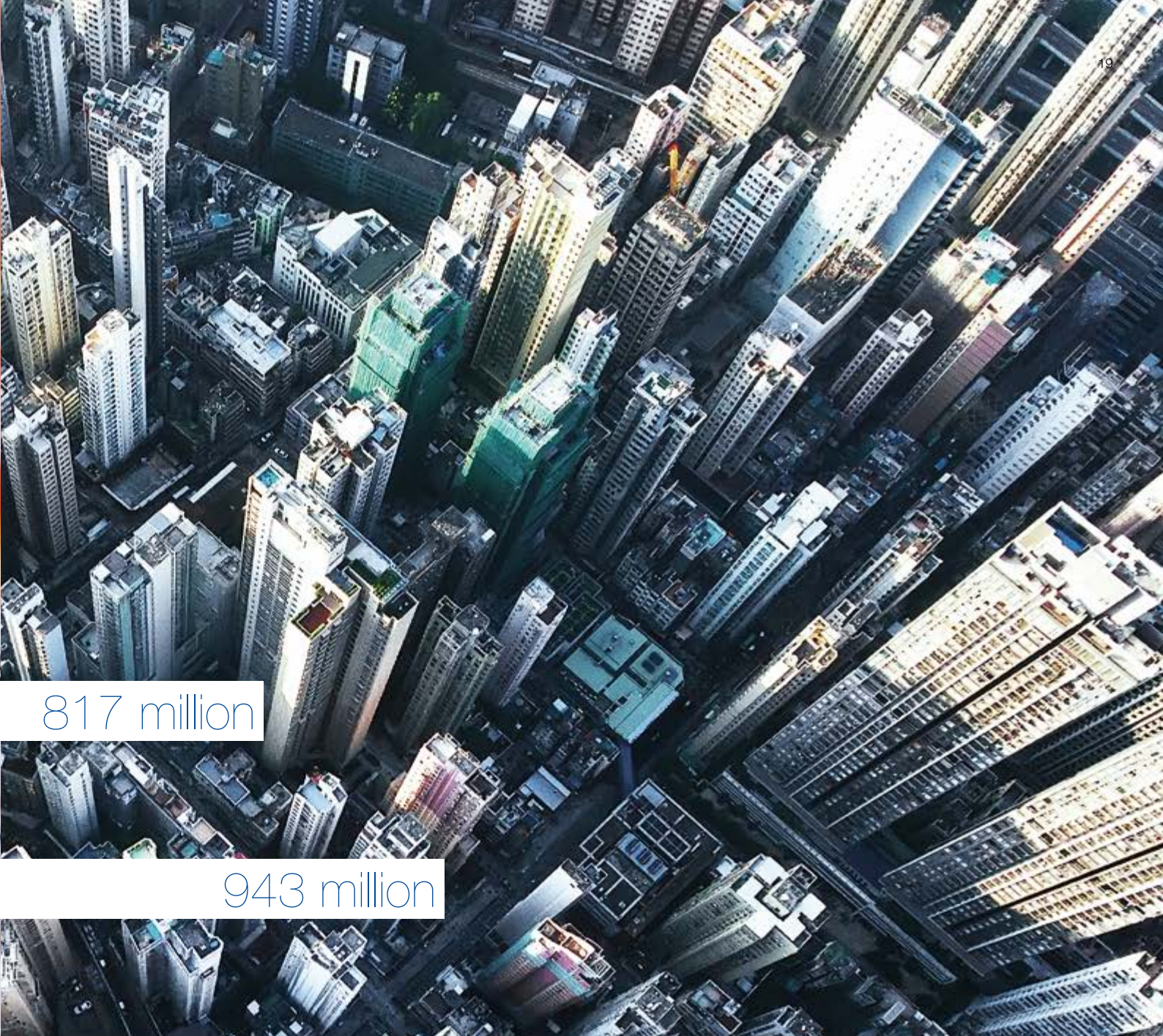
Modern mass markets offer the opportunity to expand production while reducing costs. For example, series production in automobile production is currently approaching the 100 million mark in sales markets which are mainly located in Asia, Europe and North America. An important goal for the near future is the production of sustainable, environmentally friendly solutions.

Europe and the US are considered as virtually saturated markets which might generate new growth through the promotion of e-mobility and alternative drive systems. In contrast hereto, China has been recording new growth for many years. But also South America and India are considered as potential growth markets. With almost 25 passenger cars per 1,000 residents, the passenger car density in India is comparatively low. In the long term, the Indian passenger car market has the potential to achieve the largest sales volume worldwide after China and the US.

Air pollution is one of the main problems in metropolitan regions. One of the causes is soot and nitrogen oxides from the combustion of diesel fuel which is used to power private cars as well as trucks and buses.

Every megacity struggles with transportation problems. Air pollution and congestion are consequences of huge traffic volumes and cause major ecological problems. As industrial sites with utilities, transportation hubs and complex infrastructure, megacities impact the climate of entire regions.

The New York City metropolitan region, for example, includes a network of 2,058 rail miles, 2,967 bus miles, and 734 rail stations. Nearly 14.6 million people use the public transportation system, which covers 30,671 km² and extends from New York City to Long Island and Connecticut. In addition, 300 million cars pass through the tunnels and over the bridges of New York's and New Jersey's Port Authority every day.



Europe
Residents

817 million

European Union
Residents

504 million

America
Residents

943 million

USA
Residents

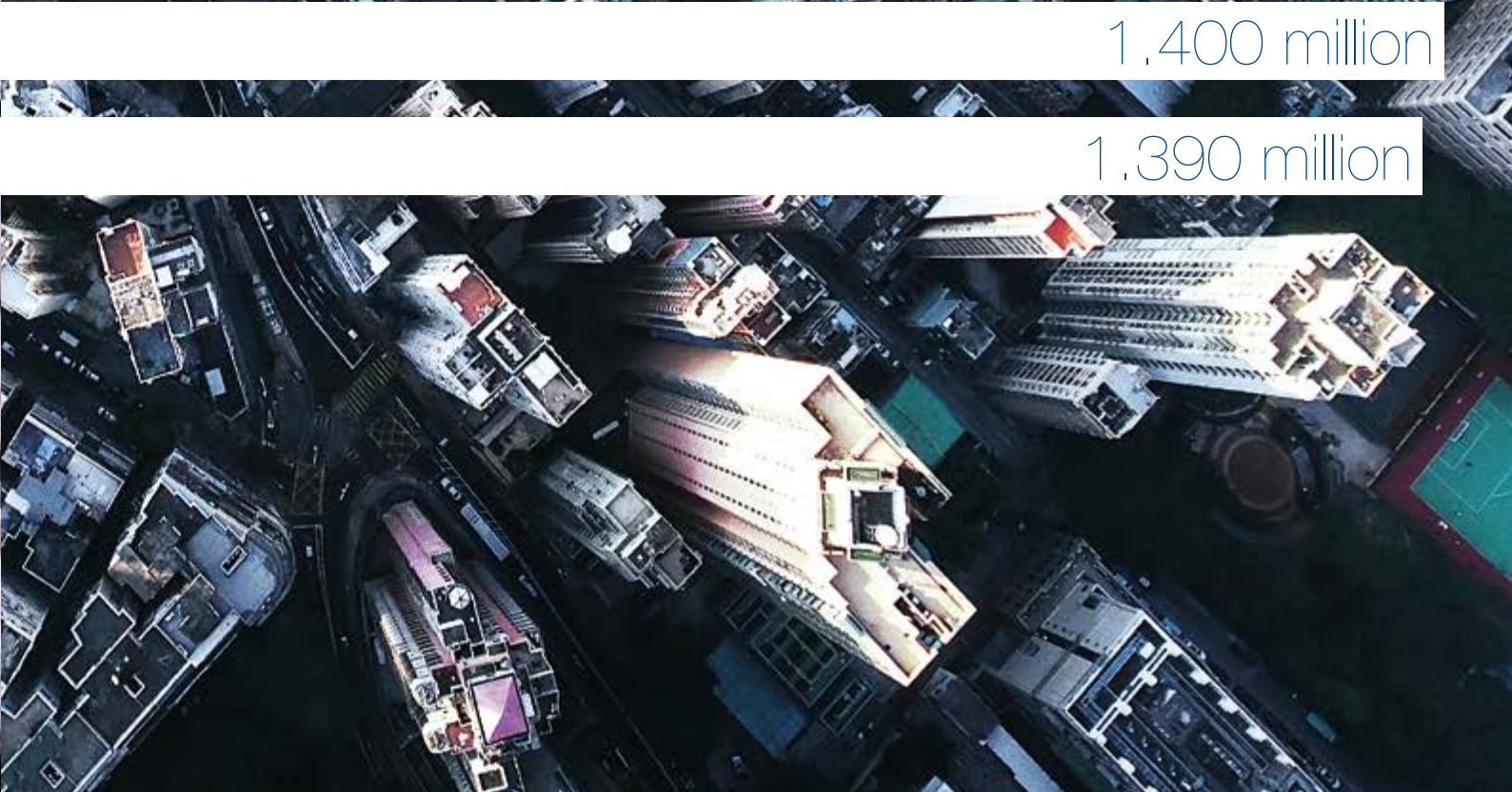
316 million

China
Residents

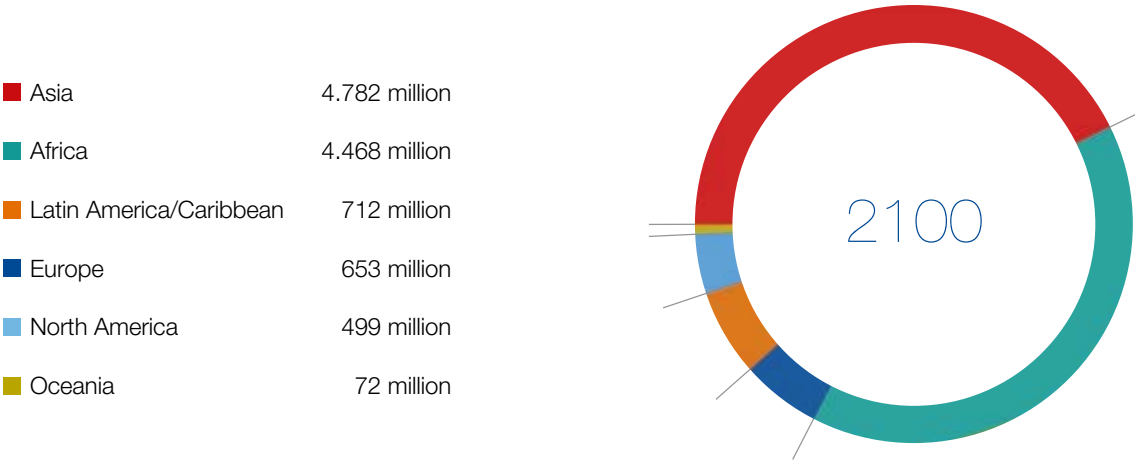
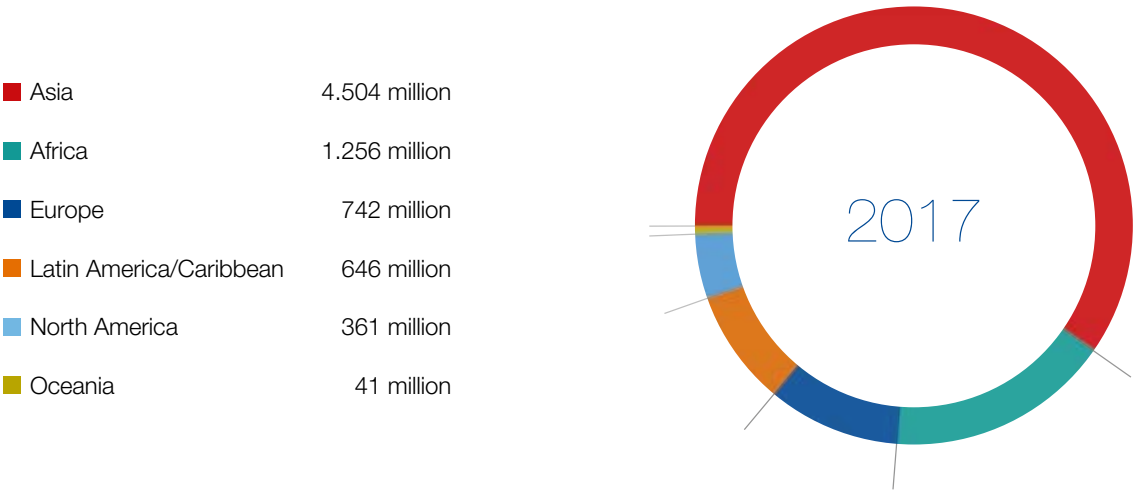
1,400 million

India
Residents

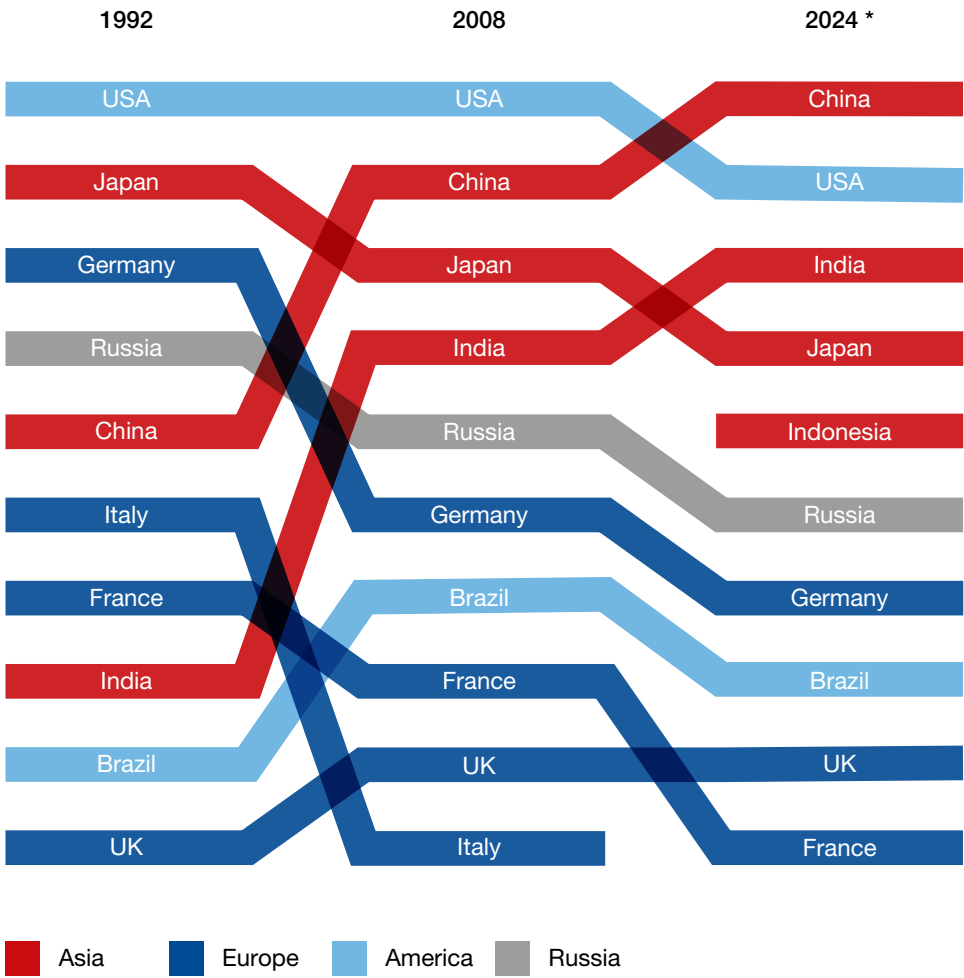
1,390 million



POPULATION DEVELOPMENT



ECONOMIC DEVELOPMENT



Countries with the largest GDP worldwide 1992, 2008 and 2024

* Forecast
Based on purchase power parity, international Dollar / Source: IMF

Global economy is subject to constant change. For example, the early 1990s saw a rapid globalization boost and an unprecedented boom in the cross-border trade of goods and services due to the fall of the Berlin Wall and decreasing transport costs.

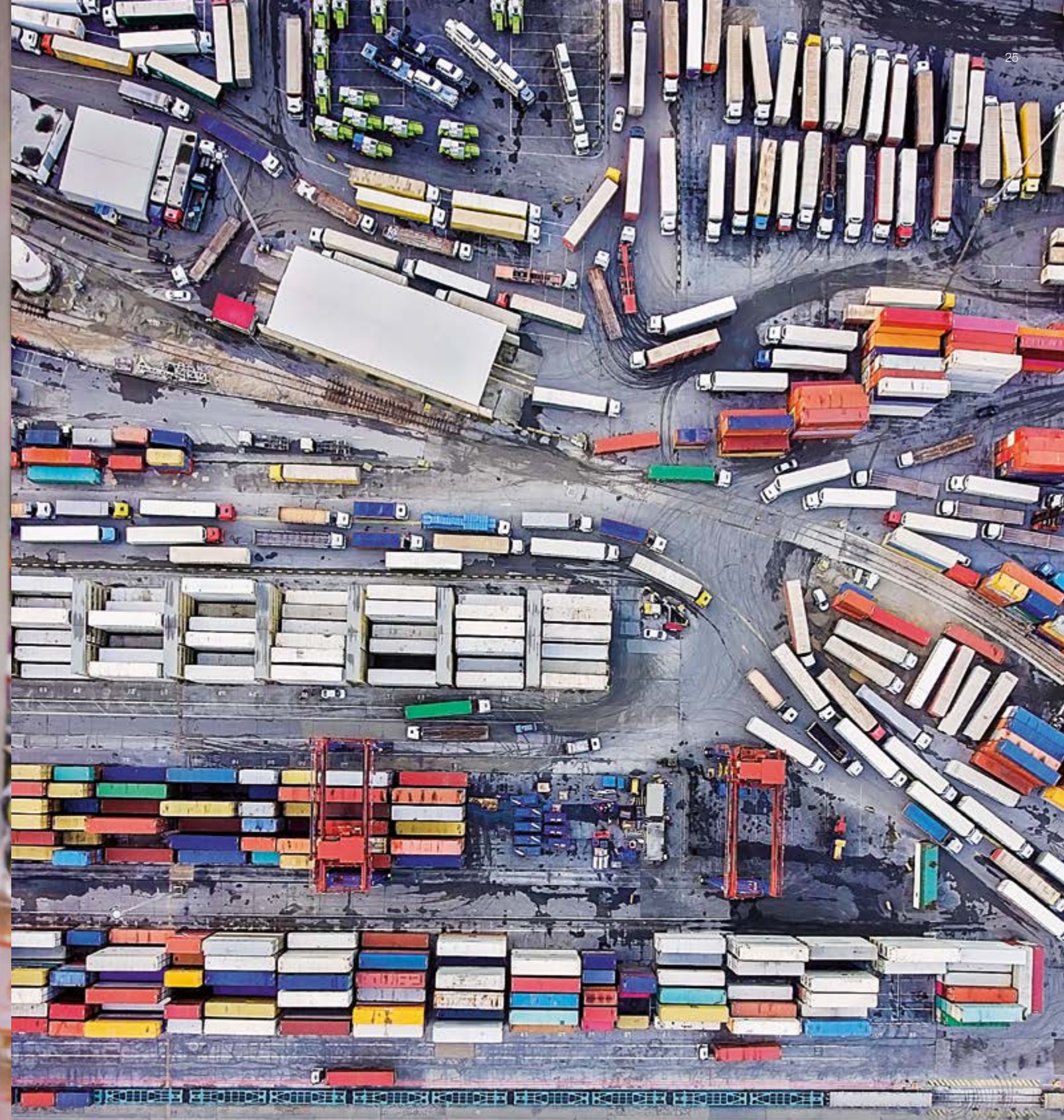
Current forecasts expect for developing countries to catch up with or even outperform industrial nations in terms of economy. China is going to overtake the US as largest economy. But will this also apply in terms of production power as well as economic and technological innovation power?

ECONOMIC DRIVERS OF THE FUTURE

Transportation and logistics are two of the major future challenges

The international flow of goods must be delivered safely to the right doors via many different routes. The increased purchasing power of the new middle class in China, for example, has also raised demands on consumer goods. This can be seen, among other things, in the sales figures for passenger cars.





MORE THAN A MEANS OF TRANSPORT

Since its introduction, the car has stood for mobility and independence. With ca. 47.7 million vehicles, the number of passenger cars registered in the Federal Republic of Germany reached its highest level ever on January 1, 2020, - even though the automobile has become subject of critical discussions in recent years – just think of the diesel scandal and emissions.

The Corona pandemic is also fueling the debate about future mobility concepts: on the one hand, the number of traffic fatalities fell sharply, on the other hand, the passenger car became highly attractive again as an individual shelter. Everything that characterized the automobile has once again become a selling point: Freedom, independence, flexibility.



AROUND 87 MILLION PASSENGER CARS
ARE SOLD WORLDWIDE EVERY YEAR



China, the USA, Japan, Germany and South Korea are the largest car manufacturing countries. In China, a total of 120 million passenger cars are on the road, and the trend is growing. For in relation to the population, this is still little. About 100 out of every 1,000 Chinese own a car, compared with 555 per 1,000 Germans, an average of 600 per 1,000 Europeans and 800 per 1,000 Americans.

The fact that urbanization is slowing down the automotive business is demonstrated by a number of cities in Asia. An extreme example is Hong Kong, where only 60 out of every 1,000 residents own a car. And even those who own a vehicle are not guaranteed to get around quickly. Drivers in the metropolis travel at an average speed of only 23 kilometers per hour.

In Singapore, too, only 100 out of every 1,000 residents drive their own car. Even in wealthy Tokyo, only 300 out of every 1,000 residents own a car – Beijing is already higher with a number of 450.

According to the German Federal Office for Motor Vehicles' (KBA) latest registration figures, 169,754 new passenger cars were registered in January 2021. Compared to the same month last year, this showed a drop of 31.1%. Alternative drive systems showed above-average growth compared to the previous year: 16,315 newly registered electric cars resulted in an increase of 117.8 % in the current registration figures for January 2021.

THE BICYCLE ALSO GETS A LIFT



A new record every year – that sums up the past decade in the motorhome market. In 2020, too, new registrations of motorhomes reached a new peak of 78,055 vehicles: a growth of 44.8% compared to the previous year.

The Corona crisis is also affecting travel behavior. While air travel experienced a drastic slump, demand for motorhomes and caravans increased: the private shelter is simply taken along on vacation. Caravanning seems to be one of the safest forms of vacation in these times, as one is largely self-sufficient and at home practically anywhere thanks to one's own sleeping, living, cooking and sanitary facilities.

Parallel to this, sales of trailer couplings also increased, as hardly any of the motorhomes comes without the option of coupling bike racks or other trailers.

TRAILER COUPLING GROWTH MARKET

Vehicles are either equipped with trailer couplings directly during production or retrofitted with trailer couplings later. But whether OEM or retrofit – in any case, Erich Jaeger E-kits for trailer couplings are in demand.

Europe



Of the approximately 15 million new passenger car registrations in Europe each year, just under a third are registered with trailer couplings. Of the existing vehicles, 12 million vehicles in Germany alone are equipped with trailer couplings.

Erich Jaeger is one of the market leaders in Europe with E-kits for trailer couplings.

North America



The equipment ratios in the US market are generally higher than in Europe – an estimated 20% of passenger cars, but more than 85% of SUVs and pickups (light trucks) come onto the market with a trailer coupling. If Canada, Mexico and the USA are added together, the annual market volume amounts to more than 13 million units.

China



The situation in China is completely different. Here, there are local restrictions for towing trailers with passenger cars. The registration of trailers requires a special license plate, which is currently difficult to obtain. In the OEM sector, however, the increase in exports of Chinese vehicles is also expected to lead to growing demand for trailer couplings.

WEIGHTY MEANS OF TRANSPORT

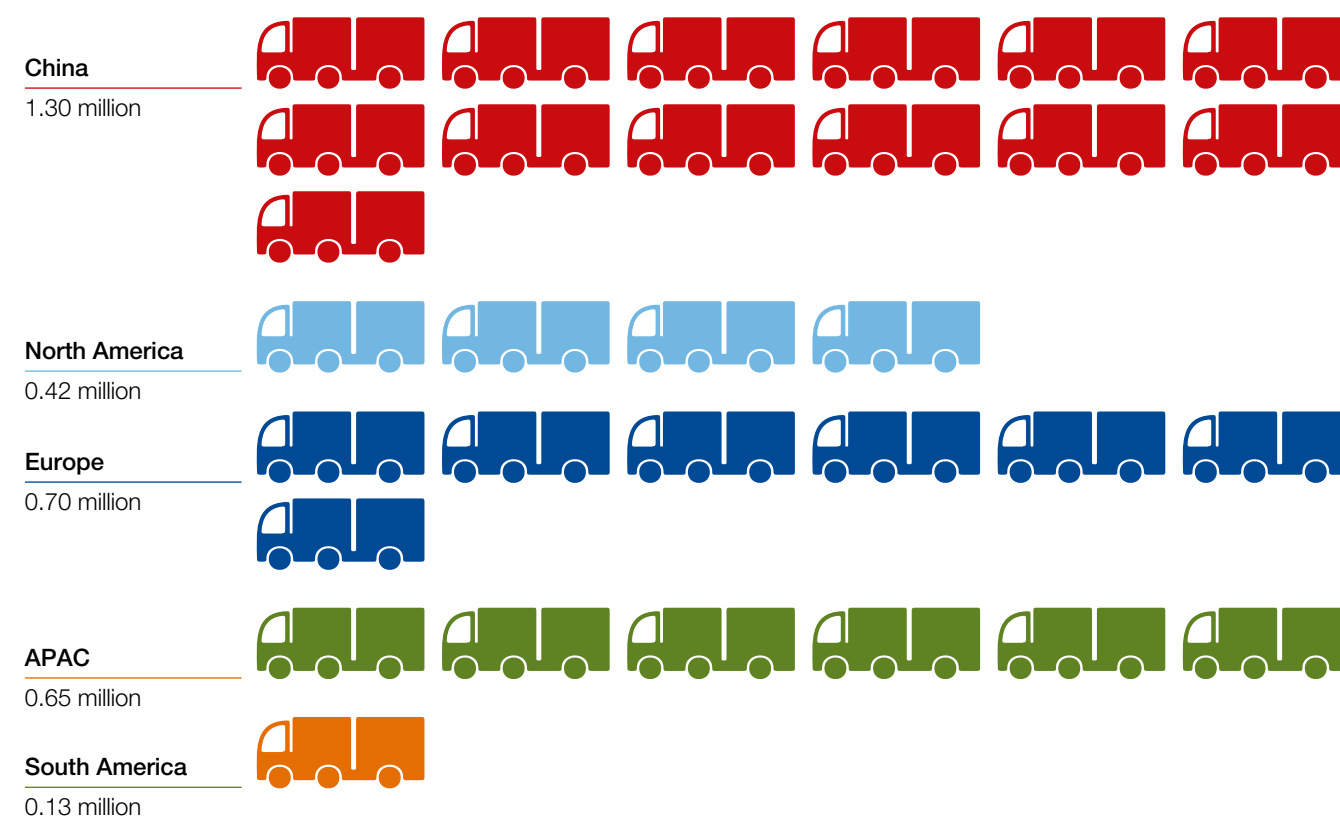
In 2010, international road freight transport performed about 6,388 trillion ton kilometers, in 2,050, forecasts expect such number to be nearly 31,000 trillion ton kilometers. The volume of freight transported by road in the EU was about 15.21 billion tons in 2019. In Germany, the road transport volume in 2019 amounted to ca. 3.8 billion tons.

The global market for heavy-duty vehicles over 6 tons grew strongly until the Corona crisis. More than 3.3 million trucks were sold worldwide in 2017. Growth was driven by strong demand in China, but the markets in Europe, the USA, India, Brazil and Russia also recorded increases.

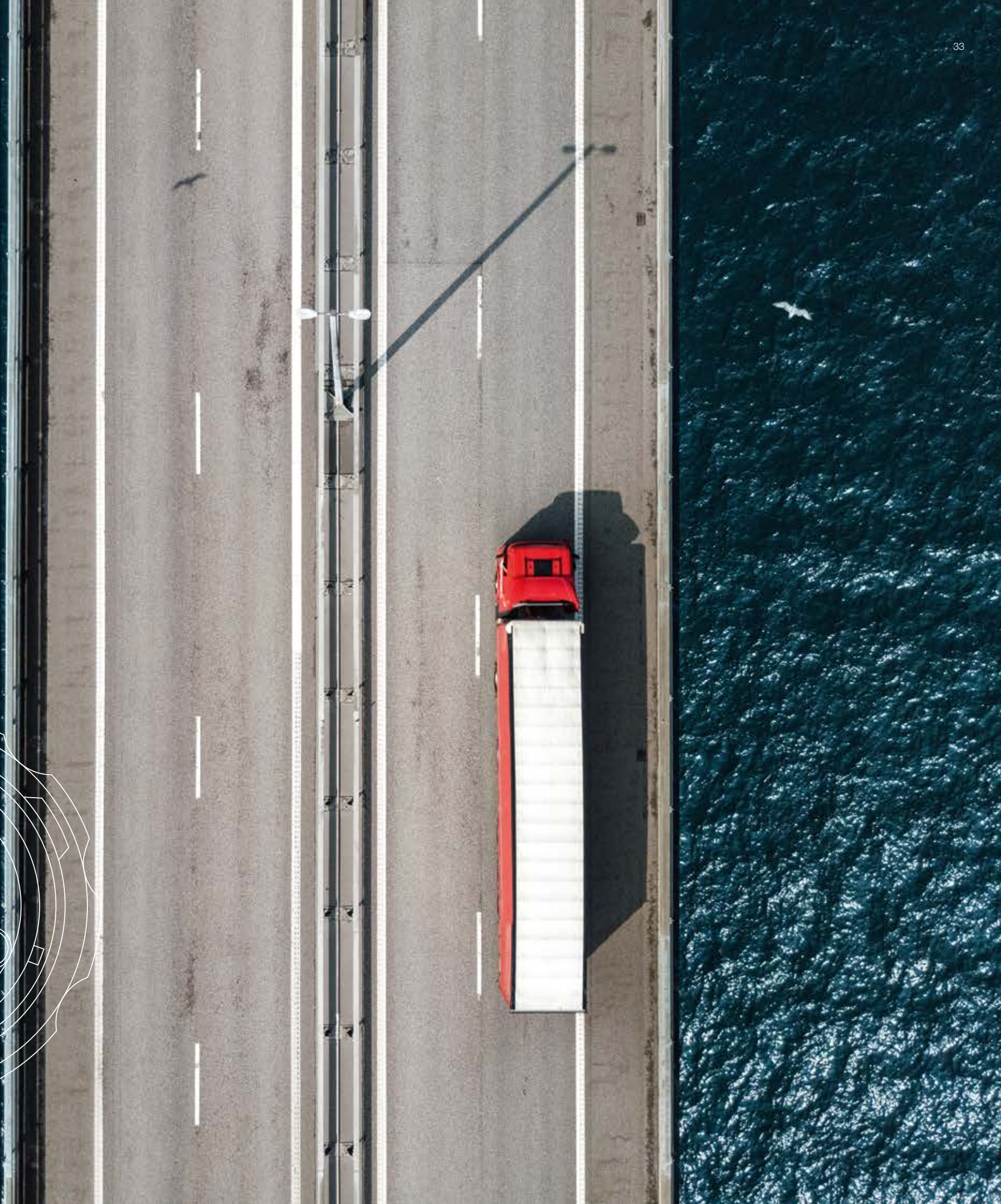
Every day, ca. 2.8 million commercial vehicles are on the road in Germany – supplying citizens, delivering materials to production plants, disposing of waste, transporting passengers on local public transport, or taking care of medical emergencies.

In Germany, buses are used as a means of transport more than five billion times each year. In local public transport, the bus is by far the most important means of transport. In long-distance passenger transport, the long-distance bus has quickly become an integral part of transport alongside cars, trains and planes.

ROUGHLY 3.2 MILLION COMMERCIAL VEHICLES
AND BUSES ARE SOLD ANNUALLY



GLOBALLY OPERATING CUSTOMERS



COMMERCIAL VEHICLES AND TRAILERS ARE PRODUCED INTERNATIONALLY

Due to the range of vehicles, brands and the high degree of vertical integration (engines, chassis, axles, gearboxes, etc.), the major international groups maintain a very large number of production sites.

For the final production of complete vehicles, a high number of own and joint venture plants are maintained as well.

Purchasing and project decisions are generally not made in the individual plants, but centrally through the global and regional headquarters. In most cases, logistics centers are attached to the plants.

The market for semi-trailers, trailers over 6 tons, etc., on the other hand, is served by numerous, often national suppliers. This usually results from a focus on special, often customer-specific trailer segments (for example tank trailers, vehicle transporters, box trailers).

The five largest truck manufacturers on the world market

1 Daimler

Daimler not only produces under the name Mercedes-Benz-Lkw, the company also owns the Freightliner, Western Star, BharatBenz, Thomas Built Buses, Fuso, FCCC (Freightliner Custom Chassis Corporation), BFDA (Beijing Foton Daimler Automotive) and Unimog brands.

2 FAW

The Chinese state-owned company with headquarters in Changchun produces trucks, buses and passenger cars as well as diesel engines. FAW produces not only in China, but also in Russia and Ukraine.

3 Dongfeng

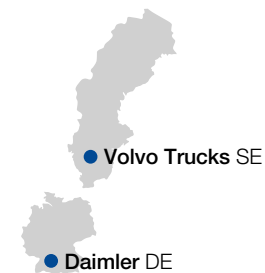
The Chinese group from Wuhan has been producing trucks, buses and passenger cars since 1969. Volvo is one of the major shareholders.

4 CNHTC

The name CNHTC (also known as Sinotruk) stands for "China National Heavy Duty Truck Group". The Chinese company produced its first truck in 1960. MAN holds 25% of the shares.

5 Volvo Trucks

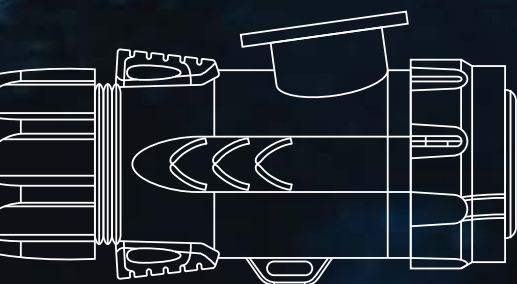
The truck manufacturer from Gothenburg produced its first truck back in 1928. The company also owns the Renault Trucks brand and the North American division Volvo Trucks NA with Mack.



LEADING SOLUTIONS FOR COMMERCIAL VEHICLES

Erich Jaeger's solutions are among the highlights on the market and set benchmarks time and again. The E-kits and control units for trailer couplings with swivel function, for example, are superior to other suppliers' solutions.

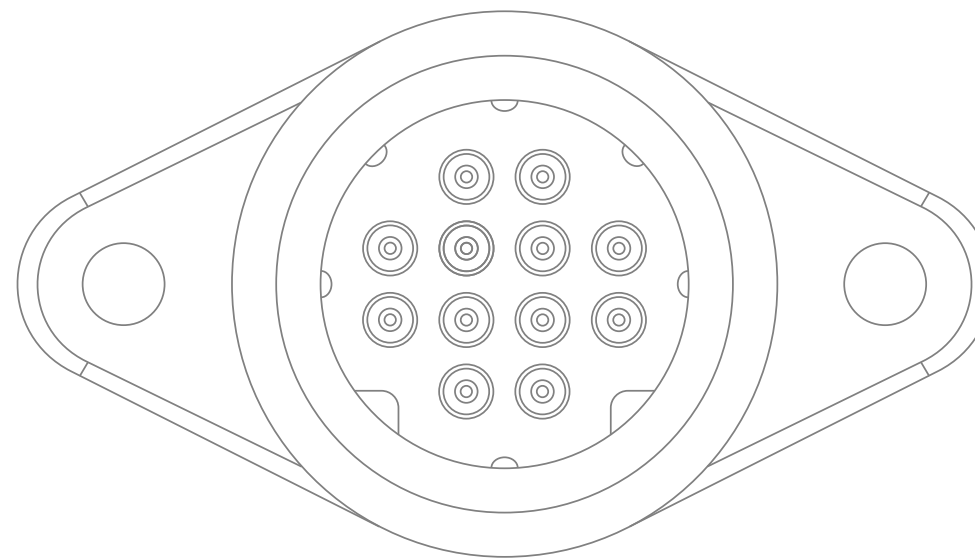
The built-in sockets with reed switch are unique. And the 4-pin trailer socket with hinged cover is the first waterproof solution on the US market.



Market leader in the US

The 7/12 socket for video transmission was developed specifically for the American market. The innovative trailer socket together with the plug became SAE standard J3008 (05-2017) and was tested according to USCAR-2.

Following the new trailer socket's successful market launch in the US, Erich Jaeger has added the product to its range for other applications – including in Europe. While the 12-pin socket is only available in combination with the 7-pin connector according to SAE J2863 in the US, a 12-pin single version is now also available for other markets. This version also meets the USCAR's demanding requirements with regard to watertightness. A waterproof connector is also available on the vehicle electrical system side.



Leading in Europe and China

Erich Jaeger's 24 V spiral cables and 24 V sockets are the leading solutions for commercial vehicles in Europe and China. In addition, Erich Jaeger offers a large assortment of trailer sockets for a wide range of applications that meet all relevant automotive standards.

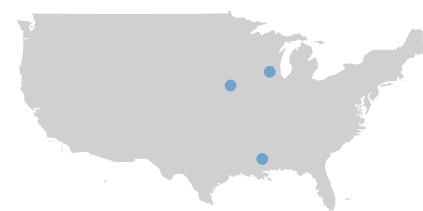
LEADING PARTNER IN AGRICULTURAL TECHNOLOGY

Major producers of agricultural machinery maintain a large number of plants world-wide, most of which are located in the main agricultural regions. With 3-pole sockets according to DIN 9680 and its ISOBUS sockets, Erich Jaeger is a leading OEM partner of manufacturers all over the world.

For highest demands

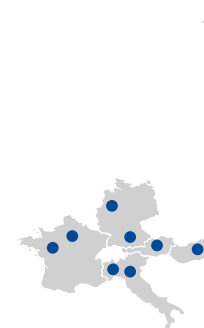
Erich Jaeger's ISOBUS socket meets very high requirements for temperature resistance (from -40 °C to +95 °C), environmental and media influences, electromagnetic interference and short-circuit protection. This guarantees functionality even under extreme conditions.

HSI connectors for high-speed data transmission are a new development. This next generation of connectors is geared to the desire of manufacturers and farmers for even higher data transmission rates, as required for M2M communication, electronic support and diagnostic functions, or real-time video systems.



International production sites of the leading agricultural technology manufacturers:

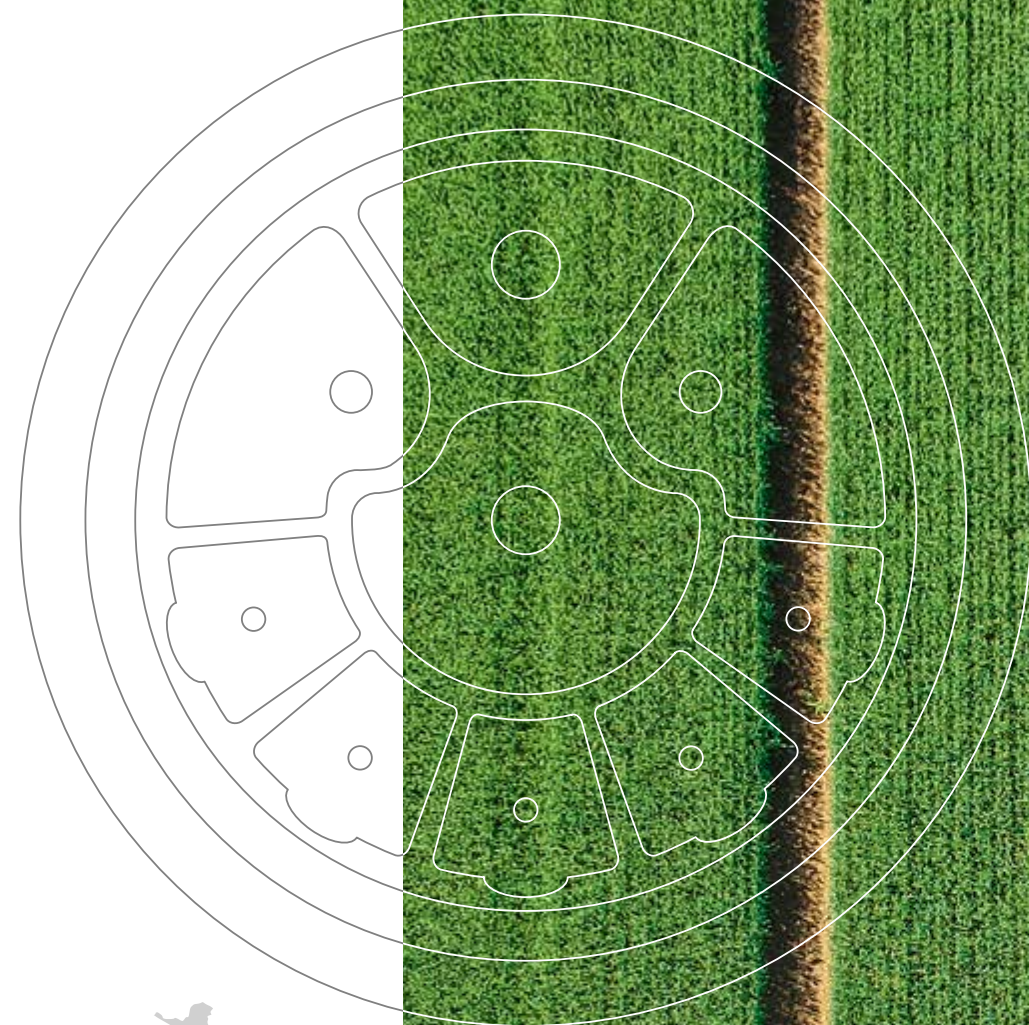
USA
Brazil



France
Germany
Italy
Austria
Hungary

Finland

China
Japan





Erich Jaeger GmbH + Co. KG

Automotive

AdCapital share

Shareholding since

Managing Director

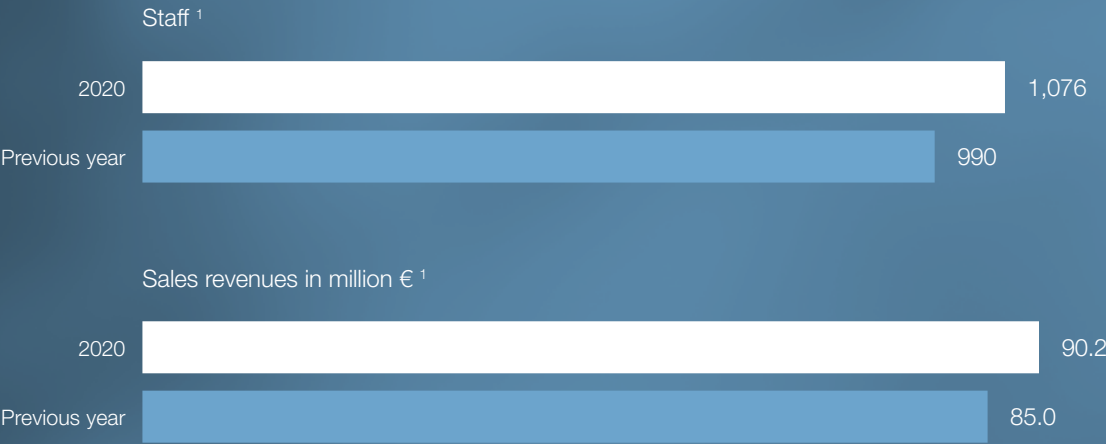
100 %

1993/1998

Felix Nußbaum

Oliver Neil (as of Oct. 1, 2020)

www.erich-jaeger.de



¹ consolidated; incl. subsidiaries



Erich Jaeger Mexico S. de R.L. de C.V.
Piedras Negras, Mexico
120 employees
Established 2016
Production mainly for the North American market

Erich Jaeger USA Inc.
Plymouth, Michigan, USA
3 employees
Established 2012
Distribution, development and logistics for the US, Canada, Mexico and South America
19 serviced countries

Erich Jaeger GmbH + Co. KG
Friedberg, Germany
65 employees
Established 1927 (in Bad Homburg)
Global headquarter with sales offices
Development, distribution and logistics for Europe, southern Africa, India, Oceania, Australia, New Zealand and Japan
14 serviced countries

Erich Jaeger France Sarl
Limonest, France
6 employees
Established 2009
Distribution and development for France, Spain, Portugal, North Africa and Brazil
9 serviced countries

Erich Jaeger, s.r.o.
Koprivnice, Czech Republic
400 employees
Established 1999
European EJ control unit
Development, production and logistics
Distribution for Eastern Europe with branch in Poland
14 serviced countries

Erich Jaeger GmbH + Co. KG
Telgate, Italy
2 employees
Established 2004
Distribution for Italy, South-East Europe and Middle East
28 serviced countries

Jaeger Poway Automotive Systems (Shenzhen) Ltd.
Shenzhen, People's Republic of China
480 employees
Established 1999
Distribution for China and South-East Asia; global production site
13 serviced countries

Bavaria Digital Technik GmbH

Equipment and plant engineering, electrical engineering

AdCapital share	100 %
Shareholding since	2006
Managing Director	Manuel Stelzer

www.bdt-online.de

FRAKO Kondensatoren- und Anlagenbau GmbH

Electrical engineering

AdCapital share	100 %
Shareholding since	2005
Managing Director	Dr. Matthias Sehmsdorf

www.frako.com

OPUS Formenbau GmbH & Co. KG

Mold and tool making

AdCapital share	75 %
Shareholding since	2007
Managing Director	Markus Menchen (until Oct. 15, 2020) Michael Feist (since July 1, 2020)

www.opus-formenbau.de

¹ consolidated; incl. subsidiaries

EP Connectors GmbH

Automotive

AdCapital share	100 %
Shareholding since	2017
Managing Director	Felix Nußbaum Hubert Schnatterer (as of June 1, 2020)

www.epconnectors.de

KTS Kunststoff Technik Schmölln GmbH

Plastics processing

AdCapital share	100 %
Shareholding since	1991
Managing Director	Matthias Keller

www.kts-schmoelln.de

Taller GmbH

Electrical engineering

AdCapital share	99,95 %
Shareholding since	2007
Managing Director	Hubert Schnatterer (since June 1, 2020) Felix Nußbaum

www.taller.de

¹ consolidated; incl. subsidiaries

GROUP MANAGEMENT REPORT

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1. The AdCapital Group

1.1 Business activities and investment focus

Unchanged from the previous year, the focus of AdCapital AG's business activities is on our investments' industrial business.

Our investment portfolio mainly consists of five individual companies and one group of companies:

Significant shareholding	Sector
Bavaria Digital Technik GmbH (BDT)	Equipment and plant engineering, electrical engineering
Erich Jaeger GmbH + Co. KG (Group)	Automotive
FRAKO Kondensatoren- und Anlagenbau GmbH	Electrical engineering
KTS Kunststoff Technik Schmöln GmbH (KTS)	Plastics processing
OPUS Formenbau GmbH & Co. KG	Mold and tool making
Taller GmbH	Electrical engineering

Jaeger Group remains the dominant holding in the AdCapital Group, accounting for more than 50% of sales.

In order to exploit synergies, we have systematically promoted the organizational integration of our associated companies' main business functions and have introduced uniform strategy, management and planning principles throughout the entire Group.

We see ourselves as an entrepreneurial partner who, in addition to equity and debt capital, contributes entrepreneurial know-how and the corporate culture of a medium-sized enterprise. Although we promote integration, we also rely on the companies' and their managing directors' independence in the operational area and respect individual corporate cultures.

The goals for our shareholdings are to strengthen their respective market and competitive positions, improve manufacturing efficiency and optimize organizational processes, including sales. In other words, our main focus is on realizing organic growth potential, improving the companies' and their capital resources' profitability, and thus also their resistance to crises.

Our strategy is focused on expanding our core business in the automotive environment and improving our shareholdings' profitability. This is to be achieved primarily through improvements in operations and enhancement of the competitive position.

1.2 Group strategy, corporate control and monitoring system

1.2.1 Group strategy

Shareholdings

AdCapital AG regards itself as an industrial holding company with a pronounced strategic and operational control and monitoring function in relation to its associated companies. In recent years, the Group's strategic focus has gradually shifted to the automotive sector with the core company Erich Jaeger.

We provide our associated companies with comprehensive advice on strategy, financing, process and organizational issues. Our profound industry knowledge and our close network in the areas of finance, tax and law support our companies in business strategy decisions and relieve them in the indirect areas.

In exceptional cases, however, we would continue to make investments in new associated companies in the automotive sector or in technologies relevant to this sector (metal and plastics processing as well as electronics and software). Such opportunities with significant synergy potential did not open up for us in the past fiscal year.

Financial flexibility

As planned, we further secured our stable financial position in the fiscal year with bank loans and international factoring financing. In 2020, in light of the Corona pandemic, securing liquidity reserves for possible impending crisis-related losses played a major role in addition to financing growth for Erich Jaeger. In view of the prospects identified, in particular in the automotive sector, we successfully secured such liquidity in cooperation with three different banks. In total, we were able to secure a volume of € 18 million, consisting of a leasing component for investments in cable production, additional current account lines for the increasing working capital in the course of Jaeger Group's growth, and a tranche from Corona-related KfW funds. This has secured, on the one hand, the liquidity for Erich Jaeger Group's growth; on the other hand, the Group is also prepared for a possible further pandemic-related loss of sales. The funds for the investments are expected to be drawn down mainly in 2021 and 2022. Financing also includes the assumption of three associated companies' previous current account lines which became necessary due to the banking partner's change in strategy.

Liquid Group funds are held exclusively in cash and free bank lines.

Corporate management and monitoring system

The central administrative areas of Controlling, Taxes and Legal and parts of Domestic Financing will continue to be managed at the holding company's level. IT is managed centrally for the Group through Erich Jaeger in close consultation with the holding company.

The operational management of the entire AdCapital Group is conducted through regular management meetings at the associated companies, at the holding company's location, or, due to Corona-related requirements, in telephone and video conferences. In these meetings, the companies' current business situation and short- and medium-term budgets are discussed, inter alia on the basis of budget targets and the defined strategic orientation. Key performance indicators used by us in order to manage the operating holdings include incoming orders and order backlog, total operating performance, added value, productivity per hour,

EBIT margin, free cash flow and working capital. In addition, key figures on the cost structure and the management of production and sales are used for analysis.

1.3 Significant events in the fiscal year 2020

Basically, the fiscal year was massively affected by the Corona pandemic's economic effects.

As already presented in the previous year's management report, on February 12, 2019, Taller GmbH and a major customer reached an agreement regarding a dispute over the compensation for damages. In a letter dated January 13, 2021, the major customer confirmed that Taller had fulfilled the agreed conditions in the period up to December 31, 2020. The dispute over the compensation for damages has thus been finally settled.

1.4 Consolidated companies

A total number of 15 companies are included in the 2020 consolidated financial statements. Taller GmbH's Turkish subsidiary, Insert, was no longer included in the consolidated financial statements as there are plans to liquidate such company due to a lack of profitability. Due to its small size, Insert is of minor importance from a Group perspective.

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2. Economic and political conditions

2.1 Macroeconomic situation

In terms of GDP, the output of the German economy decreased by 5% in 2020, in contrast to the two previous years with growth of 0.6% (2019) and 1.5% (2018). The strong slump in 2020 is mainly due to the Corona crisis' impact and the accompanying shut-down. After a ten-year growth phase, the German economy has thus fallen into a deep recession in the Corona crisis year 2020, similar to the 2008/2009 financial and economic crisis.

The IMF forecasts growth of 3.5% for Germany in 2021 and 3.1% for 2022. For China, the IMF's forecast for 2021 is: economic growth of 7.9%. For the USA, the World Bank also forecasts economic growth of 5.1% for 2021. For the global economy as a whole, the World Bank has raised its growth forecast to 5.5%. The German government and economic research institutes have also tended to endorse these slightly optimistic forecasts, although in January the German government lowered its forecast for 2021 to economic growth of 3.0%, compared with the last forecast in October 2020 of 4.4% for 2021. It is unclear to what extent further Corona-related lockdowns or partial lockdowns as well as the restriction of mobility will have a negative impact on such forecasts. However, it is to be feared that there might be significant negative effects.

Against this backdrop, the global financial sector continues to pose considerable risks, especially as it is likely to be more difficult than in 2008 to control or manage a possible new financial crisis in view of the still extremely low base rates in many countries (Deutsche Bundesbank at the time of the annual report's preparation: 0%).

Significant risks also emanate from the political environment and other crises, as well as from the Corona virus (see section 9.2 Opportunities and risks).

2.2 Industry-related conditions

Due to our strategic orientation, the developments in the automotive industry are decisive for our group of companies. Major challenges had to be overcome in this context in 2020. The ongoing trade war between the USA and China, the uncertain situation with regard to Brexit, the ongoing discussions on the diesel scandal and climate change, and above all the Corona waves with lockdown phases, albeit of very different regional intensity, had a massive negative impact on the markets and consumer behavior. Overall, the global passenger car and SUV automotive market decreased by ca. 15% in 2020 compared to 2019, according to the industry association VDA.

For our automotive-related subsidiaries, in particular the Jaeger Group, this had a significant impact on European business. While the sales market for light trucks was still showing a positive trend at the end of 2020, the market for heavy trucks, which is particularly relevant for Erich Jaeger, slumped by ca. 25% year-on-year in 2020. The passenger car market also suffered from this development. New registrations in Europe were almost 24% lower than in the previous year. In the aftermarket, travel restrictions in particular and the generally very high level of uncertainty among customers due to the pandemic's severe economic consequences had a generally negative impact; however, the effect was significantly mitigated for Erich Jaeger by increased demand due to supply bottlenecks on the part of our competitors.

In contrast hereto, the Chinese commercial vehicle market, which is very important for Erich Jaeger's business (ca. one quarter of the entire Chinese vehicle market), continued the trend seen at the end of 2019 in 2020. Driven by government infrastructure investments and vehicle fleet upgrades in line with stricter emission guidelines, commercial vehicle sales in China increased by ca. 19%.

In North America, the trend in the commercial vehicle sector, which was already clearly declining in the final quarter of 2019, accelerated extremely, particularly due to the Covid 19 impact. After monthly sales figures for heavy commercial vehicles in the US had fallen to ca. 54% (May 2020) of the previous-year level, a recovery was recorded; however, the previous-year figures were not even approached in any month. Overall, the US heavy truck market slumped by ca. 24% in 2020. By contrast, the passenger car sector recovered significantly in the US at the end of 2020 and was, with 1.61 million cars sold in December, ca. 6.4% above the previous year's figure. The increases resulted exclusively from the light truck segment. All in all, passenger car sales in 2020 increased to 16.3 million vehicles – ca. 5% more than in 2019.

The global trend toward alternative drive systems continued in 2020. November 2020 was the all-time record month for plug-in vehicle registrations, with almost 415,000 units worldwide. Both China (nearly 200,000 units) and Europe (over 166,000 units) marked regional record months. With a total of just over 3 million (+32% compared to 2019) new plug-in vehicles registered in 2020, the global market share of BEVs and PHEVs is around 4%. Tesla remains the leading manufacturer with a total market share of 16%, now followed by Volkswagen (7%), which has relegated BYD (6%) and BMW (5%) to the third and fourth rank, respectively.

Overall, Jaeger Group was able to close 2020 with significantly higher sales than was foreseeable towards the middle of 2020.

Another important sector for AdCapital Group is the electrical industry. According to the ZVEI (German Central Association of the Electrical Engineering and Electronics Industry), such sector decreased by 5.1 % in 2020. In 2020, price-adjusted production fell by 6.1 % year-on-year. For 2021, the ZVEI expects at best a moderately positive development.

The macroeconomic and sector-specific conditions and forecasts vary widely. They are all subject to new escalations in the US/China trade dispute and a continued negative impact on the economy resulting from the Corona pandemic and related measures. In addition, there are currently unpredictable risks, such as the renewed closure of plants due to the Corona virus. Overall, there is no threat of a general recession in the EU, China and the USA for the time being, and the IMF is forecasting a moderate recovery in global economy with a growth of 5.5%. Accordingly, our optimism with regard to the current fiscal year's economic development on the markets relevant to us can be described as slightly optimistic.

3. Profit situation

3.1 Sales development and earnings performance

Compared to the previous year, the key figures relevant for assessing the Company's performance developed as follows:

	2020 million €	2019 million €
Overall performance	145.6	148.3
Other operating income	2.0	3.7
Cost of materials	-72.9	-75.5
Personnel expenses	-40.3	-43.1
Other operating expenses	-26.0	-26.6
Operating result before depreciations	8.1	6.8
Depreciations	-5.0	-5.1
Operating result	3.1	1.6
Financial result	-1.0	-0.4
Earnings before taxes (EBT)	2.2	1.2
Income and other taxes	-2.7	-2.2
Annual group resul	-0.6	-1.0

AdCapital AG's associated companies are primarily manufacturing companies. As they operate in different business areas, they are affected to varying degrees by the overall economic situation. In this context, we have been observing an increasing internationalization of our Group for several years. While the export share of Group sales was 45% in 2011, it had increased to 65% by the fiscal year 2019. In the 2020 reporting year, it further increased to 69%. The generally rising export ratio is due to our growing automotive business, especially at Jaeger Group. In this respect, there is a high dependence on the capital goods industry and thus (indirectly) on our customers' exports. On the other hand, some of our companies are characterized by a strong regional focus

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on the German or German-speaking region. Thus, the AdCapital Group's business development continues to be influenced both by the economic environment in Germany and, to an increasing extent, by the global economic situation, especially the global automotive industry.

The Group's profit situation reflects the individual companies' different developments and a strong influence of economic developments, particularly in the second half of the year.

Jaeger Group, BDT, FRAKO and KTS were able to generate positive operating results in 2020. In contrast hereto, Opus and Taller generated losses which are due, to some extent, to the Corona crisis.

It is obvious that the insecure economic and political situation in Europe and worldwide, which is mainly due to the Corona pandemic, had a significant impact on the Group's business development, inter alia also through discussions about combustion engines and e-mobility, trade disputes, Brexit, and the conflict in Middle East. Inter alia, Erich Jaeger had to pay punitive tariffs on deliveries from China to North America; fluctuations in the production and development utilization resulted in additional costs, competition for orders became tougher and resulted in price reductions.

The sales development and earnings performance in the AdCapital Group can be presented as follows:

With € 145.6 million, overall performance decreased, despite the Corona crisis, only by 1.8 % compared to the previous year figure of € 148.3 million.

Other operating income decreased from € 3.7 million to € 2.0 million. This is mainly due to currency effects.

Cost of materials within the Group decreased by € 2.6 million or 3.4 % from € 75.5 million to € 72.9 million. Therefore, the materials ratio decreased by 0.8 percentage points from 50.9 % in the previous year to 50.1 %. This is mainly due to the fact that Taller traditionally has a high materials ratio. With the reduced performance and Taller GmbH's associated lower cost of materials, cost of materials decreased disproportionately.

Personnel expenses decreased by € 2.8 million to € 40.3 million. This is mainly due to short-time work in individual plants. Thus, the personnel ratio could be reduced accordingly by 27.7 % compared to the previous year.

The Group EBIT amounts to € 3.1 million compared to the previous year's result of € 1.6 million.

The income statement items' structure is presented and commented in detail in the notes to the consolidated financial statements.

All in all, AdCapital Group reports an annual net loss before third-party interests in the amount of € -0.6 million (previous year: annual net loss € -1.0 million).

3.2 Industry holdings

As already mentioned, our most significant holdings managed the fiscal year with different degrees of success:

Despite all adversities, our largest company, **Erich Jaeger**, was able to increase its sales revenues and overall performance compared to the previous year but was, however, slowed down on the European market due to the automobile industry's difficult economic situation. Yet, despite the crisis, it was able to moderately exceed the growth targets planned within the Group prior to Corona. The operating result, too, could be increased compared to the previous year in particular due to the success on the flourishing Chinese commercial vehicle market.

Taller GmbH started the year 2020 quite well but was hit hard by a Corona-related slump in sales. Furthermore, there was an electroplating accident in June 2020 which, albeit it was perfectly managed with only one week of production downtime, still caused significant material damage. Additionally, the business relationship with two customers was terminated, on the one hand due to technological reasons, and on the other hand due to the compensation dispute, with sales losses from the fourth quarter 2020. Despite the significantly improved internal processes, this resulted in a substantial loss.

The development of **Bavaria Digital Technik** remains at a pleasant level. Sales and result improved despite Corona. This is mainly due to the past years' internal organizational improvements and new customer business.

Thanks to a strong fourth quarter, **FRAKO** was also able to generate, for the first time since many years, a positive result despite continuously decreasing sales. This is due to lower personnel expenses due to short-time work and a noticeably reduced material cost ratio.

KTS's development was stable as well. Despite Corona-related declines in sale, the company was able to achieve a positive result. This shows the stability the company has achieved due to the measures implemented in past years.

OPUS Formenbau GmbH & Co. KG still suffered from the automotive industry's problems. In 2020, too, almost no new vehicles were developed. Uncertainties in connection with the diesel crisis and e-mobility were increased by the Corona crisis. Major parts of the automobile manufacturers' development teams have been in the home office for quite some time, which severely delays developments and new orders to suppliers. An almost ruinous price war flared up for the sector's few orders. This is reflected by a severe drop in sales and high losses of the company. Nevertheless, the company's prospects are good, and the order books started to fill since the fourth quarter; prices, however, have not yet recovered.

4. Financial position and assets

4.1 Portfolio development

As part of the change in Group strategy already implemented in 2012, acquisitions in the investment portfolio will only be pursued in order to selectively supplement existing value chains at our existing subsidiaries, particularly in the automotive sector. We aim to retain our shareholdings in the long term and develop them successfully. Against this background, there were again no new investments in the investment area in the past fiscal year.

4.2 Investments

	2020 million €	2019 million €
Investment volume, Group	4.0	3.7

In the past fiscal year, the Group shows, compared to the previous year, moderately increased investment activities. These reflect, in particular, investments for Erich Jaeger's expansion strategy.

4.3 Financial position

4.3.1 Financial strategy

In the past, the individual Group companies' financing needs were covered, in Germany, mainly by the provision of equity, shareholders' loans and the integration into AdCapital AG's cash-pool system. Within the course of our financial strategy's realignment, we retained AdCapital Group's debt-equity ratio during the reporting year on the achieved level.

Our objective is to achieve an optimized equity ratio from a shareholder value perspective. With 61.7 % compared to 65.3 % in the previous year, our equity ratio is still and despite the Corona crisis sustainably appropriate and optimized from a shareholder value perspective.

In addition to the actual drawdowns, we also have access to extensive free credit lines in order to finance growth due to our impeccable creditworthiness. We hold AdCapital AG's free liquidity in cash to ensure that financial resources are available at all times and to rule out valuation risks.

In particular for the financing of growth, Erich Jaeger secured loan and leasing facilities in the total amount of € 18 million. These serve, to some extent, the cushioning of liquidity bottlenecks in the form of current account operating loans.

Thus, the Group's financial position remains stable. Securing all of the Group's and the holding company's operating units is our top priority; therefore, we are going to propose to the annual general meeting to not make any distributions this year as well.

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4.3.2 Capital structure

AdCapital Group shows the following capital structure:

	31.12.2020	%	31.12.2019	%
	million €		million €	
Equity	58.9	61.7	61.8	65.3
Borrowed capital	36.6	38.3	32.8	34.7
Total capital	95.5	100.0	94.6	100.0

Pursuant to the described financial strategy, the Group shows an optimized equity ratio also in times of the Corona crisis.

4.3.3 Cash-flow / condensed cash-flow statement

The Group's cash flow developed as follows:

	2020	2019
	million €	million €
Operating cash-flow	8.8	5.2
Net investments	-3.8	-3.0
Free cash-flow	5.0	2.2
Cash-flow from financing activities	-3.7	-2.9

For more details, please refer to the cash-flow statement and the information provided under Section 4.3.1 Financial strategy.

4.3.4 Cash-pool system

All of the Group's significant domestic companies are incorporated in AdCapital Group's cash pooling. The Group's cash-pool system ensures low-interest and unbureaucratic working capital financing for the affiliated Group companies. It also avoids the build-up of expensive and unnecessary liquid funds at the subsidiaries' level.

4.4 Assets

	31.12.2020	%	31.12.2019	%
	million €		million €	
Fixed assets	24.3	25.4	26.0	27.5
Current and other assets	71.2	74.6	68.5	72.5
incl. cash and cash equivalents	9.8	10.2	8.5	9.0
Total assets	95.5	100.0	94.5	100.0

Working capital increased moderately, in particular due to the measures already implemented within the scope of Erich Jaeger's expansion strategy.

In light of the financing required for further growth and the consideration of a security reserve, we consider the level of our liquidity (cash and cash equivalents) plus free contractual credit reserves to be appropriate and necessary.

4.5 Overall assessment of the economic situation

The Group's assets and financial position are in good order. With its available financial resources and the external financing potential, AdCapital will be able to successfully fulfill its tasks, in particular the financing of its associated companies, also in future. In the event of larger expansion investments, such as the acquisition of new investments, further financing sources are available to us if needed.

The Group's and AdCapital AG's equity ratios are exceptionally high.

The profit situation in the fiscal year is unsatisfactory; however, it is well above our forecasts made during the Corona crisis. We have reported on the corresponding reasons. The start into the fiscal year 2021 is still characterized by a volatile environment. In addition to the risks from the automotive industry's crisis, which have been known for some time, and political risks (including the trade conflict), the Corona virus poses a further risk the impact of which

we are currently unable to assess. The associated supply chain problems for both our companies and our customers and suppliers will continue to generate uncertainty, which we are unable to assess at the time of this report's preparation. However, a significant impact on sales, earnings and liquidity must be expected. Due to rising commodity prices and tightening freight capacities, there are indications of a problem in the procurement of materials as well as a sharp rise in the prices of essential materials such as copper and plastics. Nevertheless, our top priority is to improve the Group's profitability in the medium to long term. The declared goal is to permanently raise the associated companies' competitiveness and profitability to a satisfactory level.

5. Non-financial performance indicators

5.1 Employees

As of December 31, 2020, AdCapital AG had three employees (previous year: three). AdCapital Group employed an average number of staff of 1,414 in 2020. Compared to the previous year (1,449 employees) the number of employees moderately decreased due to the Corona pandemic.

The number of trainees is 27 (previous year: 31). With their training positions, the companies ensure the next generation of qualified specialists at the same time helping to offer young people in Germany future perspectives.

The selection, promotion, continued education and retention of employees play a key role in our HR policy. In this context, the holding company supports with methods and tools and creates platforms for exchange. Good education and training are a prerequisite for AdCapital AG's and its portfolio companies' success.

We make sure to fill new positions with well-trained employees and to retain experienced employees, who distinguish themselves through their competence as well as professionalism, as key personnel in the long term. A common understanding of all of the Group's Managing Directors for the qualified promotion of our employees and their participation in the operational success creates the basis for the employees' identification with the AdCapital Group companies.

5.2 Research and development

In the fiscal year 2020, expenses for research and development within the Group amounted to € 1.0 million (previous year: € 1.5 million).

These mainly include product developments and further developments of the existing product range.

6. Risk report

6.1 Opportunities and risk management system

Our opportunities and risk policy is consistent with our strategy to generate sustainable income and increase in value from our operational shareholdings. Accordingly, we avoid unreasonable risks. The general risk policy is prescribed by the Management Board in close consultation with the Supervisory Board.

Our monitoring system for an early detection of developments jeopardizing the Company's continued existence as a going concern comprises various information and control systems by means of which we meet all current requirements. In this context, both quality and quantity criteria are monitored for the early detection of risks.

6.2 Risk factors from the Group companies' and the subsidiaries' operating business

Default risk

At the operating level, the risk of non-payment by our customers is limited to an unavoidable level as part of an efficient accounts receivable management by handling credit approvals and setting credit limits and other control procedures. Where appropriate, trade credit insurance is taken out to protect against bad debts. In individual cases, delivery against prepayment is agreed with our customers.

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Risk from operating business

On both the purchasing and sales sides, the Group companies often have to deal with significantly larger partners, so that their negotiating power is limited. The Group companies generally endeavor to avoid or minimize their dependence on individual suppliers or customers. However, some Group companies are heavily dependent on major customers.

On the procurement side, the supplier's potential supply or default risk is managed by means of corresponding purchase or supply agreements between the supplier and the AdCapital subsidiary. Outside China, we currently consider the risk of a supplier's total default and that such supplier cannot be replaced in good time by a third-party supplier to be generally rather low. However, we had to struggle with Corona-related temporary plant closures in 2020. It is difficult to make a forecast for further development in this regard.

Furthermore, strongly fluctuating commodity prices, especially for copper, brass and plastics, can lead to significant economic burdens for operating subsidiaries. On the one hand, purchase agreements are concluded with suppliers guaranteeing fixed purchase prices for specific sales volumes. On the other hand, purchase price adjustment clauses (material price surcharges) are agreed with customers, according to which the raw material price risk is transferred to the customer.

Interest and currency risks

Interest rate risks have increased moderately at some individual companies as they draw on bank loans.

The Group's currency risks result from the Group companies' transactions in different currencies. This particularly affects deliveries from foreign production companies to German distribution companies. Since the significant decline in the Euro exchange rate against the currencies important to our Group at the turn of 2014/15, the Euro has initially moved essentially sideways. Since the beginning of 2017, it has increased significantly from \$1.05/€ to over \$1.20/€, where it is currently again after reaching a level of \$1.10/€ at the end of the previous year. With our international orientation and the targeted steady increase in our export ratio, increased currency risks are naturally to be expected in the future. In the past fiscal year, there were predominantly negative effects on the operating result, particularly in the Group's traditional risk currencies, the Mexican peso.

Investments' liquidity

The investments' liquidity is covered by the companies' operating cash flow and by the provision of equity or debt capital by AdCapital AG and financial institutions. The companies' liquidity is monitored on an ongoing basis.

Significant investment decisions are subject to AdCapital AG's approval.

Other risks

We are exposed to indirect risks from a guarantee of up to € 0.6 million arising from a real estate lease agreement for a former investment of AdCapital AG. The provision previously recognized for this guarantee at AdCapital AG was fully reversed in the 2015 financial year, as there is only a very minor residual risk of utilization. AdCapital AG has provided guarantees for Erich Jaeger's new loan in the amount of € 18 million taken out in order to finance growth and working capital.

In connection with individual investments, there are (mutual) dependencies with major customers, which lead to permanent pressure on margins. Furthermore, the economic development of these investments is closely linked to that of the customer.

A major customer's claims for damages described in connection with Taller GmbH have now finally been settled. However, the after-effects will continue to affect Taller GmbH for a considerable time, although it has already been possible to stabilize the business model. We do not see any risk jeopardizing the company's, AdCapital AG's or AdCapital Group's continued existence.

Risk factors from cash and portfolio investments

AdCapital AG's financial investments remaining as of the balance sheet date are with BW Bank. The other subsidiaries' cash holdings are invested with various domestic and foreign banks. Since the sale of our remaining securities portfolio at the beginning of February 2014, there are no longer any risk factors from cash and portfolio investments.

6.3 Overall assessment of the Group's risk situation

On the basis of the performed risk assessment, the Management Board believes there are currently no material risks or risks jeopardizing AdCapital Group's continued existence as a going concern.

The Company is dependent on the recoverability of its individual investments. The identifiable risks were taken into account after comprehensive, continuous individual analyses of all investments on the basis of the standalone financial statements by means of valuation discounts on the assets concerned and the formation of appropriate provisions.

7. Dependency report

There is no control agreement between the shareholder Mr. Günther Leibinger, who holds more than 50% of the shares, and AdCapital AG. Mr. Leibinger also holds interests in other companies. AdCapital AG's Management Board was therefore required to prepare a report on relations with affiliated companies in accordance with Art. 312 AktG. The Management Board declares that, according to the circumstances known to the Management Board at the time the legal transaction was undertaken or the measure was taken or not taken, AdCapital AG received appropriate consideration for each legal transaction and was not disadvantaged by the fact that the measure was taken or not taken.

8. Other information

Please refer to the disclosures on treasury shares pursuant to Art. 160 Sec. 1 No. 2 HGB (German Commercial Code) in the notes.

9. Opportunities / risk and forecast report

9.1 Expected development of the profit situation and financial position

AdCapital Group's planning from December 2020 provides for an increase in total output and operating profit for 2021. In addition to expectations from the operating business, such planning was also based on assumptions as to the pandemic's course, which are also reflected in economic research institutes' forecasts. These forecasts were more optimistic before the second lockdown. The multiple extensions of the lockdown, unclear opening strategies and the associated fears of a negative impact on business now make us more cautious.

This is in particular due to the following facts:

- increasing commodity prices,
- lack of availability of individual components, especially in the electronics sector, so that our plants or our customers' facilities may also suffer production downtimes,
- rising transport costs due to the shortage of available containers,
- high Corona incidences in countries relevant to us, including the Czech Republic, with the risk of plant closures or delivery delays due to border closures,
- very limited new customer acquisition due to travel and contact restrictions.

We further strive to implement our automotive strategy as planned. However, this is becoming increasingly difficult in an international production and sales network. Efficiency-enhancing measures at the individual plants, the planned relocation of some individual items' production, and supply chain optimization all require on-site visits which are currently not possible. Therefore, there are considerable delays in both decision-making and implementation.

In particular, we currently (as of March 2021) already see the following influences on our business performance:

1. higher material prices in significant raw materials such as copper, plastics and electronic components; the extent to which these can be passed on to our customers depends on each individual case
2. shortage of electronic components which, on the one hand, is associated with earlier procurement of the material and thus a higher working capital commitment, but, on the other hand, is already leading to order postponements
3. possible delays in the delivery of machines for cable production and thus delayed start of production.
4. partial delay of customer payments

By securing financial resources in the amount of € 18 million through bank financing, we have created the basis for securing the Group's existence even in a more difficult economic situation. However, these funds are primarily to be used in order to take account of Erich Jaeger's growth. This means that the investments and measures associated with the recent years' order acquisitions are to be implemented.

However, the next few months will certainly continue to be characterized by uncertainty.

- The AdCapital Group
- Economic conditions
- Profit situation
- Financial position and assets
- Non-financial performance indicators

- Risk report
- Dependency report
- Other information
- Opportunities / risk and forecast report
- Final remarks

9.2 Opportunities and risks

The WEF's (World Economic Forum) latest risk report highlights the Corona-related economic crisis' looming consequences of ruining years of progress in reducing poverty and inequality and of further weakening social cohesion and global cooperation. Major job losses, a growing digital divide, the disruption of social relations as well as abrupt movements in markets were looming. In addition, there are environmental/climate and population/migration risks, the devastating catastrophic potentials of which have been variously described. Following the termination of the INF Treaty of 1987 by the USA and Russia, there is the threat of a new arms race. In geo-economic terms, the free trade agreement signed between the EU and Japan is a positive development.

In contrast to these predominantly skeptical observations, there are technological quantum leaps such as AI (self-learning systems), BigData technologies or genetic engineering developments (CRISPR/Cas9) with enormous potential for change. For example, e-mobility, autonomous driving, alternative energy generation, unprecedented medical advances, countless applications targeting human behavior must be named in this context. There is talk of a fourth industrial revolution. The risks of this "revolution": data misuse, cybercrime, sociological upheavals (so-called industrial disruption).

These megatrends involve opportunities and risks of very different significance for our Group companies' development. In particular, we have already positioned ourselves as a supplier in the growth markets of alternative energy generation and optimization of energy consumption in industrial applications and will exploit further opportunities to participate in the growth of this industry segment with innovative products and services. In contrast hereto, we are only indirectly affected by the trend towards e-mobility and autonomous driving in the automotive sector, as we are not operating in the "powertrain combustion engines" or AI business areas. The drastic changes in eco-sociological reality that may accompany the so-called fourth revolution, as well as the shifts in the geopolitical balance of power, will affect all companies to some extent.

10. Final remarks

This Annual Report contains prospective statements and information. These statements are identified by words such as "expect," "plan," "estimate," "will," or similar expressions. Such prospective statements are based on our expectations or the expectations of the Euro system's forecasting experts based on certain assumptions. Therefore, they entail a number of risks and uncertainties.

A variety of factors, many of which are beyond AdCapital AG's control, affect AdCapital Group's business activities, success, business strategy and results. These factors could cause AdCapital Group's actual results, performance or achievements to differ significantly from any future results, performance or achievements that may be expressed or implied by such prospective statements.

Waldbronn, March 18, 2021

AdCapital AG



Hans-Jürgen Döringer
(Management Board)

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AdCapital AG, Tuttlingen
Consolidated Balance Sheet as of December 31, 2020

All figures in K€

ASSETS	Notes	31.12.2020	31.12.2019
A. Fixed assets	4.1		
I. Intangible assets		775	1,412
II. Tangible assets		22,717	23,820
III. Financial assets		810	827
		24,302	26,059
B. Current assets			
I. Inventories	4.2	37,089	36,867
II. Receivables and other assets	4.3	23,856	22,618
III. Securities		0	1
IV. Cash on hand and bank balances	4.4	9,751	8,528
		70,696	68,014
C. Prepaid expenses and deferred charges	4.5	397	475
D. Deferred tax assets		20	50
E. Excess of plan assets over pension liability		64	2
		95,478	94,600
LIABILITIES	Notes	31.12.2020	31.12.2019
A. Equity			
I. Subscribed capital	4.6	41,700	41,700
II. Capital reserve		4,592	4,592
III. Retained earnings	4.7	18,064	18,064
IV. Generated group equity	4.7	-11,017	-8,947
V. Balancing item from currency translation	4.8	-337	-106
VI. Minority interests	4.9	5,898	6,484
		58,900	61,787
B. Provisions	4.10	9,992	9,289
C. Accounts payable	4.11	26,434	23,521
D. Deferred income		152	3
		95,478	94,600

AdCapital AG, Tuttlingen
Consolidated income statement for the fiscal year 2020

All figures in K€

	Notes	2020	2019
1. Sales revenues	5.1	147,631	149,148
2. Change in inventories		-2,036	-873
3. Other own work capitalized		0	2
4. Other operating income	5.2	1,962	3,657
5. Cost of materials	5.3	72,947	75,501
6. Personnel expenses	5.4	40,346	43,102
7. Depreciation and amortization	5.5	5,028	5,128
8. Other operating expenses	5.6	26,077	26,555
9. Operating result		3,159	1,648
10. Financial result	5.7	-968	-403
11. Taxes on income	5.8	-2,714	-2,214
12. Earnings after taxes		-522	-970
13. Other taxes		-61	-55
14. Consolidated annual net loss		-583	-1,025
15. Earnings attributable to shareholders outside the Group		1,875	2,050
16. Group earnings		-2,459	-3,075

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AdCapital AG, Tuttlingen
Consolidated assets analysis as of December 31, 2020

All figures in K€

	Acquisition and manufacturing costs					31.12.2020
	01.01.2020	Additions (+)	Disposals (-)	Repos- tings	Change in currency	
I. Intangible assets						
1. Acquired concessions, industrial property and similar rights and assets as well as licences in such rights and assets	10,304	123	3	0	-30	10,394
2. Goodwill	3,461	0	0	0	0	3,461
3. Goodwill from capital consolidation	10,800	0	0	0	0	10,800
	24,565	123	3	0	-30	24,655
II. Tangible assets						
1. Land, similar rights and buildings including buildings on leasehold land	21,267	120	0	3	-183	21,207
2. Technical equipment and machinery	55,045	676	52	105	-426	55,348
3. Other equipment, factory and office equipment	39,395	1,055	185	366	-212	40,419
4. Prepayments and construction in process	1,338	1,980	121	-473	-18	2,707
	117,045	3,831	358	0	-839	119,679
III. Financial assets						
1. Shares in affiliated companies	5,477	0	0	0	0	5,477
2. Other loans	649	0	18	0	0	631
	6,126	0	18	0	0	6.108
	147,734	3,954	379	0	-869	150,440

Accumulated depreciation					Book value	
01.01.2020	Additions (+)	Disposals (-)	Change in currency	31.12.2020	31.12.2020	31.12.2019
9,122	512	3	-12	9,619	775	1,182
3,461	0	0	0	3,461	0	0
10,570	230	0	0	10,800	0	230
23,153	742	3	-12	23,880	775	1,412
13,458	567	2	-83	13,940	7,267	7,808
46,079	1,891	19	-130	47,821	7,527	8,967
33,687	1,829	176	-138	35,202	5,217	5,708
0	0	0	0	0	2.707	1.338
93,224	4,287	197	-351	96,963	22,717	23,820
5,292	0	0	0	5,292	185	184
6	0	0	0	6	625	643
5,298	0	0	0	5,298	810	827
121,675	5,028	201	-363	126,140	24,302	26,059

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AdCapital AG, Tuttlingen
Consolidated statement of changes in equity for 2020

All figures in K€

	Parent company						Minority shareholders	Group equity
	Subscribed capital Ordinary shares	Capital reserve	Retained earnings	Consolidated net profit / loss	Balancing item from currency translation	Equity	Minority interests in equity	
01.01.2019	41,700	4,592	18,064	-6,027	-212	58,117	6,431	64,549
Dividends paid	0	0	0	0	0	0	-2,036	-2,036
Annual result	0	0	0	-3,075	0	-3,075	2,050	-1,025
Neutral changes in profit/loss	0	0	0	155	106	261	39	300
Total profit/loss	0	0	0	-2,920	106	-2,814	53	-2,761
31.12.2019	41,700	4,592	18,064	-8,947	-106	55,303	6,484	61,787
01.01.2020	41,700	4,592	18,064	-8,947	-106	55,303	6,484	61,787
Gezahlte Dividenden	0	0	0	0	0	0	-2,030	-2,030
Jahresergebnis	0	0	0	-2,459	0	-2,459	1,875	-583
Neutrale Ergebnisveränderungen	0	0	0	389	-231	158	-433	-275
Gesamtergebnis	0	0	0	-2,070	-231	-2,301	-588	-2,888
31.12.2020	41,700	4,592	18,064	-11,017	-337	53,002	5,898	58,900

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AdCapital AG, Tuttlingen
Consolidated cash-flow statement for 2020

All figures in K€

	2020	2019
Period result (including profit attributable to minority interests)	-583	-1,025
+/- Depreciations/appreciations of fixed asset items	5,028	5,128
+/- Increase/decrease in provisions	732	-431
+/- Other non-cash expenses/income	506	1,133
+/- Decrease/increase in inventories, trade receivables and other assets not attributable to investment or financing activities	-1,223	1,538
+/- Increase/decrease in trade payables and other liabilities not attributable to investment or financing activities	3,793	-619
+/- Loss/profit from the disposal of fixed asset items	178	-244
+/- Interest expenses/interest income	375	403
+/- Income tax expenses/income	2,714	2,214
-/+ Income tax payment	-2,742	-2,925
Cash-flow from operating activities	8,778	5,172
- Payments for investments in intangible fixed assets	-123	-455
+ Proceeds from disposals of fixed tangible assets	0	545
- Payments for investments in tangible fixed assets	-3,832	-3,250
+ Proceeds from disposals of financial assets	0	0
+/- Proceeds/payments from disposals of/for investments in financial assets	0	0
+ Interest received	117	132
Cash-flow from investment activities	-3,838	-3,027

All figures in K€

	2020	2019
+ Proceeds from the raising of (financial) credits	4,094	2,872
+/- Proceeds/payments for the raising/repayment of financial liabilities	-5,288	-3,208
- Interest paid	-492	-535
- Dividends paid to minority shareholders	-2,030	-2,036
Cash-flow from financing activities	-3,716	-2,907
Net change in cash and cash equivalents	1,223	-763
+/- Exchange-rate related changes in cash and cash equivalents	0	-36
+/- Consolidation-related changes in cash and cash equivalents	0	-600
+ Cash and cash equivalents at the beginning of the period	8,528	9,927
Cash and cash equivalents at the end of the period *)	9,751	8,528

*) Cash and cash equivalents exclusively comprise cash

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Notes to the consolidated financial statements for the fiscal year 2020

1. General information on the Company

AdCapital AG is an industrial holding company with an investment focus on the electrical engineering, metal and plastics processing, mechanical engineering, toolmaking and automotive sectors.

It is registered in the commercial register at the Stuttgart Local Court under the number HRB 225669. The Company's shares are traded on the Frankfurt Stock Exchange's Basic Board. The Company is not subject to the German Commercial Code's provisions applicable to capital market-oriented companies pursuant to Art. 264d HGB (German Commercial Code).

AdCapital AG's registered office of is in Germany, 78532 Tuttlingen, Daimlerstraße 14. Since November 2020, there has been a permanent establishment of the AG in 76337 Waldbronn, Im Ermlisgrund 11, which is registered in the commercial register and is the place of the Company's management.

2. Accounting and valuation methods

2.1 Basis for the financial statements' preparation

The currency used in the consolidated financial statements is EUR (€). The figures in the consolidated financial statements are generally stated in KEUR (K€).

Pursuant to Art. 290 HGB, AdCapital AG is required to prepare consolidated financial statements and a group management report. AdCapital AG's consolidated financial statements as of December 31, 2020 have been prepared in accordance with the provisions pursuant to German Commercial Code and German Stock Corporation Act.

In order to enhance the presentation's clarity, consolidated balance sheet and consolidated income statement items are combined and presented separately in the notes to the consolidated financial statements.

For the sake of clarity, the notes required by law to be made to the balance sheet and the income statement items, as well as the notes which may optionally be made in the balance sheet, the income statement or the notes to the financial statements, have all been presented in the notes to the financial statements.

The income statement has been prepared according to the total cost method.

2.2 Applied accounting and valuation methods

Internally generated intangible fixed assets are not capitalized.

Acquired intangible assets are capitalized at cost and depreciated according to schedule. The useful lives are 3 to 10 years. Capitalized goodwill from capital consolidation is depreciated over a useful life of 15 years, up to and including 2020.

Tangible assets are recognized at acquisition or manufacturing costs, reduced by scheduled straight-line depreciations. Depreciations are calculated on the basis of the following useful lives: Buildings 10 to 50 years, technical equipment and machinery and other equipment, factory and office equipment 2 to 15 years.

Low-value assets are fully depreciated in the year of acquisition and reported as disposals in the assets analysis.

Non-scheduled depreciations are made if this is required in order to recognize intangible or tangible assets at a lower value to be attributed to them on the reporting date.

Financial assets are recognized at acquisition costs including incidental acquisition costs or the lower fair value. They are depreciated to the lower fair value if such value is expected to be permanent.

Inventories of raw materials, supplies and merchandise are recognized at the lower of average acquisition costs including incidental costs or the stock exchange or market price or the fair value at the balance sheet date. Work in progress and finished goods have been valued at manufacturing cost. These include direct material and production costs, special production costs as well as appropriate allowances for material and production overheads.

Manufacturing costs also include proportionate depreciations on production equipment and administrative expenses for materials and production. Inventory risks due to slow-moving items or long storage periods are taken into account by depreciations.

Receivables are valued at their nominal amount. The impairment of doubtful or uncollectible receivables are reasonably taken into account by appropriate individual value adjustments. The general credit risk is taken into account by means of a general value adjustment. Non-interest-bearing or low-interest receivables are not discounted due to their insignificance or short remaining terms.

Other assets are valued by taking into account the type of asset, based on acquisition costs or nominal value and, if applicable, reduced by depreciations.

Pension provisions are valued, according to actuarial principles, at present value. The projected unit credit method with the "2018 G" mortality tables by Prof. Dr. Klaus Heubeck was used for the valuation. A pension trend of between 0 % and 1.0 % has been applied. The 10-year average interest rates determined and published monthly by Deutsche Bundesbank in accordance with Art. 253 Sec. 2 Sentence 4 HGB are used for discounting (currently: 2.30%, previous year: 2.71%). For simplification purposes, a general term of 15 years is assumed (Art. 253 Sec. 2 sentence 2 HGB).

In accordance with Art. 246 Sec. 2 HGB, liabilities are offset against assets if they are used exclusively to settle liabilities arising from pension obligations or comparable long-term obligations and are not accessible to all other creditors. In case of an excess of assets over liabilities, such excess is reported under the item "Excess of plan assets over pension liabilities".

Tax and other provisions take into account all identifiable risks and uncertain liabilities. They are recognized at the settlement amount required pursuant to prudent commercial assessment.

Liabilities have been recognized at their respective settlement amounts.

Provisions or non-interest-bearing liabilities with a remaining term of more than one year are discounted in accordance with their remaining term at the past seven years' average market interest rate.

Current assets and liabilities denominated in foreign currencies are translated at the average spot exchange rate at the balance sheet date.

Deferred taxes are recognized according to the temporary concept. No deferred tax assets are recognized for tax loss carryforwards. Deferred tax assets and liabilities are netted.

2.3 Consolidated companies and consolidation methods

The consolidated financial statements include AdCapital AG, Tuttlingen, as well as the significant affiliated companies in which AdCapital AG directly or indirectly holds 50% or more of the voting rights or over which it can otherwise exercise a controlling influence. Thus, in addition to AdCapital AG, 15 companies had to be included in the consolidated financial statements as of December 31, 2020 (previous year: 16). EW Hof Group was sold by purchase agreement dated December 11, 2020 (signing) with effect from January 1, 2020 (closing) as planned for some time.

In addition, Insert Ltd. (Turkey) was deconsolidated. As a result, the number of consolidated companies decreased by one compared to the previous year.

A total of six (previous year: six) companies with a low business volume or no business operations are not included in the consolidated financial statements in accordance with Art. 296 Sec. 2 HGB due to their minor significance for the presentation of the Group's net assets, financial position and profit situation.

An associated company, too, has not been included on the basis of the equity method for reasons of materiality.

A complete list of the consolidated companies is included in the notes.

The consolidated financial statements are based on the annual financial statements of the companies included in the Group, which have been prepared in accordance with uniform accounting and valuation principles. The assets and liabilities included in the consolidated financial statements have accordingly been recognized in accordance with the uniform Group accounting and valuation principles applicable to all Group companies.

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Capital consolidation is performed in accordance with Art. 301 HGB according to the purchase method. Investments acquired or sold during the year are included in the consolidated financial statements from the actual date of acquisition and until the actual date of disposal, respectively. The acquisition costs of a corporate transaction are valued according to the fair value of the assets given and liabilities incurred or assumed at the date of acquisition, plus any directly attributable acquisition costs. Identifiable assets acquired and liabilities assumed during a business combination are valued at their fair values at the acquisition date, irrespective of the extent of any minority interest in equity. The excess of the business acquisition's costs over the net fair value of the identifiable assets acquired and liabilities assumed is recognized as goodwill.

All intercompany transactions and balances are fully eliminated within the scope of consolidation. Intercompany profits and losses pursuant to Art. 304 HGB are eliminated unless they are of minor importance.

3. Currency translation

With the exception of equity, asset and liability items in the subsidiaries' financial statements prepared in foreign currencies are translated into Euro at the average spot exchange rate on the reporting date. Income statement items are translated into Euro at the average exchange rate in each case. Differences resulting from currency translation are reported separately within equity under "Balancing item from currency translation".

4. Notes on the consolidated balance sheet

4.1 Fixed assets

The development of fixed assets is shown in the consolidated assets analysis. Additions of companies consolidated for the first time and disposals of companies sold are reported separately under acquisition costs and under depreciation and amortization.

Fixed assets are structured as follows:

	31.12.2020 K€	31.12.2019 K€
Acquired concessions, industrial property and similar rights and assets as well as licences in such rights and assets	775	1,182
Goodwill from capital consolidation	0	230
Intangible assets	775	1,412

Acquired intangible assets are capitalized at cost and depreciated according to schedule.

Goodwill from capital consolidation relates to FRAKO Kondensatoren- und Anlagenbau GmbH. Due to constant general conditions after the company's acquisition, in particular continuing sales and procurement contracts and the long-term product portfolio, a useful life of 15 years was assumed. Goodwill was fully depreciated in the amount of K€ 230 in 2020.

	31.12.2020 K€	31.12.2019 K€
Land, similar rights and buildings including buildings on leasehold land	7,267	7,808
Technical equipment and machinery	7,527	8,967
Other equipment, factory and office equipment	5,217	5,708
Prepayments and construction in process	2,707	1,338
Tangible assets	22,717	23,820

	31.12.2020 K€	31.12.2019 K€
Shares in non-consolidated companies	185	184
Other loans	625	643
Financial assets	810	827

4.2 Inventories

Inventories are structured as follows:

	31.12.2020 K€	31.12.2019 K€
Raw materials and supplies	15,104	11,175
Work in process	4,381	4,276
Finished goods and merchandise	16,278	21,283
Prepayments	1,325	133
	37,089	36,867

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4.3 Receivables and other assets

Receivables and other assets are structured as follows:

	Total	Maturity	Maturity
	K€	up to 1 year	more than 1 year
		K€	K€
Trade receivables	16,993	16,993	0
(previous year)	(14,212)	(14,212)	(0)
Receivables from companies in which the Company has a participating interest	0	0	0
(previous year)	(4)	(4)	(0)
Other assets	6,863	4,941	1,922
(previous year)	(8,402)	(6.119)	(2,283)
	23,856	21,934	1,922
	(22,618)	(20,335)	(2,283)

4.4 Cash and cash equivalents

Cash and cash equivalents in the amount of K€ 9,751 (previous year: K€ 8,528) include cash on hand, Postbank balances, bank balances and checks.

4.5 Prepaid expenses and deferred charges

Prepaid expenses in the amount of K€ 397 (previous year: K€ 475) include expenses incurred prior to the reporting date representing expenses for a certain period after such date. As in the previous year, no discount is included.

4.6 Equity

Please refer to the separate statement of changes in equity.

Subscribed capital and capital reserve

The capital stock is unchanged from the previous year and amounts to K€ 41,700.

The capital stock is divided into 14,000,000 no-par value bearer shares. Each share has an arithmetical interest in the capital stock of € 2.98 (previous year: € 2.98).

Shares outstanding

In 2009, 371,116 treasury shares were acquired and offset directly against retained earnings in an amount equal to the acquisition costs of K€ 2,269. The amount in the capital stock is K€ 1,105. In 2020, no treasury shares were sold, so that, as in the previous year, a total of 58,430 shares with an arithmetical share in the capital stock of K€ 174 are still held by AdCapital AG itself. This corresponds to a share of 0.4% of the share capital.

Therefore, unchanged from the previous year, a total number of 13,941,570 shares was outstanding as of the balance sheet date.

Unchanged from the previous year, the capital reserve amounts to K€ 4,592.

4.7 Generated consolidated equity

Retained earnings and generated consolidated equity amount to K€ 7,047 (previous year: K€ 9,117).

The generated consolidated equity includes the Group companies' annual results (excluding minority interests in the annual results), the consolidation entries affecting equity, and the withdrawals from AdCapital AG's retained earnings less the dividends paid to AdCapital AG's shareholders as well as to the participating minority shareholders.

For details, please refer to the statement of changes in equity.

4.8 Balancing item from foreign currency translation

Currency translation differences were incurred for foreign investments in the Czech Republic, the USA, China, Hong Kong and Mexico.

Please refer to the statement of changes in equity.

4.9 Minority interests

The minority interests in the consolidated subsidiaries' equity relate in particular to Jaeger Poway Automotive Systems Ltd. (Shenzhen), Jaeger Poway Ltd. and OPUS Formenbau GmbH & Co. KG.

4.10 Provisions

	31.12.2020	31.12.2019
	K€	K€
Provisions for pensions and similar obligations	2,838	2,771
Tax provisions	705	733
Other provisions	6,450	5,785
	9,992	9,289

Provisions for pensions and similar obligations take into account claims by various Group companies' employees.

Settlement amounts for pension obligations were netted against the existing reinsurance policy's fair value if the requirements pursuant to Art. 246 Sec. 2 HGB or the requirements for aggregation into a valuation unit were met. The acquisition costs of the offset assets are derived from the pro-rata contributions made to the reinsurance policy in the past.

	Balance sheet	Acquisition	Income
	31.12.2020	costs	statement
	K€	K€	K€
Reinsurance's asset value	-467	-427	
Pension provision	2,838		
Pensions			-225
Interest income from asset values			38
Interest expenses for pension provision			-206
Balance from offsetting	2,371	n/a	-393

Pension payments within the Group amounted to K€ 245 in the reporting year (previous year: K€ 249). The difference blocked for distribution in accordance with Art. 253 Sec. 6 sentence 1 HGB amounts to K€ 249. Tax provisions relate to fiscal years not yet assessed.

Other provisions have been recognized mainly for personnel expenses, warranty expenses, annual financial statements and audit costs, legal and consulting fees, and for other uncertain liabilities to third parties.

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4.11 Liabilities

Liabilities are structured as follows:

	Total K€	Maturities up to 1 year K€	Maturities 1 to 5 years K€	Maturities more than 5 years K€
Payables to banks	7,891	5,898	1,887	106
Previous year	(9,086)	(4,160)	(4,926)	(0)
Customer advances	635	635	0	0
Previous year	(201)	(201)	(0)	(0)
Trade payables	12,354	12,354	0	0
Previous year	(10,738)	(10,738)	(0)	(0)
Payable to companies in which the company has a participating interest	0	0	0	0
Previous year	(0)	(0)	(0)	(0)
Other liabilities	5,554	5,411	143	0
Previous year	(3,496)	(2,747)	(749)	(0)
	26,434	24,298	2,030	106
Previous year	(23,521)	(18,475)	(5,046)	(0)

Other liabilities include tax liabilities in the amount of K€ 1,473 (previous year: K€ 845) and social security liabilities in the amount of K€ 208 (previous year: K€ 655).

Of these liabilities, an amount of K€ 2,198 (previous year: K€ 2,536) was secured by mortgages, bank guarantees and other collateral.

4.12 Deferred taxes

Art. 274 HGB provides a general option for the recognition of deferred tax assets resulting from the standalone financial statements. However, they must be capitalized at least in an amount equal to deferred tax liabilities. Apart from that, no use has been made of the optional capitalization pursuant to Art. 274 HGB.

In contrast hereto, deferred tax assets arising from consolidation must be recognized in accordance with Art. 306 HGB; they were reported by exercising the option in Art. 306 HGB and by netting them against deferred tax liabilities.

Deferred tax assets in the amount of K€ 83 (previous year: K€ 77), mainly resulting from the elimination of intercompany profits, were accordingly offset against deferred tax liabilities from differences between the commercial and tax balance sheets and from debt consolidation in the amount of K€ 63 (previous year: K€ 27). The surplus on the assets side and thus the deferred tax assets amount to K€ 20 (previous year: K€ 50). Tax rates of between 19 % and 25 % were applied in the valuation of deferred taxes.

The change in deferred taxes can be presented as follows:

	01.01.2020 K€	Addition K€	Consumption K€	31.12.2020 K€
Deferred tax assets	77	6	0	83
Deferred tax liabilities	27	36	0	63

Deferred taxes on loss carryforwards have not been capitalized.

5. Notes on the consolidated income statement

5.1 Sales revenues

Sales revenues are structured as follows according to regions:

	2020 K€	2019 K€
Germany	45,768	52,645
Abroad	101,863	96,503
	147,631	149,148

5.2 Other operating income

	2020 K€	2019 K€
Income from the sale of fixed assets	6	244
Income from the reversal of provisions	525	214
Currency gains	579	2,085
Other	853	1,114
	1,962	3,657

Income relating to other periods was recorded in the total amount of K€ 703 (previous year: K€ 235). This mainly related to the reversal of provisions in the amount of K€ 525 (previous year: K€ 214).

5.3 Cost of materials

	2020 K€	2019 K€
Cost of raw materials, supplies and merchandise	71,110	73,858
Cost of purchased services	1,837	1,643
	72,947	75,501

5.4 Personnel expenses / number of employees

	2020 K€	2019 K€
Wages and salaries	34,243	36,266
Social security, pension and other benefits - incl. for pensions K€ 67 (previous year: K€ 124)"	6,103	6,836
	40,346	43,102

The average number of employees for the year is as follows:

	2020	2019
Direct employees	1,151	1,152
Indirect employees	263	297
	1,414	1,449

Direct employees are persons who are directly involved in the production process.

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5.5. Depreciations of intangible and tangible fixed assets

	2020 K€	2019 K€
Depreciation of goodwill from capital consolidation	230	240
Other	4,798	4,888
	5,028	5,128

See also the information in the consolidated assets analysis.

5.6 Other operating expenses

	2020 K€	2019 K€
General operating expenses	2,343	2,031
Rent and lease, occupancy costs	2,723	2,514
Transport costs	3,848	2,691
Energy costs	2,215	2,234
Repair and maintenance	1,633	1,905
Personnel leasing	485	1,281
Vehicle costs	786	897
Legal and consulting fees	1,629	1,202
Travel expenses	222	781
Allocation to individual value adjustment of receivables	137	405
Other administrative expenses	1,879	2,031
Insurances	767	726
Currency losses	1,665	2,036
IT costs	1,166	1,046
License fees (excl. IT)	217	407
Communication costs	510	521
Commissions	776	671
Distribution and advertising costs	444	811
Other	2,634	2,365
	26,077	26,555

Expenses relating to other periods amounted to K€ 226 (previous year: K€ 460). They include bad debt losses, additions to individual and general value adjustments of receivables, and other non-periodic costs.

5.7 Financial result

	2020 K€	2019 K€
Loss from participations	-332	0
Income from loans of financial assets	3	1
Depreciation of financial assets and securities held as current assets	-262	0
Other interest and similar income	117	133
Interest and similar expenses	-492	-535
	-968	-403

Interest expenses from the compounding of provisions amounted to K€ 134 (previous year: K€ 103).

5.8 Taxes on income

	2020 K€	2019 K€
Income taxes in the fiscal year	2,419	2,127
Income (-)/Expenses (+) from change in deferred taxes	-30	-41
Other income taxes previous years	273	128
	2,714	2,214

6. Contingent liabilities and off-balance-sheet transactions / other financial obligations

AdCapital Group's contingent liabilities and other financial obligations are as follows:

	31.12.2020 K€	31.12.2019 K€
Contingent liabilities	600	1,010
Guarantees		
Other financial obligations	11,700	15,221
Obligations from commitments, rent and leasing contracts		

As of December 31, 2020, there are obligations of K€ 600 (previous year: K€ 1,010) from a guarantee for a long-term real estate contract. In our opinion, there is currently no risk of the Group being held liable because, based on current knowledge, we assume the principal debtor will fulfill its obligations.

There are no other transactions or obligations not included in the consolidated balance sheet or the notes to the consolidated financial statements.

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7. Management Board

The following person is a member of the Company's Management Board:

Mr. Hans-Jürgen Döringer,
Dipl.-Ökonom (graduate economist)

In accordance with Art. 286 Sec. 4 HGB, the Management Board's compensation is not disclosed.

8. Supervisory Board

The following persons have been appointed to the Supervisory Board:

Chairwoman
Dr. Sonja Zobl-Leibinger,
Self-employed lawyer

Deputy Chairman
Dr. Christoph Zobl,
Self-employed lawyer

Further members
Mr. Hans-Joachim Holstein,
Business Consultant

Mr. Maximilian Meyer zu Schwabedissen,
German CPA

In the fiscal year 2020, expenses of K€ 101 (previous year: K€ 72) were incurred for the Supervisory Board's remuneration.

9. Auditor's total fee

	2020 T€	2019 T€
Audit of annual and consolidated financial statements of the current year	235	232
Tax consulting fees	35	35
	270	267

10. Significant transactions with related parties

AdCapital AG has not entered into any transactions with related parties on non-arm's length terms.

11. AdCapital AG's Group companies, consolidated on the basis of full consolidation (shareholdings of 50% and more)

In addition to AdCapital AG, the following 15 companies have been included in the consolidated financial statements:

Name	Registered office	Share in capital in %	
		Additive	Multiplicative
AdCapital Beteiligungs GmbH	Tuttlingen	100.00	100.00
EP Connectors GmbH	Waldbronn	100.00	100.00
Berliner Elektro-Technik GmbH	Tuttlingen	100.00	100.00
Bavaria Digital Technik GmbH	Pfronten	100.00	100.00
FRAKO Kondensatoren- und Anlagenbau GmbH	Teningen	100.00	100.00
Erich Jaeger GmbH + Co. KG	Friedberg	100.00	100.00
EJR Erich Jaeger Roznov s.r.o.	Kopřivnice (Czech Republic)	100.00	100.00
Jaeger France SARL	Lyon (France)	100.00	100.00
Erich Jaeger Mexico, S. de R.L.	Piedras Negras (Mexico)	99.00	99.00
Erich Jaeger U.S.A. Inc.	Plymouth, MI (USA)	100.00	100.00
Jaeger Poway Ltd.	Hongkong (China)	60.00	60.00
Jaeger Poway Automotive Systems (Shenzhen) Ltd.	Shenzhen (China)	60.00	60.00
KTS Kunststoff Technik Schmölln GmbH	Schmölln	100.00	100.00
OPUS Formenbau GmbH & Co. KG	Schönau	75.00	75.00
Taller GmbH	Waldbronn	99.95	99.95

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12. AdCapital AG's Group companies, not consolidated

Name	Registered office	Share in capital in %	
		Additive	Multiplicative
AdCapital Invest GmbH	Tuttlingen	100.00	100.00
Jaeger Verwaltungs GmbH	Friedberg	100.00	100.00
fps Verwaltungs GmbH	Teningen	100.00	100.00
OPUS Formenbau Verw. GmbH	Schönau	75.00	75.00
Grundstücksgesellschaft am Entenfang mbH	Hannover	100.00	100.00
frako power systems GmbH & Co. KG	Teningen	100.00	100.00

13. Appropriation of profits as proposed by the parent company

AdCapital AG's annual financial statements as of December 31, 2020 show a net profit of K€ 1,324. A proposal will be made to the annual general meeting to carry forward the net profit to new account.

14. Other information

The consolidated financial statements as of December 31, 2020 will be filed with the commercial register at the Stuttgart Local Court and published in the electronic Federal Gazette.

15. Supplementary report

There were no significant events after the balance sheet date.

Waldbronn, March 18, 2021

AdCapital AG



Hans-Jürgen Döringer
(Management Board)

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Independent Auditor’s Certificate

To AdCapital AG, Tuttlingen:

Audit opinions

We have audited AdCapital AG, Tuttlingen and its subsidiaries’ (the Group) consolidated financial statements, comprising the consolidated balance sheet as of December 31, 2020, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal year from January 1 through December 31, 2020 as well as the notes to the consolidated financial statements, including a presentation of accounting and valuation methods. In addition, we have audited AdCapital AG, Tuttlingen’s group management report for the fiscal year from January 1 through December 31, 2020.

According to our assessment based on our audit’s findings

- the attached consolidated financial statements comply, in all material respects, with the provisions pursuant to German commercial law and provide, in compliance with German generally accepted accounting principles, a true and fair view of the Group’s assets and financial position as of December 31, 2020, and of its profit situation for the fiscal year from January 1 through December 31, 2020; and
- the attached group management report as a whole provides a true and fair view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of the Group’s future development.

Pursuant to Art. 322 Sec. 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the consolidated financial statements’ and the group management report’s legal compliance.

Basis for the audit opinions

We have conducted our audit of the consolidated financial statements and of the group management report in accordance with Art. 317 HGB and in compliance with German Generally Accepted Standards for the Audit of Financial Statements issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer; “IDW”). Our responsibilities under these requirements and principles are further described in our audit certificate’s section

“Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report”. We are independent of the Group companies in accordance with the requirements pursuant to European law as well as German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate in order to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Legal Representatives’ and Supervisory Board’s Responsibilities for the Consolidated Financial Statements and the Group Management Report

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements pursuant to German commercial law and that the consolidated financial statements, in compliance with German generally accepted accounting principles, provide a true and fair view of the Group’s assets, financial position, and profit situation. Furthermore, the legal representatives are responsible for such internal controls they have, in compliance with German generally accepted accounting principles, deemed necessary in order to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility to disclose, as applicable, matters related to the going concern principle. Furthermore, they are responsible for financial reporting on a going concern basis unless otherwise required due to actual or legal circumstances.

Furthermore, the legal representatives are responsible for the preparation of the group management report that, as a whole, provides a true and fair view of the Group’s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development.

Furthermore, the legal representatives are responsible for such precautions and measures (systems) they have deemed necessary in order to enable the preparation of a group management report in accordance with the applicable German legal requirements and in order to be able to provide sufficient appropriate evidence for the statements made in the group management report.

The Supervisory Board is responsible for monitoring the Group’s financial reporting process for the preparation of the consolidated financial statements.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Group Management Report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the group management report as a whole presents a true and fair view of the Group’s position and is, in all material respects, consistent with the consolidated financial statements and the knowledge obtained during our audit, complies with German legal requirements and appropriately presents the opportunities and risks of the Group’s future development, as well as to issue an audit certificate that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Art. 317 HGB and in compliance with German Generally Accepted Standards for the Audit of Financial Statements promulgated by the IDW will always detect any material misstatement. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the group management report.

We exercise professional judgment and maintain professional skepticism throughout the entire audit. We also:

- identify and assess the risks of material misstatements in the consolidated financial statements and the group management

report, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting any material misstatements resulting from fraud is higher than for those resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;

- obtain an understanding of the internal control system relevant for the audit of the consolidated financial statements and of arrangements and measures relevant for the audit of the group management report, in order to plan audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems;
- evaluate the appropriateness of accounting policies applied by the legal representatives and the reasonableness of accounting estimates and applicable disclosures made by the legal representatives;
- draw conclusions on the appropriateness of the going concern principle applied by the legal representatives and, based on the audit evidence obtained, whether there is a material uncertainty in connection with events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention to the related disclosures in the consolidated financial statements and the group management report in our audit certificate or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements, in compliance with German generally accepted accounting principles, provide a true and fair view of the Group’s assets, financial position and profit situation;

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• obtain sufficiently appropriate audit evidence regarding the financial information of the entities or business activities within the Group in order to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions;

We discuss with the supervisors, inter alia, the planned scope and timing of the audit as well as significant audit findings, including any significant deficiencies in the internal control system we identify during our audit.

Stuttgart, March 18, 2021

• evaluate the group management report's consistency with the consolidated financial statements, its conformity with German law, and its presentation of the Group's situation;

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
(Düsseldorf)

• perform audit procedures on the prospective information presented by the legal representatives in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

Peter Schill
German CPA

Jürgen Bechtold
German CPA

AdCapital AG, Tuttlingen
Consolidated financial statements as of December 31, 2020 and group management report for the fiscal year 2020

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AdCapital AG, Tuttlingen
Balance Sheet as of December 31, 2020

ASSETS	Notes	31.12.2020	31.12.2019
A. Fixed assets	2.1.	€	K€
I. Intangible assets		35,208.33	56
II. Tangible assets		26,943.14	38
III. Financial assets		30,513,270.20	30,566
		30,575,421.67	30,659
B. Current assets			
I. Receivables and other assets	2.2.	33,083,838.37	32,864
II. Cash on hand and bank balances		5,588,140.49	4,621
		38,671,978.86	37,485
C. Prepaid expenses and deferred charges		15,636.11	176
		69,263,036.64	68,320
LIABILITIES	Notes	31.12.2020	31.12.2019
A. Equity		€	T€
I. Subscribed capital	2.3.	41,700,000.00	41,700
II. Capital reserve		4,592,052.68	4,592
III. Retained earnings		18,063,687.48	18,064
IV. Net profit		1,324,061.54	2,523
		65,679,801.70	66,879
B. Provisions	2.4.	736,888.00	460
C. Accounts payable	2.5.	2,846,346.94	981
		69,263,036.64	68,320

AdCapital AG, Tuttlingen
Income statement for the fiscal year 2020

	Notes	2020	2019
		€	K€
1. Sales revenues	3.1.	89,349.93	154
2. Other operating income incl. from currency translation EUR 0,00 (previous year KEUR 0)	3.2.	796,235.45	853
		885,585.38	1,007
3. Cost of materials	3.3.	1,421.36	30
4. Personnel expenses	3.4.	634,508.58	703
5. Depreciation of intangible and tangible fixed assets	3.5.	31,387.87	82
6. Other operating expenses incl. from currency translation EU 0,00 (previous year KEUR 0)	3.6.	2,141,984.69	1,361
7. Financial result	3.7.	725,652.78	1,027
8. Taxes on income	3.8.	0.00	-39
9. Earnings after taxes		-1,198,064.34	-103
10. Other taxes		856.75	1
11. Annual net loss		-1,198,921.09	-104
12. Retained earnings		2,522,982.63	2,628
13. Dividend distribution		0.00	0
14. Allocation to retained earnings		0.00	0
15. Net profit		1,324,061.54	2,523

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AdCapital AG, Tuttlingen
Development of fixed assets during the fiscal year 2020

All figures in K€

	Acquisition or manufacturing costs			
	as of 01.01.2020	Additions (+)	Disposals (-)	as of 31.12.2020
I. Intangible assets				
1. Software	1,506	0	0	1,506
	1,506	0	0	1,506
II. Tangible assets				
1. Land and buildings	51	0	0	51
2. Other equipment, factory and office equipment	234	1	28	207
	285	1	28	258
III. Financial assets				
1. Shares in affiliated companies	49,024	0	0	49,024
2. Loans to affiliated companies	556	0	53	503
3. Participations	0	0	0	0
	49,580	0	53	49,527
	51,371	1	81	51,291

	Depreciations/appreciations			Book values	
	as of 01.01.2020	Additions (+)	Disposals (-)	as of 31.12.2020	as of 31.12.2019
	1,450	21	0	1,471	35
	1,450	21	0	1,471	35
	51	0	0	51	0
	197	10	27	180	27
	248	10	27	231	27
	19,014	0	0	19,014	30,010
	0	0	0	0	503
	0	0	0	0	0
	19,014	0	0	19,014	30,513
	20,713	31	27	20,716	30,575

30,659

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Notes to the annual financial statements for the fiscal year 2020

1. General information and explanations on the accounting and valuation methods

AdCapital AG, registered office in Tuttlingen, is registered with the Stuttgart Local Court under register number HRB 225669. Since November 2020, the AG has a permanent establishment in 76337 Waldbronn, im Ermlisgrund 11, which is registered in the commercial register and is the Company's place of management.

The annual financial statements have been prepared in accordance with the general valuation requirements pursuant to Art. 252 to 256a HGB and by taking into account the special accounting and valuation requirements for corporations (Art. 268, 270 to 272, 274 HGB) as well as the German Stock Corporation Act's supplementary provisions. For AdCapital AG's annual financial statements as of December 31, 2020, the provisions for small corporations pursuant to German Commercial Code as amended by the Accounting Directive Implementation Act ("BilRUG") apply. Accounting and valuation methods have largely been retained unchanged from the previous year. Please refer to the individual items' explanations in the notes.

The financial statements have been prepared in K€.

Intangible and tangible fixed assets are recognized at acquisition or manufacturing costs, reduced by scheduled and non-scheduled depreciations. Tangible fixed assets are depreciated according to the straight-line method. Low-value assets with an amount of up to € 1,000 are fully depreciated and reported as disposal in the year of acquisition. The assets' useful lives are 3 to 5 years.

Financial assets are recognized at the lower of cost or fair value. They are depreciated to the lower fair value if such value is expected to be permanent.

Receivables are valued at nominal values. Impairments of doubtful or uncollectible receivables are reasonably taken into account by corresponding individual value adjustments.

Other assets are valued by taking into account the asset's type on the basis of acquisition costs and, if applicable, reduced by depreciations.

Tax provisions and other provisions take into account all discernible risks and uncertain liabilities. They have been recognized at the settlement amount required pursuant to prudent commercial assessment. Provisions with a maturity of more than one year are discounted with the past seven fiscal years' average market rate according to their remaining term.

Liabilities have been recognized at their settlement amount.

Foreign currency receivables are valued at the lower of the selling rate as of the date of acquisition or the rate as of the reporting date; foreign currency liabilities at the higher of the buying rate as of the date of acquisition or the rate as of the reporting date. If the foreign currency assets and liabilities have a remaining term of one year or less, Art. 253 Sec. 1 sentence 1 and Art. 252 Sec. 1 No. 4 HGB were not applied in accordance with Art. 256a HGB.

The income statement has been prepared according to the total cost method.

2. Notes on the balance sheet

2.1 Fixed assets

The development of fixed assets is presented in the attachment to these notes.

Financial assets comprise all directly held shares in affiliated companies as well as AdCapital AG's participations. In the following, we present the shareholdings in these directly held affiliated companies and participations as of December 31, 2020:

Name	Registered office	Share in capital in %	Equity K€	Annual result K€
AdCapital Beteiligungs GmbH	Tuttlingen	100.00	607	978
Berliner Elektro-Technik GmbH	Tuttlingen	100.00	-4,469	-209
AdCapital Invest GmbH	Tuttlingen	100.00	n/a	n/a

By decision of November 11, 2014, the Rottweil Local Court opened insolvency proceedings in connection with AdCapital Invest GmbH's assets. The shares in AdCapital Invest GmbH (K€ 27) were fully depreciated already in the fiscal year 2014. Further effects on AdCapital AG are not to be expected.

Significant indirect interests are held in the following companies:

Name	Registered office	Share in capital in %	Equity K€	Annual result K€
Bavaria Digital Technik GmbH	Pfronten	100.00	4,506	0 ¹
Erich Jaeger GmbH + Co. KG	Friedberg	100.00	16,082	2,049
Erich Jaeger s.r.o. ²	Koprivnice, Czech Republic	100.00	10,854	681
Jaeger France s.a.r.l.	Limonest, France	100.00	2,673	279
Jaeger Poway Ltd. ²	Hongkong, China	60.00	248	265
Jaeger Poway Automotive Systems (Shenzhen) Limited ²	Shenzhen, China	60.00	13,607	5,167
Erich Jaeger México S. de R.L. de C.V. ²	Piedras Negras, Mexico	100.00	1,842	-973
Erich Jaeger U.S.A. Inc. ²	Plymouth, MI, USA	100.00	-2,790	-766
OPUS GmbH & Co. KG	Schönau	75.00	1,442	-1,312
KTS GmbH	Schmölln	100.00	706	192
FRAKO Kondensatoren- und Anlagenbau GmbH	Teningen	100.00	4,622	102
Taller GmbH	Waldbronn	99.95	46	-26
EP Connectors GmbH	Waldbronn	100.00	156	-261

¹ Due to a profit-and-loss transfer agreement concluded with AdCapital Beteiligungs GmbH as of 2019

² Local currency converted as of the reporting date

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2.2 Receivables and other assets

Receivables and other assets are structured as follows:

	Gesamt K€	Fälligkeit bis zu 1 Jahr K€	Fälligkeit über 1 Jahr K€
Trade receivables (previous year)	2 (0)	2 (0)	0 (0)
Receivables from affiliated companies (previous year)	31,110 (30,523)	9,872 (5,519)	21,238 (25,004)
Receivables from companies in which the company has a participating interest (previous year)	0 (0)	0 (0)	0 (0)
Other assets (previous year)	1,971 (2,341)	344 (581)	1,627 (1,760)
Total (previous year)	33,083 (32,864)	10,218 (6,100)	22,865 (26,764)

Receivables from affiliated companies mainly relate to granted loans: K€ 25,044 (previous year K€ 24,242) as well as draw-downs from the cash pool, K€ 5,644 (previous year: K€ 4,782) of AdCapital AG, each after deducting individual value adjustments as of December 31, 2020. AdCapital AG formed a cash pool with several associated companies, where both the parent company's and the subsidiaries' cash inflows and outflows are offset on the same day. The corresponding balance per subsidiary is recognized either as receivable from affiliated companies or as payable to affiliated companies.

Other assets mainly relate to two loan receivables from an associated company's co-shareholder for the financing of the plant leased by the subsidiaries.

2.3 Equity

Subscribed capital amounts, unchanged from the previous year, to € 41,700,000.

Subscribed capital is divided into 14,000,000 (previous year: 14,000,000) no-par value bearer shares. Every share has an arith-metical interest in the share capital of € 2,98.

In 2009, 371,116 treasury shares were acquired and offset direct-ly against retained earnings in an amount equal to the acquisition costs of K€ 2,269. The amount in the capital stock is K€ 1,105. Since the fiscal year 2015, AdCapital AG started to sell its treasury shares at the stock exchange in a manner that preserves interests and protects the share price. In 2020, zero treasury shares (per-vious year: zero) were sold. Thus, the number of treasury shares remains unchanged from the previous year at 58,430.

The capital reserve amounts, unchanged from the previous year, to K€ 4,592.

Retained earnings exclusively relate to other retained earnings and amount, unchanged from the previous year, to K€ 18,064 (K€ 18,064).

The net profit developed as follows:

	31.12.2020 K€	31.12.2019 K€
(+) Annual net profit		
(-) Annual net loss	-1,199	-105
Previous year's net profit	2,523	2,628
Dividend	0	0
Previous year's retained earnings	2,523	2,628
Allocation to retained earnings	0	0
Net profit	1,324	2,523

2.4 Provisions

	31.12.2020 K€	31.12.2019 K€
Tax provisions	0	0
Other provisions	737	460
	737	460

Other provisions include in particular expenses for royalties, Super-visory Board remuneration, as well as expenses for the prepa-ration, auditing, and publication of the annual and consolidated financial statements and the annual report.

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2.5 Liabilities

Liabilities are structured as follows:

	Total K€	Maturity up to 1 year K€	Maturity 1-5 years K€	Maturity more than 5 years K€
Trade payables (previous year)	89 (59)	89 (59)	0 (0)	0 (0)
Payables to affiliated companies (previous year)	2,286 (595)	2,286 (595)	0 (0)	0 (0)
Other liabilities * (previous year)	471 (327)	471 (327)	0 (0)	0 (0)
Total (previous year)	2,846 (981)	2,846 (981)	0 (0)	0 (0)

* including from taxes: K€ 70 (previous year K€ 22)
including for social security K€ 1 (previous year K€ 1)

Payables to affiliated companies mainly include liabilities arising from the cash pool and from the transfer of administrative expenses.

3. Notes on the income statement

3.1 Sales revenues

	2020 K€	2019 K€
Sales revenues	89	154

Income mainly relates to income from the Group allocation agreement.

3.2 Other operating income

	2020 K€	2019 K€
Income from the reversal of value adjustments	189	264
Other proceeds and cost transfers	520	367
Income from the reversal of provisions	60	9
Income from the sale of fixed assets	7	185
Other income	20	28
	796	853

Income from the reversal of value adjustments relates to the reduction of individual value adjustments of receivables.

3.3 Cost of materials

Cost of materials is made up as follows:

	2020 K€	2019 K€
Expenses for land	1	31
	1	31

3.4 Personnel expenses

Personnel expenses are made up as follows:

	2020 K€	2019 K€
Salaries	468	573
Royalties	130	85
Social security contributions	37	45
	635	703

In the fiscal year, the average number of employees was 3 (previous year: 3). These are exclusively white-collar workers.

3.5 Depreciation of intangible and tangible fixed assets

	2020 K€	2019 K€
	31	82

A detailed presentation of the depreciation of intangible and tangible fixed assets can be seen from the assets analysis (attachment to the notes).

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3.6 Other operating expenses

	2020 K€	2019 K€
Addition of individual value adjustments to receivables	0	21
Legal and consulting fees	570	327
Rental expenses, office and land costs	46	52
Costs for annual report and annual general meeting	168	161
Administration costs	576	253
Insurances	112	113
Maintenance	503	285
Other	167	150
	2,142	1,362

Administrative expenses include a cost allocation from Berliner Elektro-Technik GmbH in the amount of K€ 58 (previous year: K€ 104).

Legal and consulting expenses can be broken down as follows:

	2020 K€	2019 K€
Legal consulting	466	146
Audits of annual and consolidated financial statements	90	128
Business consulting	0	24
HR consulting	2	13
Tax consulting services	12	16
	570	327

3.7 Financial result

	2020 K€	2019 K€
Appreciations (+) / Depreciations (-) of financial assets	0	0
Valuation result	0	0
Interest income from affiliated companies	643	941
Interest and similar income	91	96
Interest to affiliated companies	-8	-4
Interest and similar expenses	0	-5
Interest result	726	1,028
	726	1,028

In the course of the investments' subsequent valuations, impairment tests were performed which did not result in the need for appreciations or depreciations of financial assets. The impairment tests are based on current business plans and risk-adequate actuarial interest rates.

3.8 Taxes on income

	2020 K€	2019 K€
Tax refund (related to other periods)	0	0
Previous years' tax expenses	0	-39
	0	-39

The tax expense for previous years mainly relates to capital gains tax and solidarity surcharge from a notice of liability for the 2011 and 2015 assessment periods.

4. Contingent liabilities, off-balance-sheet transactions and other financial obligations

As of December 31, 2020, there are obligations of K€ 600 (previous year: K€ 1,010) arising from the joint and several liability for a long-term real estate contract. In our opinion, there is no risk of utilization.

There are five directly enforceable maximum amount guarantees in order to secure current account credit lines and other financing in the amount of K€ 18,775. The loans in question are valued at K€ 3,555 as of the balance sheet date. There is currently no risk for AdCapital AG to be held liable under such guarantees. AdCapital AG's other financial obligations as of December 31, 2020 amount to a total of K€ 26 (previous year: K€ 57). They relate to rental agreements concluded for the Company's office and business premises, IT maintenance agreements and car leasing agreements.

There are no further off-balance-sheet transactions.

5. Rights from debtor warrants

In previous years, AdCapital AG issued various conditional debt waivers with better fortunes clauses to affiliated companies. These are divided among the respective debtor companies as follows:

	31.12.2020 K€	31.12.2019 K€
Berliner Elektro-Technik GmbH	7,770	7,770
KTS Kunststoff Technik Schmölln GmbH	263	263
Taller GmbH	4,000	4,000
	12,033	12,033

The revival of the receivables is in each case linked to the achievement of certain earnings and capital structure ratios, which were not achieved by any of the companies in the fiscal year 2020.

6. Consolidated financial statements

AdCapital AG, Tuttlingen, as the parent company, prepares consolidated financial statements (largest group of companies), which are published together with these annual financial statements in the electronic Federal Gazette.

7. Management Board

The following person is a member of the Company's Management Board:
Mr. Hans-Jürgen Döringer, Dipl.-Ökonom (graduate economist)

In accordance with Art. 286 Sec. 4 HGB, the Management Board's compensation is not disclosed.

8. Supervisory Board

The following persons have been appointed to the Supervisory Board:

- Chairwoman

Dr. Sonja Zobl-Leibinger, Self-employed lawyer
- Deputy chairman

Dr. Christoph Zobl, Self-employed lawyer
- Further members

Mr. Hans-Joachim Holstein, Business Consultant

Mr. Maximilian Meyer zu Schwabedissen, German CPA

In the fiscal year 2020, expenses of K€ 101 (previous year: K€ 72) were incurred for the Supervisory Board's remuneration.

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9. Significant transactions with related parties

AdCapital AG has not entered into any transactions with related parties on non-arm's length terms.

10. Dependency report

There is no control agreement between the shareholder Mr. Günther Leibinger, who holds more than 50% of the shares, and AdCapital AG. Mr. Leibinger also holds interests in other companies. Therefore, AdCapital AG's Management Board is required to prepare a report on relations with affiliated companies pursuant to Art. 312 AktG.

The Management Board declares that, according to the circumstances known to the Management Board at the time the legal transaction was undertaken or the measure was taken or not taken, AdCapital AG received appropriate consideration for each legal transaction and was not disadvantaged by the fact that the measure was taken or not taken.

11. Supplementary report

There were no significant events after the balance sheet date.

12. Net profit

AdCapital AG's annual financial statements as of December 31, 2020 show an accumulated net profit of K€ 1,324. A proposal will be made to the annual general meeting to carry forward the net profit to new account.

Waldbronn, March 18, 2021

AdCapital AG

Hans-Jürgen Döringer
Management Board

Independent Auditor's Certificate

To AdCapital AG, Tuttlingen:

Audit opinion

We have audited AdCapital AG, Tuttlingen's annual financial statements, comprising the balance sheet as of December 31, 2020 and the income statement for the fiscal year from January 1 through December 31, 2020 as well as the notes to the annual financial statements, including a presentation of the accounting and valuation methods.

According to our assessment based on the knowledge obtained during the audit, the attached annual financial statements comply, in all material respects, with the requirements pursuant to German commercial law as applicable to corporations and provide, by taking into account German generally accepted accounting principles and by applying the exemption provision for small corporations pursuant to Art. 264 Sec. 1 sentence 4 HGB (German Commercial Code), a true and fair view of the Company's assets and financial position as of December 31, 2020 and of its profit situation for the fiscal year from January 1 through December 31, 2020.

Pursuant to Art. 322 Sec. 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the annual financial statements' legal compliance.

Basis for our audit opinion

We have conducted our audit of the annual financial statements in accordance with Art. 317 HGB and in compliance with German Generally Accepted Standards for the Audit of Financial Statements as issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer; "IDW"). Our responsibilities pursuant to these requirements and principles are further described in the section "Auditor's Responsibilities for the Audit of the Annual Financial Statements" in our audit certificate. We are independent from the Company in accordance with the requirements pursuant to German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate in order to provide a basis for our audit opinion expressed on the annual financial statements.

Legal Representatives' and Supervisory Board's Responsibilities for the Annual Financial Statements

The legal representatives are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements pursuant German commercial law as applicable to corporations and that the annual financial statements, in compliance with German generally accepted accounting principles, provide a true and fair view of the Company's assets, liabilities, financial position, and profit situation.

Furthermore, the legal representatives are responsible for such internal controls they have determined, in accordance with German generally accepted accounting principles, as being necessary in order to provide for the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

When preparing the annual financial statements, the legal representatives are responsible to assess the Company's ability to continue as a going concern. They also have the responsibility to disclose, as applicable, matters related to the continuation as a going concern. Furthermore, they are responsible for financial reporting based on the going concern principle unless otherwise required due to actual or legal circumstances.

The supervisory board is responsible to monitor the Company's financial reporting process for the preparation of the annual financial statements.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from any material misstatements, whether due to fraud or error, as well as to issue an audit certificate that includes our audit opinion on the annual financial statements.

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Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Art. 317 HGB and in compliance with German Generally Accepted Standards for the Audit of Financial Statements as issued by the IDW will always detect any material misstatement. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

We exercise professional judgment and maintain professional skepticism throughout the entire audit. We also:

identify and assess the risks of material misstatements in the annual financial statements, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting any material misstatements resulting from fraud is higher than for those resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;

- obtain an understanding of the internal control system relevant for the audit of the annual financial statements in order to plan audit procedures being appropriate under the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems;
- evaluate the appropriateness of accounting methods applied by the legal representatives and the reasonableness of estimates made by the legal representatives as well as the related disclosures;
- draw conclusions on the appropriateness of the going concern principle applied by the legal representatives and, based on the audit evidence obtained, whether there is a material uncertainty in connection with events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that there is a material uncertainty, we are required to draw attention in the audit certificate to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit certificate. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements provide, by taking into account German generally accepted accounting principles, a true and fair view of the Company's assets, liabilities, financial position and profit situation;

We discuss with the supervisors, inter alia, the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system we identify during our audit.

Stuttgart, March 18, 2021

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
(Düsseldorf)

Peter Schill	Jürgen Bechtold
German CPA	German CPA

AdCapital AG, Tuttlingen
Annual Financial Statements as of December 31, 2020

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