



ADCAPITAL AG
2021 ANNUAL REPORT



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ENHANCE VERTICAL INTEGRATION, increase delivery reliability



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

The last years have been marked by crises of completely different kinds, which have presented major challenges to the economy and companies in general, but also to AdCapital group in particular. What is remarkable, however, is the robustness of our economy as a whole, but also of our companies in the AdCapital Group. For despite all the uncertainties, particularly in connection with the Corona pandemic and the resulting problems of shortage and availability of material, AdCapital Group was able to achieve a total operating performance of € 171.5 million in 2021, representing year-on-year growth of 17.8%. Despite the strong impact of rising material prices, EBIT was increased to € 5.5 million. This is a great success for our group of companies, which is mainly due to our very committed employees. They defied the restrictions imposed by the pandemic and, with their flexibility and commitment, kept the business on track in difficult times.

The growth in 2021 was also accompanied by very good order intake, which initially gave us a positive outlook for 2022 despite Corona, despite a sharp downturn in the Chinese truck economy, and despite the material problems and rising costs in the energy and freight sectors. However, little remains of this optimism since the outbreak of the Ukraine war. The direct impact is limited, as we only generate a small amount of sales in the region and do not operate any plants in Russia or Ukraine. However, it is virtually impossible to estimate the indirect impact of plant closures by our customers, even higher energy prices, and even greater uncertainties in the raw materials and materials sector. Despite high order backlogs, our operating business can therefore currently only be planned in the short term. We have to be prepared to operate our business in a very uncertain environment for a longer period of time.

In this challenging situation, however, we also made and implemented important strategic decisions. These include first and foremost the establishment of cable production at Erich Jaeger. At the Bruchsal site, the first spiral cables from our own production will be delivered to customers this year. This reduces our dependence on suppliers and gives us a much higher degree of flexibility for the future. Similarly, the production of important products for the North American market has been relocated from China to Mexico. Here, too, we create degrees of freedom for ourselves, as we produce in the region where the respective product is subsequently sold. Not to be forgotten is the participation of a strategic partner in Opus GmbH, which was completed at the end of March 2022 and, among other things, is intended to provide the company with better market access in the international environment.

In addition, many new projects were successfully implemented in day-to-day operations. Worthy of mention in this context are FRAKO's active filter solutions, a KTS project with a router manufacturer, and a new record in the number of equipped components at BDT. These successes can be seen in the companies' sales in 2021. All companies – with the exception of Taller GmbH – contributed to the growth of sales in the year 2021.

These successes have also been reflected in earnings, but only to a disproportionately low extent due to the sharp cost increases. Financial scope is secured by the measures taken in recent years. In particular the funds from growth financing with banks will enable us to weather further crises. The need to be able to fall back on liquid funds is currently more than clear. High inventories of raw materials and materials must be held in order to remain able to supply. However, maintaining the ability to deliver can go at the expense of liquidity and profitability. We – like many other companies – are currently exposed to this problem which involves frequently changing the prioritization of these objectives.

We have to live and deal with this situation. It has been exacerbated by the Ukraine war and the Corona lockdowns in China in recent weeks. A preview of the year 2022 is therefore very difficult, if not impossible. The duration of the conflict, but also the further development of the Corona pandemic, will determine whether and to what extent the targets set for sales growth and earnings can be achieved. Possible restrictions in the energy sector and the repercussions of sanctions will also play a role in this context. We are therefore preparing for a difficult 2022, in which we will have to respond flexibly to the current crises and possible intensifications.

AdCapital Group has weathered the constant crises of recent years and performed well. The challenges are not getting any smaller. There may also be massive drops in sales in the short term. The good order backlog and the available financial scope make us cautiously optimistic about a return to the growth path once the current crises are over.

The Management Board
Hans-Jürgen Döringer

SUPERVISORY BOARD'S REPORT

In the fiscal year 2021, 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 five regular meetings by telephone and video calls and in personal meetings with the Management Board.

During the entire fiscal year 2021, the Management Board and the Supervisory Board maintained a trustful exchange. The close cooperation with the Management Board which had been further intensified in the previous year due to the Corona pandemic was continued in the fiscal year in unchanged form.

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. Furthermore, 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 experience and make corresponding suggestions for the decision-making process. 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

As in the previous year, discussions with the Management Board were mainly focused on the Corona pandemic's ramifications and measures to overcome the pandemic. Furthermore, Erich Jaeger Group's further development was continuously discussed. 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 2021, the Supervisory Board comprised four members. In the fiscal year 2021, we conducted a total of five Supervisory Board meetings, including three per video call. During four of these meetings, all Supervisory Board members were present; only during one meeting, one Supervisory Board member was missing due to sickness. During four Supervisory Board meetings, the managing directors of subsidiaries and during one meeting, some auditors were attending as guests.

During the first Supervisory Board meeting on March 23, 2021, the Supervisory Board discussed the annual financial statements and the consolidated financial statements as of December 31, 2020, the Group management report and the dependent company report for the 2020 financial year, as well as the auditor's respective audit reports. Following discussions with the auditor, we approved the annual financial statements and the consolidated financial statements. Thus, the annual financial statements 2020 were adopted. Furthermore, we approved the report of the Supervisory Board and the proposed resolutions for the upcoming Annual General Annual General Meeting 2021.

The Management Board informed us in detail about the economic situation at the individual subsidiaries. In this context, it addressed distribution, the situation on the Chinese market, the introduction of new products, the difficulties caused by Corona infections among employees, and the status of the cable production project at Erich Jaeger. Furthermore, the chances of a new product at FRAKO were the subject of a detailed discussion. With regard to KTS, the difficulties due to numerous

Corona infections among employees were addressed. The status of the cable production project was discussed intensively at the meeting. The Supervisory Board also gave its approval with regard to the lease agreement for cable production, personnel matters, and the financing of subsidiaries.

At the second 2021 Supervisory Board meeting on May 20, 2021, the constituent meeting of the Supervisory Board newly elected at the Annual General Meeting was held. Dr. Zobl-Leibinger was elected Chairwoman and Dr. Zobl Deputy Chairman of the Supervisory Board. The Management Board again reported on the current status of the cable production project and the subsidiaries' business situation, as well as on measures to reduce costs. Furthermore, the strategic alignment of a subsidiary was discussed. The Management Board presented the results of the forecast for 2021 prepared in April and again reported on the personnel situation due to the Corona pandemic. The Supervisory Board also approved decisions on the equity capitalization of subsidiaries.

As part of the Supervisory Board's third meeting on July 27, 2021, the Supervisory Board visited the planned production facility for cable manufacturing in Bruchsal. The Supervisory Board had the status of the project and the construction and implementation measures explained to it and discussed the business plan. Other agenda items were the strategy, business situation and financing of the Group companies, as well as major personnel matters. Subsequently, the Management Board presented the current situation at the individual companies. In connection with Taller, it drew attention to the loss of an important supplier and outlined the consequences for the company. Decisions were made in connection with some subsidiaries' financing.

The fourth meeting of the Supervisory Board was held on October 11, 2021, during which personnel matters and the status of pending legal proceedings and the cable production project were discussed. Furthermore, the Management Board reported on sales activities, the business situation at the individual Group companies and the measures taken due to the loss of a supplier.

In the last meeting of the year on December 13, 2021, the Supervisory Board discussed the current situation and strategic prospects of OPUS, approving the acquisition of all shares of the minority shareholder in OPUS, as well as the acquisition of a company owning the building used by OPUS. The Management Board reported on the status of the cable manufacturing project and planning at Erich Jaeger. On the basis of the Management Board's report, the Supervisory Board discussed the business situation at Taller and approved the acquisition of Taller's real estate by AdCapital AG. The Management Board subsequently presented the current situation of the companies, their plans for subsequent years and the resulting planning for the Group as a whole, to which the Supervisory Board gave its approval. Other topics discussed at this meeting included decisions on the financing of subsidiaries and the status of pending legal proceedings.

Audit and adoption of the 2021 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 May 20, 2021, was engaged by the Supervisory Board to audit the annual and consolidated financial statements as of December 31, 2021 as well as the Company's group management report for the fiscal year 2021, 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, 2021 as well as the group management report for the fiscal year 2021. 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 22, 2022. 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, 2021, as well as the group management report for the fiscal year 2021. AdCapital AG's annual financial statements as of December 31, 2021 were thus adopted. The Management Board has proposed to carry forward the 2021 annual net profits to new account. We have approved such proposal.

Dependency report for the fiscal year 2021

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 2021 (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 22, 2022, 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.

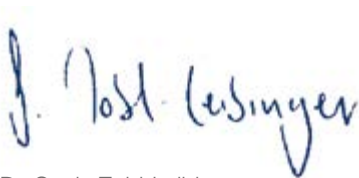
The audit certificate issued by the auditor on the dependency report for the fiscal year 2021 reads as follows: "According to our duly performed audit and assessment, we confirm that

1. the report's actual statements are correct, and,
2. with regard to the legal transactions stated in the report, the Company's consideration 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.

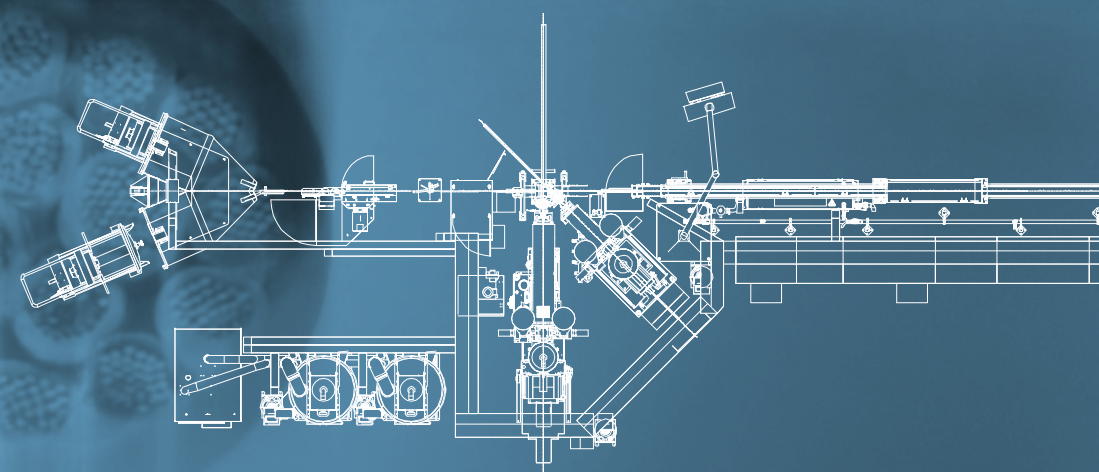
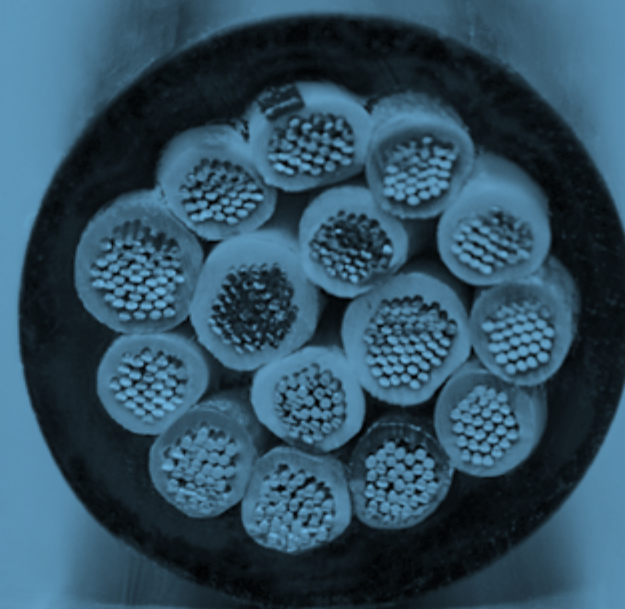
The Supervisory Board would like to thank the Management Board for its consistently open, constructive and very intensive cooperation in the past fiscal year. We would also like to thank the managing directors and employees of the Group companies for their work in these very challenging times.

Waldbronn, March 22, 2022



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

COMPETENCE IN CABLES



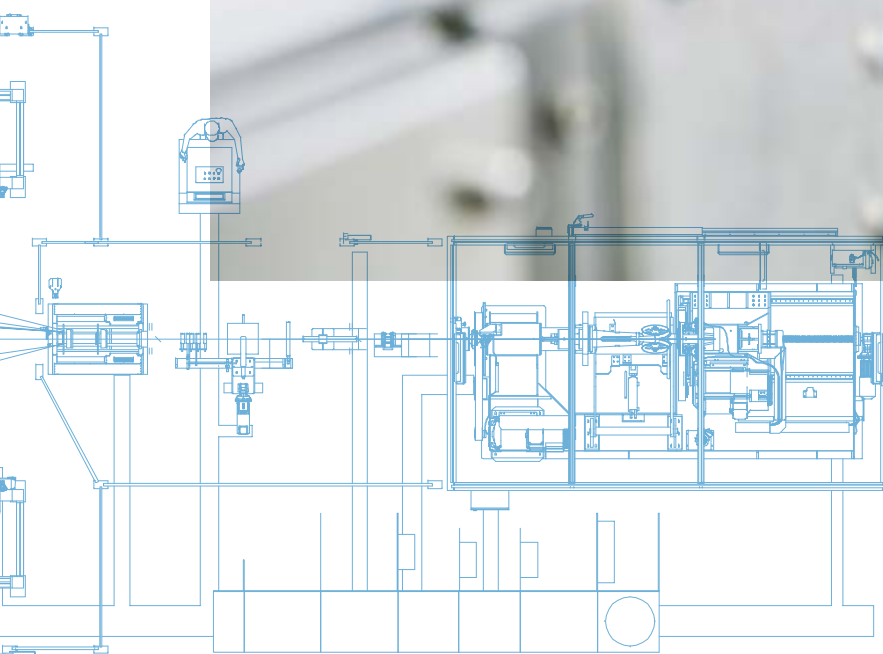




TAILORED

to Erich Jaeger Group

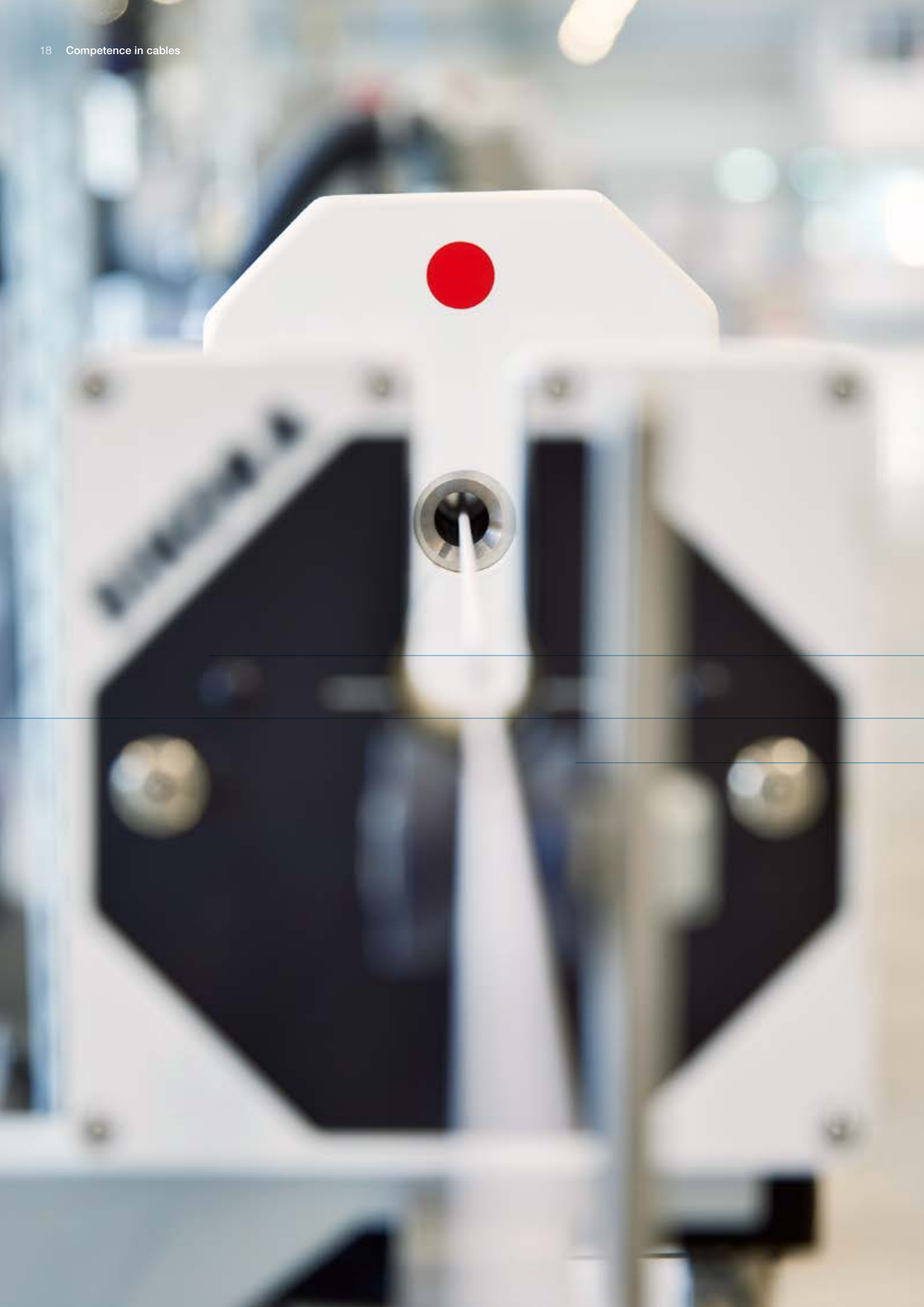
In-house cable production offers significant advantages for the development and production of high-quality electrical connections between towing vehicle and trailer. The new competence allows us to serve customer requirements with innovative solutions.





METERS

single-wire coating
per minute



The production speed of the new, state-of-the-art cable manufacturing plant in Bruchsal is enormous. A single wire with a thickness of 1 mm² can be coated at up to 1,000 m/min.

Several of these single wires can be stranded and coated with a fleece. In this way, coated multi-wire cables with 5 to 15 individual wires are produced, which are used as connecting cables between towing vehicles and trailers or semi-trailers. The new cable production line offers the possibility to use a variety of different coating materials and also to consider special requirements and application possibilities.



MILLION
meters of
precision cables
during the first
year of production



IDEAL

for series production and development



Cables that connect towing vehicles and trailers or semi-trailers have to withstand a lot. They have to meet special electrical and mechanical requirements; they have to be puncture-resistant and withstand frequent bending. In addition, they have to be UV-resistant and withstand both severe cold as well as great heat.

Thus, there is a whole range of properties that must be taken into account in the development of a cable and reliably implemented in series production. Thanks to the new production facility, Erich Jaeger Group's development team is able to tie in with existing solutions and develop them further according to tomorrow's requirements or to design completely new ones.



High-speed stranding line



Stranding process optimization



QUALITY

that corresponds to the brand

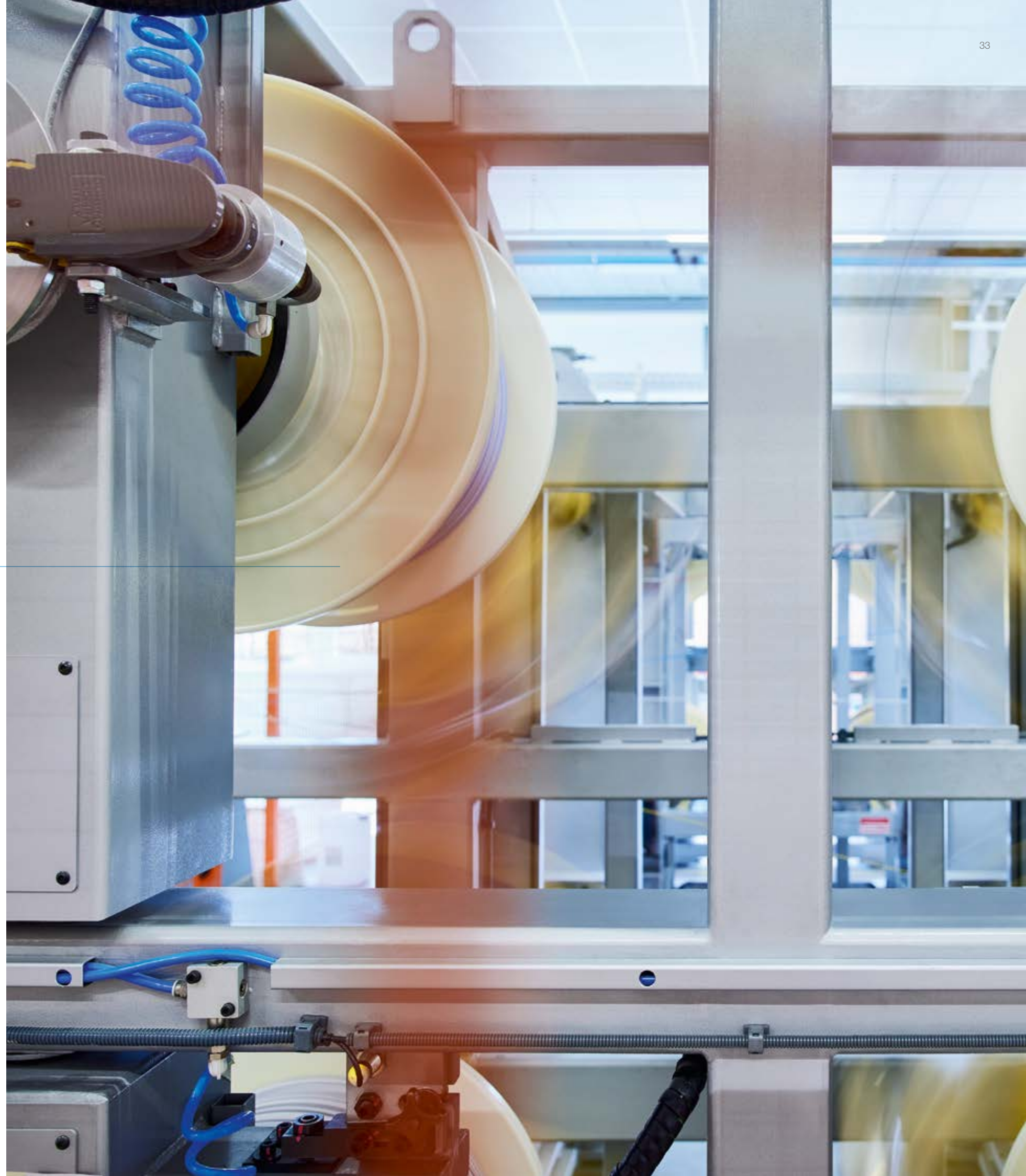
Cables for classic connecting lines for signal transmission are also subject to strict quality criteria. All cables produced require VDE approval.

Often, they must also meet more extensive or special standards – for example, ADR certifications that authorize commercial vehicles to carry hazardous materials.



The new cable manufacturing facility enables Erich Jaeger to develop and produce a wide range of individual cable assemblies for its customers.

Quality assurance is integrated into the ongoing process so that both the relevant manufacturing and product standards as well as customer-specific standards and requirements are met at all times. This qualified quality management accompanies the entire process – starting with design, material procurement and production to delivery.



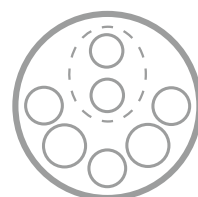
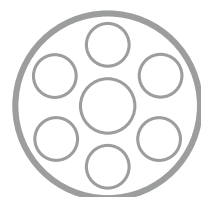


SINGLE WIRES

can be realized as
multiple-wire cables

BUNDLED

cable know-how

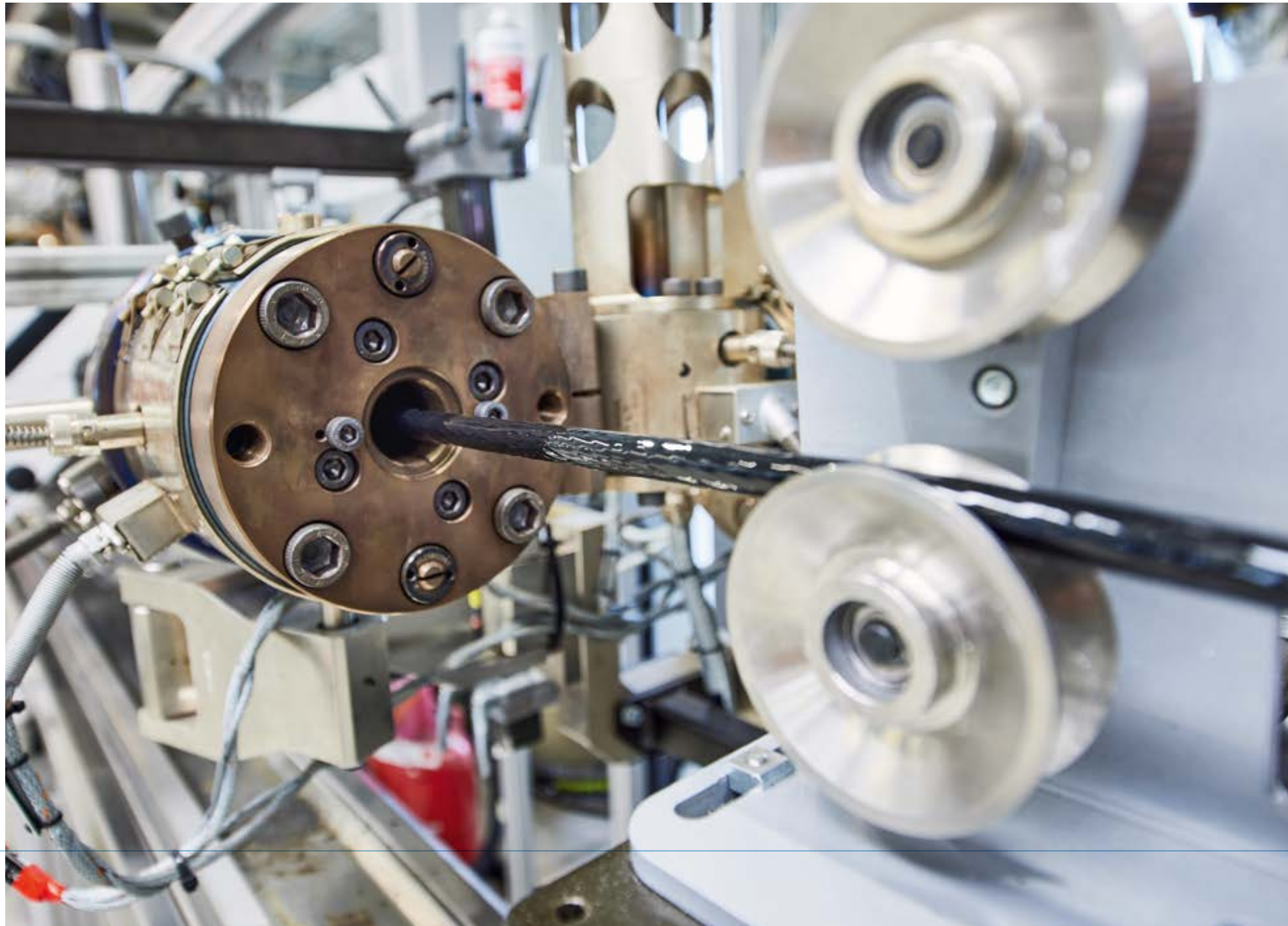


In-house cable production enables us to increase the share of value added that is determined by cables. The newly achieved vertical range of manufacture also increases the independence in development and production.

Another advantage is the time saved by the accelerated, internally controlled processes. All sales locations of Erich Jaeger Group can benefit from the in-house production of market-leading as well as region- and customer-specific cable products for OEM customers, tier 1 suppliers and the aftermarket.









NEW COMPONENTS

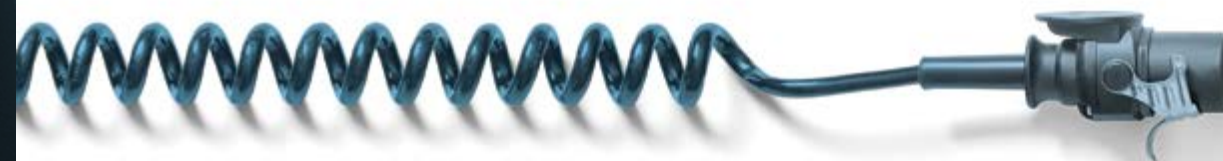
for significant markets

KOPŘIVNICE / CZECH REPUBLIC

Europe is the traditional market for innovative, high-quality solutions for commercial vehicles.

SHENZHEN / CHINA

The growing Chinese market for heavy commercial vehicles increasingly demands readily available solutions at European quality level.





ERICH JAEGER

Erich Jaeger GmbH + Co. KG

Automotive

AdCapital share 100%

Shareholding since 1993/1998

Managing Directors Oliver Neil
Felix Nußbaum (until March 29, 2021)
Hubert Schnatterer (as of November 1, 2021)

www.erich-jaeger.de



¹ consolidated; incl. subsidiaries

Erich Jaeger GmbH + Co. KG
Friedberg, Germany

72 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

35 serviced countries

Jaeger Poway
Automotive Systems (Shenzhen) Ltd.
Shenzhen, People's Republic of China

426 employees / established 1999

Distribution for China and South-East Asia; global production site

2 serviced countries

Erich Jaeger Mexico S. de R.L. de C.V.
Piedras Negras, Mexico

147 employees / established 2016

Production mainly for the North American market

Erich Jaeger, s.r.o.
Kopřivnice, Czech Republic

423 employees / established 1999

European EJ control unit

Development, production and logistics

Distribution for Eastern Europe with branch in Poland

22 serviced countries

Erich Jaeger France Sarl
Limonest, France

6 employees / established 2009

Distribution and development for France, Spain, Portugal, North Africa and Brazil

11 serviced countries

Erich Jaeger GmbH + Co. KG
Telgate, Italy

2 employees / established 2004

Distribution for Italy, South-East Europe and Middle East

17 serviced countries

Jaeger Poway Limited
Hong Kong

1 employee / established 1999

Distribution for South-East Asia

6 serviced countries

Erich Jaeger USA, Inc.
Grand Rapids, USA

4 employees / established 2012

Distribution and development for North America

5 serviced countries

EP Connectors GmbH
Waldbronn, Germany

8 employees / established 2017

Global cable production site



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% (until Dec. 30, 2021), 100% (as of Dec. 31, 2021)
Shareholding since	2007
Managing Director	Michael Feist

www.opus-formenbau.de



KTS Kunststoff Technik Schmölln GmbH

Plastics processing

AdCapital share	100%
AdCapital share	1991
Shareholding since	Matthias Keller

www.kts-schmoelln.de



Taller GmbH

Electrical engineering

AdCapital share	99,95%
Shareholding since	2007
Managing Directors	Hubert Schnatterer Felix Nußbaum (until March 29, 2021)

www.taller.de



GROUP MANAGEMENT REPORT

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1. AdCapital Group

1.1 Business activities and investment focus

As in previous years, 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 Schmölln GmbH (KTS)	Plastics processing
OPUS Formenbau GmbH & Co. KG	Mold and tool making
Taller GmbH	Electrical engineering

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

1.2 Group strategy, corporate control and monitoring system

Group strategy

Shareholdings

AdCapital AG regards itself as an industrial holding company with a pronounced strategic and operational control and monitoring function. As in the previous years, the Group's strategic focus has been on the automotive sector with the core company Erich Jaeger.

We provide our portfolio companies with comprehensive advice on strategy, financing, process and organizational issues. We support our companies in the areas of finance, tax and legal affairs with business strategy decisions, thereby relieving the burden on our subsidiaries in the indirect areas. Synergies can be leveraged through uniform Groupwide strategy, management and planning principles.

In addition to equity and debt capital, AdCapital AG contributes entrepreneurial know-how and the corporate culture of a medium-sized enterprise. However, we also deliberately rely on the independence of the companies and their managing directors in the operational area and respect an individual corporate culture.

The goals for our shareholdings are to strengthen their respective market and competitive positions, improve manufacturing efficiency and optimize organizational processes, including sales. Realizing organic growth potential, improving the profitability of the companies and their capitalization also serves to increase the resilience of our companies in these crisis-ridden times.

Our strategy is based on the organic expansion of our core business in the automotive environment. In exceptional cases, however, we would continue to invest in new portfolio companies in the automotive sector or in technologies relevant to this sector (metal and plastics processing as well as electronics and software). Such cases with significant synergy potential did not arise for us in the past fiscal year.

Financial flexibility

We further expanded our stable financial position in the fiscal year as planned. At the end of 2020, in light of of the Corona pandemic, we performed growth financing for Erich Jaeger and secured liquidity reserves for possible impending crisis-related losses. At that time, we were able to secure a total volume of € 18.8 million from three different banks, consisting of a leasing component for the investments in cable production at Erich Jaeger, additional current account lines for the increasing working capital in the course of Jaeger Group's growth, and a tranche from the Corona-related KfW funds. This secured the liquidity for Erich Jaeger Group's growth; however, the Group is also still prepared for possible pandemic-related sales short-falls. The funds for the investments were drawn down in 2021.

All subsidiaries worldwide are required to tap their own sources of finance, for example, from regional or national banks, in addition to financing from AdCapital AG. Corresponding funds could be generated from such sources in 2021.

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 continue to be managed unchanged at the holding company's level. IT is managed centrally for the Group through Erich Jaeger in close consultation with the holding company.

AdCapital Group's strategic alignment is determined together with the Supervisory Board. The operational and strategic management of the subsidiaries 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 for the discussions and decision making include incoming orders and order backlog, total operating performance, added value, productivity per hour, EBIT margin, free cash flow, working capital and the liquidity situation. In addition, key figures on the cost structure and the management of production and sales are used for analysis. An important part of these meetings is also the agreement of measures in case of deviations from the plan or to avoid risks.

1.3 Significant events in the fiscal year 2021

Similar to the previous year, the fiscal year was massively affected by the Corona pandemic's direct and indirect economic effects (delivery problems, logistics, increasing prices).

The subsidiary Taller has been significantly affected by the loss of a supplier due to the floods in the Ahr valley.

In the reporting year, Erich Jaeger's cable production was set up at the new site in Bruchsal and operations will start in the course of 2022.

In December 2021, AdCapital acquired the shares of OPUS's previous minority shareholder. As a result, AdCapital now holds 100% of OPUS. In the course of this transaction, a company was also acquired which is the owner of a property used by OPUS.

1.4 Consolidated companies

A total number of 16 companies are included in the 2021 consolidated financial statements.

2. Economic and political conditions

2.1 Macroeconomic situation

Following a 4.6% decline in economic output in Germany in 2020, gross domestic product increased by 2.9% in 2021. Economic activity was strongly negatively impacted by the pandemic and its effects in the first half of the year. From the summer onward, the economy picked up again, which was also attributable to the seasonal nature of the infection and the ongoing vaccination campaign. However, companies in the manufacturing sector in particular were significantly impacted by material shortages and supply bottlenecks. The economic recovery in the final quarter of the year was again severely hampered by the increase in the number of infections in the fall. Compared with the third quarter, economic output in the final quarter of 2021 actually fell by 0.3%.

In its annual economic report for the year 2022, the German government assumes for the price-adjusted gross domestic product (GDP) to grow by 3.5%. This is based on the assumption that economic performance in the first quarter will still be impacted by the Corona pandemic. After the assumed flattening out of the infection from the 2nd quarter onward, a

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significant recovery in economic activity is forecast. It is also assumed that industry will significantly expand production as soon as the supply bottlenecks ease in the course of the year. However, the German government also explicitly points out in its report that the quoted figures are subject to a high degree of uncertainty. In particular, a different course of the pandemic in Germany or worldwide with then continuing restrictions in production or supply bottlenecks poses a risk. Higher inflationary pressure could also force the central banks to adopt a more restrictive monetary policy, which would have an impact on economic development.

In 2020, inflation in Germany (0.5%) was well below the ECB's target of just under 2% for the euro zone, while in 2021 it was well above (3.1%). Various special effects were responsible for this development. On the one hand, supply effects and high energy prices, but also the reduced VAT in the 2nd half of 2020 led to a high inflation rate in 2021. The German government also assumes a comparatively high inflation rate of 3.3% for 2022, to which price increases by companies resulting from greater demand and higher costs due to supply bottlenecks will also contribute. As we have already seen, geopolitical risks such as the Russia-Ukraine conflict could also lead to further increases in raw material prices and a high inflation rate.

At the beginning of the year, both the German government and the IMF forecast global economic growth of 4.9% in 2022, down from 5.9% in 2021. This outlook is half a percentage point lower than in the fall of 2021. According to the IMF, this is due to the reduction in growth prospects in the two largest economies: In the USA, the figure was reduced by 1.2 percentage points to 4.0% due to the change in monetary policy and ongoing supply difficulties; for China, the IMF now assumes 4.8%, a reduction of 0.8 percentage points. As a reason, the IMF cites the Chinese government's zero-covid strategy, which could lead to distortions due to the rigid measures, and also the problems in the Chinese real estate sector. The figure of 4.8% for China is also in line with the IMF forecast for emerging and developing countries. Thus, according to the IMF's figures, China has lost its locomotive function for the global economy. The IMF now sees this role with India, which is expected to grow by around 9% in 2022. For the global economy, the IMF forecasts growth of 3.8% for 2023.

In all its forecasts, the IMF also assumes a decline in the number of cases of severe disease by the end of 2022 due to increasing vaccination rates and better treatment options. However, the IMF also points out that the longer the supply difficulties continue, the more likely this will result in expected higher prices and the greater the risk to the global economy.

2.2 Industry-related conditions

Developments in the automotive sector have a significant impact on our Group. In this sector, the market was split in two in 2021: Numerous suppliers had to fight for their survival, while automotive manufacturers, on the other hand, achieved high profits as a result of their focus on high-margin models. Although the corresponding unit sales declined by 16%, the 16 largest manufacturers increased their profits by 11.4% in Q3 2021 to a new record high, according to an EY study. Compared to the previous year, when the trade war between China and the US, Brexit, the diesel scandal and climate change together with the Corona pandemic were still considered relevant influencing factors for the automotive industry, the Corona pandemic and its effects remained as the biggest influencing factor in 2022. It resulted in extreme price increases and shortages of relevant precursors and raw materials, but also in logistics. One problem in particular that was initially underestimated is the chip shortage, which has become a global and persistently negative influencing factor. However, this chip shortage not only affects the automotive sector, but is noticeable throughout the entire industry where such precursors are needed.

Developments in the passenger car and truck markets in Europe, China and North America are relevant for Erich Jaeger Group. However, the individual markets showed a clearly different development (data LMC):

Following a sharp slump in the passenger car business in Europe in 2020 (-21.8% compared with 2019), there was also a slight decline of 3.4% to just over 16 million vehicles produced in 2021. Compared to the pre-Corona pandemic level, this was only around 75.5%. However, LMC forecasts that unit numbers of 19 million produced vehicles will be reached in 2022, which would represent an increase of around 18 % compared with 2021. Nevertheless, pre-crisis levels would still not have been reached. There was a similar development in the North American market where the decline from 2019 to 2020 was slightly lower than in Europe at 20.3%, but still extreme. In 2021, around 13 million vehicles were produced in such market, roughly the same number as in the previous year. For 2022, over 15 million vehicles are expected to be produced, an increase of around 18% compared with 2021. The situation in the passenger car sector in China is completely different. In 2020, there was only a slight decline of 4.3%; in 2021, 24.2 million vehicles were produced (+ 3.9% compared with 2020), which means that China has almost returned to its pre-crisis level. In 2022, around 26 million vehicles will probably be produced, around 7% more than in 2021.

In the truck sector, we also see a division of the market in Europe/ North America and China. After an already weak market in 2019, there was a decline of 22% in Europe in 2020, followed by an increase in 2021 (416,000 vehicles produced; +17.5%), the pre-crisis level could, however, not yet be reached. Even with a 7.4% increase in forecast production volumes in 2022, this will not yet be achieved. North America shows a similar trend: the 38% decline in 2020 contrasts with an increase in unit output of around 18% in 2021. A further increase of 19% to 300,000 is forecast for 2022 which is, however, still 13% below the pre-crisis level. In contrast, the truck market in China showed very strong year-on-year growth of around 39% in 2020. By contrast, 2021 saw a decline of around 22% to around 1.3 million vehicles. A decline to just over 1 million vehicles produced is also forecast for 2022 (-19%). As a result of these changes, China's share of global truck production increased from 50% in 2019 to 67% in 2020, before falling back to 55% in 2021. The development in China was strongly influenced by the ramp-up and ramp-down of infrastructure projects; on the other hand, however, the introduction of a new emission standard in China also played a role. The latter led to a halt in the production of trucks that met the new standard in order to be able to sell off trucks in stock, most of which met older emission standards.

Erich Jaeger Group was strongly affected by these developments. In China, Erich Jaeger is mainly active in the heavy truck sector, which means that the Chinese subsidiary suffered heavily from the decline in the truck business. Although the passenger car business in China is being gradually expanded, it is still at a low level. This is due to the fact that trailer components are not used in vehicles sold on the local market, but only in vehicles for the export market.

In Europe, Erich Jaeger's business performed better than the general market trend. This is partly due to new projects won in the car and truck sectors, but also because Erich Jaeger was able to take advantage of opportunities when competitors in the aftermarket were unable to deliver sufficiently.

Another important sector for the AdCapital Group is the electrical industry. Overall, price-adjusted production of electro-technical and electronic goods grew by 8.8 percent last year, according to the ZVEI (German Electro and Digital Industry Association), thus overcompensating for the 6 percent loss in 2020. The association expects real production growth of four percent in 2022. For the printed circuit board industry in particular, the ZVEI states that orders on hand are piling up due to material bottlenecks and brisk ordering behavior on the part of customers. Overall, according to the ZVEI, this industry will continue to be burdened by a difficult supply situation and a shortage of skilled workers in the coming months.

The macroeconomic and sector-specific conditions and forecasts vary widely. They are all subject to the further development of the Corona pandemic and the resulting consequences for the global economy. If these and other risks such as continuing supply difficulties, further increases in inflation, political or military conflicts should not manifest themselves in 2022, the sectors relevant to us could look ahead to 2022 with slight optimism. However, this cautiously positive outlook is massively overshadowed by the uncertainties caused by the Russia-Ukraine conflict. At the time of this report's preparation, it is not yet possible to estimate what impact such conflict could have on the industries of the AdCapital Group companies.

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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:

AdCapital Group's income statement

	2021 million €	2020 million €
Overall performance	171.5	145.6
Other operating income	3.9	2.0
Cost of materials	-89.3	-72.9
Personnel expenses	-45.3	-40.3
Other operating expenses	-30.6	-26.0
Operating result before depreciations	10.2	8.1
Depreciations	-4.6	-5.0
Operating result	5.6	3.1
Financial result	-0.7	-1.0
Earnings before taxes (EBT)	4.9	2.2
Income and other taxes	-2.0	-2.7
Annual group result	2.9	-0.6

AdCapital AG's associated companies are primarily manufacturing companies which operate in different business areas and regions. Therefore, they are affected to varying degrees by the overall and regional as well as the industry-related economic situation. We have been observing an increasing internationalization of our Group for several years. At 69%, the share of Group sales generated outside Germany in 2021 is once again at the same high level as in the previous year (69%). By contrast, the share of sales to customers outside the EU increased from 29% to 33%. This is mainly due to our growing automotive business at Jaeger Group. In 2021, higher sales in North America made a major contribution to such development. However, FRAKO also contributed to this: the company's sales growth was achieved entirely with customers outside the EU.

Thus, 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, namely the global automotive economy.

The Group's earnings situation reflects the different developments of the individual companies and the respective economic development in the individual regions. For example, Jaeger Group, BDT, FRAKO, Taller and KTS achieved positive operating results in 2021. This contrasts with a loss at OPUS in the year under review. At Erich Jaeger, the profit attributable to the Chinese minority shareholder decreased significantly compared to the previous year due to the different economic development in the individual regions of the world.

The effects caused by the Corona pandemic had a significant impact on the Group's business performance. Among other things, Erich Jaeger was subject to punitive tariffs for deliveries from China to North America, fluctuations in production and development capacity utilization resulted in additional costs, and competition for orders became fiercer and led increasingly to price reductions. A lack of transport capacity resulted in delayed deliveries and higher costs.

The development of sales and earnings in the AdCapital Group was as follows:

At € 171.5 million, total operating performance increased by 17.8% compared to the previous year's figure of 145.6 million, despite the Corona crisis.

Other operating income increased from € 2.0 million to € 3.9 million. This change is mainly attributable to higher currency effects.

The cost of materials in the Group increased by € 16.4 million, or 22.4%, from € 72.9 million to € 89.3 million. As a result, the materials ratio rose by 2.0 percentage points from 50.1% in the previous year to 52.1%. This reflects in particular the higher cost of raw materials, including copper and plastics as well as electronic components. The material availability problem took effect: in some cases, purchases had to be made at higher prices in order to maintain production and delivery capability.

Personnel expenses increased by € 5.0 million to € 45.3 million. On the one hand, this is due to the necessary additional employees in connection with the expansion of sales; on the other hand, there was significantly less short-time work in 2021 and the Corona-related government relief was scaled back as well. Due to the adjustment of personnel figures because of the economic situation in the 4th quarter, the number of employees

at the end of the year is lower than during the year. Despite the significant absolute increase, the personnel ratio of 26.4% was 1.3 percentage points lower than in the previous year.

Consolidated EBIT amounted to € 5.5 million, compared with € 3.1 million in the previous year.

The composition of the income statement items is broken down and commented on in more detail in the notes to the consolidated financial statements.

Overall, we are reporting net income before minority interests in the amount of € 2.9 million in the AdCapital Group (previous year: net loss of € -0.6 million).

Compared with the planning for 2021, which was prepared in December 2020, the situation can be presented as follows:

The planned performance for 2021 was exceeded by almost 15% in the Group as a whole. This was mainly due to Erich Jaeger Group, which exceeded its target by more than 18%. Especially in its subsidiaries in Europe, realized external sales were significantly higher than planned (+EUR 17 million). At the Chinese subsidiary, however, the planned external sales could not be achieved (-4.5% compared to plan), in contrast, however, the planned intercompany sales were significantly exceeded (+41%), resulting in a clear overfulfillment of the target also at the Chinese subsidiary.

The other operating companies of the Group also exceeded their targets (for example, Taller +12.8%, FRAKO +9.1%, KTS +6.0%). Taller could have exceeded its targets by an even greater margin if it had not been for the supply problems in the 2nd half of the year due to the loss of its main supplier.

At EBIT level, the plan was exceeded by only around 10% at Group level, due to the high materials ratio resulting from high raw material and intermediate product prices. At Erich Jaeger's Chinese companies, in which the minority shareholder holds an interest, earnings at EBIT level were around 40% lower than planned due to the deteriorating Chinese market and high material prices. As a result, the profit attributable to minority interest is lower than originally expected. After minority interests, a positive result can therefore be reported for the Group as a whole (+EUR 1.8 million), whereas we still expected a small loss (-EUR 0.1 million) for the result after minority interests for 2021.

In summary, it can be stated that the budget, which was drawn up conservatively in December 2020 due to the uncertain outlook resulting from the Corona pandemic, was significantly exceeded. Even though individual companies fell short of their

budgets for certain items (for example, sales and earnings in the local market in China at Erich Jaeger), this was more than compensated for at other subsidiaries. The approach of drawing up a conservative budget, but also providing scope for liquidity, has proved successful: Even the unplanned, significant increase in working capital due to the general delivery problems could be handled without any problems.

3.2 Industry holdings

Due to the different business areas in which the respective companies operate, the development of our portfolio companies varies significantly in 2021:

Our largest company, **Erich Jaeger**, was able to increase its sales and total operating performance by more than 20% compared to the previous year. More than 80% of sales were generated outside Germany. In particular in the US, the growth trend was confirmed by successful new startups despite Corona. The plant in the Czech Republic faced ongoing problems due to the Covid 19 pandemic, but still managed to significantly increase production capacity. At the end of 2020, the Chinese market proved to be very strong, thus also fueling production figures in the first half of 2021. However, global influences also had a strong impact on sales of heavy commercial vehicles in China during 2021 – this was exacerbated by a reduction in government infrastructure projects and resulted in extremely high vehicle stocks at dealers. As a result, performance in China in 2021 fell short of the prior-year data and also of our expectations. In the second half of the year, Erich Jaeger had to contend overall with the issues of raw material shortages, unstable logistics chains, and a significant increase in raw material and energy costs.

At the beginning of 2021, **Taller GmbH** was able to continue the development from the second half of 2020. However, due to the floods in July 2021, one of Taller's suppliers was so badly affected that it had to stop its deliveries completely. This had a massive impact on Taller's sales in the second half of the year - as a result, they were 25% lower than in the first half of the year. The earnings situation also remains unsatisfactory. The positive result for 2021 was only achieved through the sale of the company's real estate to AdCapital AG.

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As in the previous year, the development of **Bavaria Digital Technik** was very pleasing. Despite Corona, sales and earnings could be further increased. This is mainly due to orders with customers newly acquired in the last 3 - 4 years and the improvements made to internal processes in recent years. However, the chip crisis made it increasingly difficult to win new projects.

FRAKO was able to significantly increase both sales and earnings year-on-year, thanks in particular to a strong second half-year. This was due to new products and strong business in China.

KTS also achieved a significant year-on-year increase in sales. However, earnings fell short of the previous year's figures because the local Corona situation required the company to increasingly use temporary workers, which entailed significantly higher costs.

As in the previous year, **OPUS Formenbau GmbH & Co. KG** suffered from the automotive industry's problems. Compared to 2020, both sales and earnings have improved, however, the 2019 level could not yet be reached. OPUS's result continues to be negative and thus unsatisfactory. Large parts of the automotive manufacturers' development teams have been in the home office for a long time due to the Corona pandemic; consequently, developments and the acquisition of new orders are massively delayed. An almost ruinous price war broke out in the previous year for the few orders in the sector. Although prices slowly increased again in 2021, they have still not reached a level that is adequate for OPUS.

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 are only made in order to selectively support value chains at our existing subsidiaries, particularly in the automotive sector. We retain our shareholdings in the long term and develop them successfully. As in the previous years, there were again no new investments in the investment area in the past fiscal year.

4.2 Investments

	2021 million €	2020 million €
Investment volume, Group	8.3	4.0

In the 2021 financial year, investment activity was significantly higher than in the previous year. This mainly reflects the investments for the expansion strategy at Erich Jaeger. In the fiscal year, the investments in connection with the cable line at Erich Jaeger and for machinery at OPUS were not cash-effective in the amount of € 5.0 million. Please refer to Section 4.3.3.

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. Due to the importance of stable relationships with (house) banks, the portfolio companies now also take out loans from banks.

Our aim is to achieve an equity ratio that enables us to raise further external funding even in times of crisis. At 54.9%, compared with 61.7% in the previous year, we continue to report an, in our opinion, sustainable equity ratio despite the current crises (Corona, materials, Eastern Europe).

In addition to the actual utilization of existing financing, we also have access to extensive free credit lines 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 exclude valuation risks.

In particular for the financing of growth, Erich Jaeger secured loan and leasing facilities in the total amount of € 18.8 million in the previous year.

Thus, the Group's financial position remains stable. Securing all of the Group's and the holding company's operating units' liquidity is our top priority in these times of crisis; therefore, we are going to propose to the annual general meeting to not make any distributions this year for precautionary reasons.

4.3.2 Capital structure

AdCapital Group shows the following capital structure:

	31.12.2021 million €	%	31.12.2020 million €	%
Equity	61.4	54.9	58.9	61.7
Borrowed capital	50.5	45.1	36.6	38.3
Total capital	111.9	100.0	95.5	100.0

In line with the financial strategy described above, the Group has maintained a stable high equity ratio even in times of the Corona crisis. Equity has fortunately increased as a result of the positive earnings. In contrast hereto, the measures already described to finance cable production at Erich Jaeger, but also the increase in inventories in the wake of the materials problems, led to a sharp rise in total assets of around 17%. This increase in total assets was financed primarily by borrowed capital. Despite the absolute increase in equity, the equity ratio therefore fell – only for arithmetical reasons – to 54.9%.

4.3.3 Cash-flow / condensed cash-flow statement

The Group's cash flow developed as follows:

	2021 million €	2020 million €
Operating cash-flow	-3.4	8.8
Net investments	-3.1	-3.8
Free cash-flow	-6.5	5.0
Cash-flow from financing activities	5.5	-3.7

Despite the positive result, the operating cash flow is negative: this is due to the significant increase in working capital for the reasons already mentioned. In contrast hereto, cash flow from financing activities is strongly positive, as the loans agreed in 2020 were not drawn down until 2021, in particular in order to implement the growth investments at Erich Jaeger, but also to increase working capital. Apart from this, please refer to the disclosures made above 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 unbureaucratic working capital financing for the affiliated Group companies.

4.4 Assets

	31.12.2021 million €	%	31.12.2020 million €	%
Fixed assets	28.1	25.1	24.3	25.4
Current and other assets	83.7	74.9	71.2	74.6
incl. cash and cash equivalents	8.9	7.9	9.8	10.2
Total assets	111.8	100.0	95.5	100.0

Fixed assets increased in particular due to investments in cable production at Erich Jaeger. Current assets (working capital) increased sharply due to higher inventories in connection with the materials issues already mentioned before.

We consider the level of our liquidity (cash and cash equivalents) plus free contractual credit reserves to be appropriate and necessary against the background of the financing requirements for further growth and because of the existence of a security reserve.

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4.5 Overall assessment of the economic situation

The Group's net assets and financial position remain in order. AdCapital Group will, also in future, continue to be able to successfully perform its tasks, in particular the financing of its portfolio companies, with the financial resources at its disposal as well as the external financial potential. In the event of tight liquidity situations due to current issues such as Corona, material shortages and the Russia-Ukraine conflict, but also if there is an opportunity for major expansion investments - such as the acquisition of new investments - we have other sources of financing at our disposal.

In 2021, too, the Group's and AdCapital AG's equity ratios remain exceptionally high.

The profit situation in the fiscal year has significantly improved in 2021: for the first time in many years, we were able to report a positive result even after minority interests.

However, the start to fiscal 2022 is characterized by a volatile environment. Order backlogs are historically high but can only be processed to a limited extent due to a lack of materials, as was already the case in 2021. The significant rise in raw material prices will therefore continue and is going to have a considerable impact on the materials ratio and profitability.

In addition to the risks from the crisis in the automotive industry, which have been known for some time, the effects of the Corona virus continue to be present. High sick leave and quarantine lead to restrictions on production capacities and higher costs, but travel restrictions and a lack of as well as expensive transport capacities also continue to play a significant role.

Furthermore, Russia's attack on Ukraine and the sanctions subsequently imposed on Russia have massively worsened the framework conditions for economic activity, with unforeseeable consequences for the economy as a whole and also for our companies. At the moment [early March 2022], it is therefore not possible to make a statement on the short- and medium-term impact on our companies' sales, earnings and liquidity. The declared goal remains to establish the portfolio companies' competitiveness and profitability and liquidity at a satisfactory level in the long term.

5. Non-financial performance indicators

5.1 Employees

As of December 31, 2021, AdCapital AG had three employees (previous year: three). AdCapital Group employed an average number of 1,549 people in 2021. Compared to the previous year (1,414 employees) the average number of employees significantly increased. This reflects the higher sales in the fiscal year. At the end of the year, the number of employees is around 90 lower than on average due to the slowdown in sales in the 4th quarter.

The number of trainees is 25 (previous year: 27). 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 the portfolio companies and creates platforms for exchange. We know: 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 joint operational success creates the basis for the employees' identification with the AdCapital Group companies.

5.2 Research and development

In the fiscal year 2021, expenses for research and development within the Group amounted to ca. € 2.0 million (previous year: € 1.9 million).

These mainly include further developments of the existing product range.

6. Risk report

6.1 Opportunities and risk management system

The opportunity and risk policy pursued by us and our subsidiaries is based on the strategy of generating sustainable earnings and value enhancement from our operating investments. We do not take any inappropriate risks. The principles of our risk policy are defined by the Management Board in close consultation with the Supervisory Board.

We use various information and control systems to identify, at an early stage, developments which might jeopardize the continued existence of an investment or the Group. Both qualitative and quantitative criteria are used for the early identification of risks.

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

Default risk

At the operational level, default risks with our customers are limited to an inevitable degree as part of effective accounts receivable management by handling credit approvals and setting credit limits and other control procedures. This also includes the factoring established at Erich Jaeger and Taller, where high-risk customers are excluded by the banks, thus providing indicators of a higher default risk. Where possible, commercial credit insurance is taken out to protect against bad debts. In individual cases, delivery against prepayment is agreed with our customers.

Risk from operating business

On both the purchasing and sales sides, the Group companies often have to deal with significantly larger partners (such as automotive industry, semiconductor manufacturers, pellet manufacturers), so that our portfolio companies' negotiating power is limited. The Group companies generally endeavor to avoid or minimize their dependence on individual suppliers or customers. However, in the case of individual Group companies, strong dependencies on major customers or important suppliers cannot be avoided.

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. An alternative supplier will also be set up if possible. In the summer of 2021, an important supplier of Taller GmbH was unavailable for a longer period of time due to the floods in the west of Germany, which caused massive delivery problems for Taller. Due to the widespread problems in the supply chains, it must always be expected that the actually necessary input materials are not available in the required quantity or at the required time. Furthermore, the risk of a lack of transport capacity should not be underestimated. It is difficult to make a forecast for future developments in this respect. Building up inventories can reduce these problems to some extent, but on the other hand leads to higher liquidity requirements.

Furthermore, strongly fluctuating commodity prices, especially for copper, brass, plastics or electronic components, can lead to significant economic burdens for our operating subsidiaries. On the one hand, purchase agreements are concluded with suppliers guaranteeing fixed purchase prices for specific sales volumes if possible. 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. In some cases, however, it is also necessary to purchase, in consultation with the customer, raw materials or intermediate products at excessive prices in order to ensure delivery capability.

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 production companies to distribution companies located in other countries. With our international orientation and the targeted steady increase in our export ratio, increased currency risks are to be expected in the future. Changes in exchange rates may also have a significant, albeit non-cash, impact on earnings in the case of intra-Group loans granted to foreign subsidiaries. In the past fiscal year, there were predominantly negative effects on the operating result, particularly in the Group's traditional risk currency, the Mexican peso.

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In the medium term, it will also be necessary to observe how changes in the supply chains will affect exchange rates and thus implicitly the production plants' profitability. However, this cannot yet be estimated at the present time.

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 individual companies' liquidity is monitored by the holding company continuously and closely.

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 € 18.8 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. Consequently, the economic development of these investments is closely linked to that of the customer.

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

However, due to the current risk situation at the beginning of 2022, it cannot be excluded that the economic situation for the global economy as a whole and also for individual portfolio companies will deteriorate significantly, even in the short term. However, given the good liquidity position of the Group and its subsidiaries, it can be assumed that even such negative factors will not jeopardize the Group's continued existence.

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 omitted, 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

The deterioration in the economic situation of the individual portfolio companies in the second half of 2021 could already be taken into account in AdCapital Group's planning for the following financial years, which was prepared in December 2021. Therefore, the planned performance for 2022 is at the same level as the 2021 performance, so no growth was assumed. At Erich Jaeger, for example, the strong growth of the reporting year is not continued; on the contrary, we even assumed a slight decline – to a level that is still high compared with previous years. Nevertheless, a slight increase in operating profit is planned for the Group compared to 2021. However, this can only be achieved if material prices return to normal and material bottlenecks will have a much smaller impact than in the second half of 2021 but, above all, if the Russia-Ukraine conflict does not lead to any significant distortions.

We see the following issues as relevant for the further development of our portfolio companies and the Group as a whole:

- continuing high or even increasing commodity prices,
- continuing lack of availability of individual components, especially in the electronics sector, so that our plants or our customers' facilities may also suffer production downtimes,
- continuing high transport costs due to the shortage of available containers,
- possible new Corona waves in countries relevant to us, including the Czech Republic, China and North America,
- limited new customer acquisition also in future due to still existing travel and contact restrictions.

The expected influence of these factors has led us to assume a conservative sales development for 2022.

The further expansion of our automotive strategy would also require the implementation of efficiency-enhancing measures at the individual plants, the relocation of the production of individual items and an optimization of the supply chain. As such issues often require on-site visits, it has not been possible to work on these tasks to the extent we would have liked over the past two years due to travel and contact restrictions. We are optimistic that the situation in this regard will ease in 2022 but we assume it will remain difficult to perform site visits in China due to their zero-Covid strategy.

Despite the short time since the planning was drawn up, some fundamentally new assessments of future economic developments in the course of 2022 have emerged. Whereas at the end of the year the – more or less – majority believed that inflation would only be a temporary issue, inflation expectations have since changed significantly (as of March 2022). The adjustment of interest rates in the USA, for example, is thus likely to take place more quickly and with larger steps than expected. It can be assumed that this will also have an impact on the global economy.

However, by securing financial resources in the amount of € 18,808,335 through bank financing, we have created the basis for securing, on the one hand, the Group's continued existence even in a possibly more difficult economic situation, but also for seizing opportunities as they arise. The funds are primarily used for the growth of Erich Jaeger, i.e., the investments and measures accompanied by the past years' won contracts are to be implemented.

The next months, however, are certainly going to be characterized by uncertainties. The main question is how the economic development in the second half of the year will be influenced by a possible new Corona virus variant. For AdCapital, not only the situation in Germany, but the situation worldwide will be relevant.

9.2 Opportunities and risks

According to a survey by the ifo Institute, in October 2021 companies in the manufacturing sector expected problems with supply bottlenecks to continue for another eight months on average, although the cited figures differed widely. In December, around 82% of companies had problems procuring intermediate products and raw materials, while the situation eased somewhat in January (67% still reporting problems, according to ifo). The ifo data could actually have given cause for hope that the supply problems would be significantly reduced in the course of 2022. In the meantime, however, the assessments have deteriorated significantly – which is also due to the Russia-Ukraine conflict.

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With regard to the shortage of semiconductors in the automotive industry, Roland Berger points out in a study published in November 2021 that the situation is not expected to ease in the short term. Investments in new semiconductor factories are being made in those with the latest technology, however, current vehicles require semiconductor components based on older technology that cannot be produced in factories with the latest technology for technical reasons. Roland Berger therefore does not expect the situation in this area to ease before 2023.

In the medium to long term, however, the EU Commission's "Chip Act", which is intended to promote the construction of semiconductor factories in Europe, should reduce Europe's dependence on American or Far Eastern sources of supply.

The current supply problems also have an impact on the current prices of intermediate products and raw materials. An analysis by the German Institute for Economic Research (DIW) from January 2022 points out that, due to increasing demand as a result of the global energy transition, raw material prices for metals are likely to rise sharply in the medium to long term. The price of copper is particularly relevant for our companies in this respect.

The current risk report of the World Economic Forum (WEF) addresses, among other things, the economic and social consequences of the Corona crisis. The significant differences in vaccination rates and economic developments in individual countries worldwide are leading to a widening gap between rich and poor countries, which is likely to cause tensions. This will not make it easier to solve the challenges for the global community (the WEF mentions, for example, the fight against climate change, guaranteeing data protection, ensuring social cohesion and agreeing on regulations regarding competition in outer space).

The majority of those surveyed in the WEF study expect that the world will have to face consistent volatility and a variety of surprises over the next three years. Different development paths will create winners and losers. Just over 10% of respondents are optimistic about the outlook for the world over the next three years, but only slightly fewer see tipping points with catastrophic effects ahead. Overall, almost 90% (!) of respondents are pessimistic about the near future.

Environmental risks are considered as the largest risks in the long term. However, "infectious diseases", "debt crisis" and "geo-economical confrontations" are also named as addition-

al risks. The topics of "digital participation" and "cybersecurity" are also mentioned as technological risks, although the respondents do not consider them to be as serious. However, the authors of the risk report point out the possibility of a "blind spot" in risk identification.

Domestic pressures are making it increasingly difficult for governments to respond adequately to long-term and global challenges. For 31 countries, including Germany, France and Mexico, the decline in social cohesion is seen as a major threat even in the short term.

The IMF, on the other hand, sees the following risks in addition to the further development of the Covid 19 pandemic: "monetary policy in the USA", "crisis in the real estate sector in China", and "political crises". In its outlook for the economy, the IMF assumes that the impact of the pandemic will diminish in the course of 2022.

However, as seen with the hosting of the Olympics, China needs massive resources and constraints to implement its zero-covid strategy. Given the low efficacy of the vaccines used in China against the current omicron pathogen, the question arises as to how the economy in China is going to develop against the backdrop of future, potentially more dangerous variants of the virus.

Currently, however, the central question is what effects will result from the massive military conflict between Russia and Ukraine and the sanctions imposed as a result.

If, in addition to the military conflict in Eastern Europe, even some of the above-mentioned risks should materialize in the coming months or years, this is likely to result in a significant change in the environment in which our companies or the Group operate.

However, changes resulting from such developments should not only be viewed negatively; they also represent opportunities, for example, when new opportunities arise on the markets or competitors leave the market because they do not have sufficient resources.

We strive to ensure that the portfolio companies and the Group as a whole are as well prepared as possible to cope with surprising developments or external shocks. To this end, we believe it is essential to have access to appropriate financial and organizational resources.

In our view, AdCapital is well equipped to seize the opportunities that arise in each case: This is because the Group companies and the Group as a whole have already demonstrated in the last two years that they were able to cope well even with a massive external shock such as the Corona pandemic and its consequences for the economy, and to exploit the arising opportunities to our advantage. We are convinced that we will continue to do so in the future, whatever challenges arise.

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 on the basis of 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.

Tuttlingen, March 22, 2022

AdCapital AG



Hans-Jürgen Döringer
(Management Board)



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AdCapital AG, Tuttlingen
Consolidated Balance Sheet as of December 31, 2021

All figures in K€

ASSETS	Notes	31.12.2021	31.12.2020
A. Fixed assets	4.1		
I. Intangible assets		463	775
II. Tangible assets		26,858	22,717
III. Financial assets		780	810
		28,101	24,302
B. Current assets			
I. Inventories	4.2	53,856	37,089
II. Receivables and other assets	4.3	20,095	23,856
III. Securities		0	0
IV. Cash on hand and bank balances	4.4	8,871	9,751
		82,822	70,696
C. Prepaid expenses and deferred charges	4.5	637	397
D. Deferred tax assets		219	20
E. Excess of plan assets over pension liability		57	64
		111,836	95,478
LIABILITIES	Notes	31.12.2021	31.12.2020
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	-9,303	-11,017
V. Balancing item from currency translation	4.8	1,294	-337
VI. Minority interests	4.9	5,004	5,898
		61,351	58,900
B. Provisions	4.10	10,258	9,992
C. Accounts payable	4.11	40,205	26,434
D. Deferred income		22	152
		111,836	95,478

AdCapital AG, Tuttlingen
Consolidated income statement for the fiscal year 2021

All figures in K€

	Notes	2021	2020
1. Sales revenues	5.1	170,080	147,631
2. Change in inventories		1,365	-2,036
3. Other own work capitalized		10	0
4. Other operating income	5.2	3,947	1,962
5. Cost of materials	5.3	89,271	72,947
6. Personnel expenses	5.4	45,327	40,346
7. Depreciation and amortization	5.5	4,617	5,028
8. Other operating expenses	5.6	30,582	26,077
9. Operating result		5,605	3,159
10. Financial result	5.7	-667	-968
11. Taxes on income	5.8	-1,969	-2,714
12. Earnings after taxes		2,970	-522
13. Other taxes		-60	-61
14. Consolidated annual net profit / loss (-)		2,909	-583
15. Earnings attributable to minority interests		1,137	1,875
16. Group earnings		1,772	-2,458

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AdCapital AG, Tuttlingen
Consolidated assets analysis as of December 31, 2021

All figures in K€

	Acquisition and manufacturing costs						31.12.2021	Accumulated depreciation						Book values	
	01.01.2021	Changed group of consolidated companies	Additions (+)	Disposals (-)	Repos-tings	Change in currency		01.01.2021	Changed group of consolidated companies	Additions (+)	Disposals (-)	Change in currency	31.12.2021	31.12.2021	31.12.2020
I. Intangible assets															
1. Acquired concessions, industrial property and similar rights and assets as well as licences in such rights and assets	10,394	0	134	103	0	44	10,469	9,619	0	460	103	29	10,006	463	775
2. Goodwill	3,461	-3,461	0	0	0	0	0	3,461	-3,461	0	0	0	0	0	0
3. Goodwill from capital consolidation	10,800	0	0	0	0	0	10,800	10,800	0	0	0	0	10,800	0	0
	24,655	-3,461	134	103	0	44	21,269	23,880	-3,461	460	103	29	20,806	463	775
II. Tangible assets															
1. Land, similar rights and buildings including buildings on leasehold land	21,207	-868	695	1,270	0	305	20,068	13,940	-868	572	1,270	165	12,538	7,530	7,267
2. Technical equipment and machinery	55,348	-104	471	4,656	719	684	52,464	47,821	0	1,798	4,593	456	45,482	6,982	7,527
3. Other equipment, factory and office equipment	40,419	0	1,393	3,864	149	614	38,711	35,202	0	1,786	3,651	495	33,833	4,877	5,217
4. Prepayments and construction in process	2,707	0	5,600	9	-869	40	7,471	0	0	0	0	0	0	7,471	2,707
	119,679	-972	8,160	9,799	0	1,642	118,710	96,963	-868	4,156	9,514	1,117	91,854	26,857	22,717
III. Financialassets															
1. Shares in affiliated companies	5,477	0	6	0	0	0	5,484	5,292	0	19	0	0	5,311	172	185
2. Other loans	631	0	0	17	0	0	614	6	0	0	0	0	6	608	625
	6,108	0	6	17	0	0	6,098	5,298	0	19	0	0	5,317	781	810
	150,440	-4,433	8,300	9,918	0	1,686	146,075	126,140	-4,329	4,635	9,617	1,146	117,977	28,101	24,302

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AdCapital AG, Tuttlingen
Consolidated statement of changes in equity for 2021

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	
01.01.2020	41,700	4,592	18,064	-8,947	-106	55,303	6,484	61,787
Dividends paid	0	0	0	0	0	0	-2,030	-2,030
Annual result	0	0	0	-2,459	0	-2,459	1,875	-583
Neutral changes in profit/loss	0	0	0	389	-231	158	-433	-275
Total profit/loss	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
01.01.2021	41,700	4,592	18,064	-11,017	-337	53,002	5,898	58,900
Dividends paid	0	0	0	0	0	0	-2,236	-2,236
Reclassification of currency effects from debt consolidation (DRS 25)	0	0	0	0	0	0	0	0
Allocation to retained earnings	0	0	0	0	0	0	0	0
Annual result	0	0	0	1,772	0	1,772	1,137	2,909
Neutral changes in profit/loss	0	0	0	-58	1,631	1,573	204	1,777
Total profit/loss	0	0	0	1,714	1,631	3,345	-895	2,450
31.12.2021	41,700	4,592	18,064	-9,303	1,294	56,347	5,004	61,351

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AdCapital AG, Tuttlingen
Consolidated cash-flow statement for 2021

All figures in K€

		2021	2020
Period result (including profit attributable to minority interests)		2,909	-583
+/-	Depreciations/appreciations of fixed asset items	4,635	5,028
+/-	Increase/decrease in provisions	59	732
+/-	Other non-cash expenses/income	-438	506
+/-	Decrease/increase in inventories, trade receivables and other assets not attributable to investment or financing activities	-11,480	-1,223
+/-	Increase/decrease in trade payables and other liabilities not attributable to investment or financing activities	-31	3,793
+/-	Loss/profit from the disposal of fixed asset items	46	178
+/-	Interest expenses/interest income	649	375
+/-	Income tax expenses/income	1,969	2,714
-/+	Income tax payments	-1,764	-2,742
Cash-flow from operating activities		-3,446	8,778
-	Payments for investments in intangible fixed assets	-134	-123
+	Proceeds from disposals of fixed tangible assets	258	0
-	Payments for investments in tangible fixed assets	-3,118	-3,832
+	Proceeds from disposals of financial assets	-6	0
+/-	Proceeds/payments from disposals of/for investments in financial assets	0	0
+	Interest received	110	117
Cash-flow from investment activities		-2,890	-3,838

All figures in K€

		2021	2020
+	Proceeds from the raising of credits	7,800	4,094
-	Payments for the repayment of credits	-480	-5,288
-	Interest paid	-759	-492
-	Dividends paid to minority shareholders	-1,105	-2,030
Cash-flow from financing activities		5,456	-3,716
Net change in cash and cash equivalents		-880	1,223
+/-	Exchange-rate related changes in cash and cash equivalents	0	0
+/-	Consolidation-related changes in cash and cash equivalents	0	0
+	Cash and cash equivalents at the beginning of the period	9,751	8,528
=	Cash and cash equivalents at the end of the period *)	8,871	9,751

*) Cash and cash equivalents exclusively comprise cash

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Notes to the consolidated financial statements for the fiscal year 2021

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, 2021 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 amortized according to schedule. The useful lives are 3 to 10 years. Capitalized goodwill from capital consolidation has been amortized 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 depreciation or amortization is 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: 1.87%, previous year: 2.30%). 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 carry-forwards. 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, 2021 (previous year: 16).

A total of six (previous year: seven) 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.

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 proportionate 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.

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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:

	31.12.2021 K€	31.12.2020 K€
Acquired concessions, industrial property and similar rights and assets as well as licences in such rights and assets	463	775
Intangible assets	463	775

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

	31.12.2021 K€	31.12.2020 K€
Land, similar rights and buildings including buildings on leasehold land	7,530	7,267
Technical equipment and machinery	6,981	7,527
Other equipment, factory and office equipment	4,877	5,217
Prepayments and construction in process	7,470	2,707
Tangible assets	26,858	22,717

	31.12.2021 K€	31.12.2020 K€
Shares in non-consolidated companies	172	185
Other loans	608	625
Financial assets	780	810

4.2 Inventories

Inventories are structured as follows:

	31.12.2021 K€	31.12.2020 K€
Raw materials and supplies	22,601	15,104
Work in process	7,251	4,381
Finished goods and merchandise	23,789	16,278
Prepayments	215	1,325
	53,856	37,089

4.3 Receivables and other assets

Receivables and other assets are structured as follows:

	Total K€	Maturity up to 1 year K€	Maturity more than 1 year K€
Trade receivables (previous year)	11,614 (16,993)	11,614 (16,993)	0 (0)
Receivables from affiliated companies (previous year)	1,627 (0)	131 (0)	1,496 (0)
Other assets (previous year)	6,854 (6,863)	6,836 (4,941)	18 (1,922)
	20,095 (23,856)	18,581 (21,934)	1,514 (1,922)

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4.4 Cash and cash equivalents

Cash and cash equivalents in the amount of K€ 8,871 (previous year: K€ 9,751) include cash on hand, Postbank balances, bank balances and checks.

4.5 Prepaid expenses and deferred charges

Prepaid expenses in the amount of K€ 637 (previous year: K€ 397) 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 2021, 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€ 8,761 (previous year: K€ 7,047).

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.

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) and Jaeger Poway Ltd.

4.10 Provisions

	31.12.2021 K€	31.12.2020 K€
Provisions for pensions and similar obligations	2,901	2,838
Tax provisions	910	705
Other provisions	6,447	6,450
	10,258	9,992

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 31.12.2021 K€	Acquisition costs K€	Income statement K€
Reinsurance's asset value	-450	-427	
Pension provision	2,901		
Pensions			-143
Interest income from asset values			41
Interest exenses for pension provision			-217
Balance from offsetting	2,451	n/a	-319

Pension payments within the Group amounted to K€ 245 in the reporting year (previous year: K€ 245).

The difference blocked for distribution in accordance with Art. 253 Sec. 6 sentence 1 HGB amounts to K€ 190.

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	Maturities up to 1 year	Maturities 1 to 5 years	Maturities more than 5 years
	K€	K€	K€	K€
Payables to banks (Previous year)	20,471 (7,891)	7,111 (5,898)	11,352 (1,887)	2,008 (106)
Prepayments received on account of orders (Previous year)	337 (635)	337 (635)	0 (0)	0 (0)
Trade payables (Previous year)	15,037 (12,354)	15,037 (12,354)	0 (0)	0 (0)
Other liabilities (Previous year)	4,360 (5,554)	4,187 (5,411)	28 (143)	145 (0)
	40,205	26,672	11,380	2,153
(Previous year)	(26,434)	(24,298)	(2,030)	(0)

Other liabilities include tax liabilities in the amount of K€ 1,373 (previous year: K€ 1,473) and social security liabilities in the amount of K€ 259 (previous year: K€ 208).

Of payables to banks, an amount of K€ 3,164 (previous year: K€ 2,198) 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 mandatorily 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€ 219 (previous year: K€ 83), 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€ 0 (previous year: K€ 63). The surplus on the assets side and thus the deferred tax assets amount to K€ 219 (previous year: K€ 20). Tax rates of between 19% and 30% were applied in the valuation of deferred taxes.

The change in deferred taxes can be presented as follows:

	01.01.2021 K€	Addition K€	Consumption K€	31.12.2021 K€
Deferred tax assets	83	136	0	219
Deferred tax liabilities	63	0	63	0

Deferred taxes on loss carryforwards were not capitalized.

5. Notes on the consolidated income statement

5.1 Sales revenues

Sales revenues are structured as follows according to regions:

	2021 K€	2020 K€
Germany	52,475	45,768
Abroad	117,605	101,863
	170,080	147,631

5.2 Other operating income

	2021 K€	2020 K€
Income from the sale of fixed assets	224	6
Income from the reversal of provisions	378	525
Currency gains	1,813	579
Income from the allowance for doubtful accounts	484	173
Other	1,048	680
	3,947	1,962

Income relating to other periods was recorded in the total amount of K€ 827 (previous year: K€ 703). This mainly related to the reversal of provisions in the amount of K€ 378 (previous year: K€ 525) as well as income from the allowance for doubtful accounts in the amount of K€ 484 (previous year: K€ 173).

5.3 Cost of materials

	2021 K€	2020 K€
Cost of raw materials, supplies and merchandise	85,428	71,110
Cost of purchased services	3,843	1,837
	89,271	72,947

5.4 Personnel expenses / number of employees

	2021 K€	2020 K€
Wages and salaries	38,214	34,243
Social security, pension and other benefits - incl. for pensions K€ 71 (previous year: K€ 67)	7,113	6,103
	45,327	40,346

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

	2021	2020
Direct employees	1,258	1,151
Indirect employees	291	263
	1,549	1,414

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

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5.5 Depreciation and amortization of intangible and tangible fixed assets

	2021 K€	2020 K€
Amortization of goodwill from capital consolidation	0	230
Other	4,617	4,798
	4,617	5,028

Please also refer to the information in the assets analysis.

5.6 Other operating expenses

	2021 K€	2020 K€
General operating expenses	4,077	3,788*
Rent and lease, occupancy costs	3,217	2,723
Transport costs	5,586	3,848
Energy costs	2,284	2,215
Repair and maintenance	1,712	1,633
Personnel leasing	1,202	485
Vehicle costs	810	786
Legal and consulting fees	1,029	1,629
Travel expenses	188	222
Allocation to individual value adjustment of receivables	0	137
Other administrative expenses	3,236	1,879
Insurances	800	767
Currency losses	2,118	1,665
IT costs	1,116	1,166
License fees (excl. IT)	199	217
Communication costs	501	510
Commissions	407	776
Distribution and advertising costs	1,297	829*
Other	803	802*
	30,582	26,077

*For reasons of better comparability, the previous year's figures have been adjusted.

The increase in other administrative expenses is attributable to higher incoming freight. Expenses relating to other periods amounted to K€ 40 (previous year: K€ 226). They include losses on receivables, additions to individual and lump-sum write-downs on receivables, and other nonperiodic costs.

5.7 Financial result

	2021 K€	2020 K€
Loss from participations	0	-332
Income from loans of financial assets	0	3
Depreciation of financial assets and securities held as current assets	-19	-262
Other interest and similar income	110	117
Interest and similar expenses	-758	-492
	-667	-968

Interest expenses from the compounding of provisions amounted to K€ 217 (previous year: K€ 134).

5.8 Taxes on income

	2021 K€	2020 K€
Income taxes in the fiscal year	1,641	2,419
Income (-)/Expenses (+) from change in deferred taxes	-192	-30
Other income taxes Previous years	520	273
	1,969	2,714

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

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

	31.12.2021 K€	31.12.2020 K€
Contingent liabilities	190	600
Guarantees		
Other financial obligations	20,043	11,700
Obligations from commitments, rent and leasing contracts		

As of December 31, 2021, there are obligations of K€ 190 (previous year: K€ 600) 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 attorney-at-law

Deputy Chairman
Dr. Christoph Zobl,
Self-employed attorney-at-law

Further members
Mr. Hans-Joachim Holstein,
Business Consultant

Mr. Maximilian Meyer zu Schwabedissen,
German CPA

In the fiscal year 2021, expenses of K€ 105 (previous year: K€ 101) were incurred for the Supervisory Board's remuneration.

9. Auditor's total fee

	2021 K€	2020 K€
Audit of annual and consolidated financial state-ments of the current year	250	235
Tax consulting fees	41	35
	291	270

10. Significant transactions with related parties

AdCapital AG has not entered into any transactions with related parties at 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 ¹	Schönau	100.00	100.00
Taller GmbH	Waldbronn	99.95	99.95

¹ As of December 31, 2021 100%, until December 30, 2021 75%

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12. AdCapital AG's Group companies, not consolidated

Name	Registered office	Share in capital in %	
		Additive	Multiplicative
AdCapital Invest GmbH i.L.	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 ²	Schönau	100.00	100.00
Grundstücksgesellschaft am Entenfang mbH	Hannover	100.00	100.00
frako power systems GmbH & Co. KG	Teningen	100.00	100.00
OPUS Grundstücksgesellschaft mbH (formerly: MIG – Menchen Immobiliengesellschaft mbH) ¹	Schönau	100.00	100.00
Insert Ltd. ³	Istanbul, Türkei	100.00	99.95

¹ As of December 31, 2021 100%, until December 30, 2021 0%
² As of December 31, 2021 100%, until December 30, 2021 75%
³ The company is in liquidation.

13. Appropriation of profits as proposed by the parent company

AdCapital AG's annual financial statements as of December 31, 2021 show a net profit of K€ 2,828. 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, 2021 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. The effects of the currently existing military conflict between Ukraine and Russia are uncertain at the moment.

Tuttlingen, March 22, 2022

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, 2021, 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, 2021 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, 2021.

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, 2021, and of its profit situation for the fiscal year from January 1 through December 31, 2021; 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 re-

sponsibility 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

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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;
- 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;
- 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;
- 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 infor-

mation, 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.

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 22, 2022

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
(Düsseldorf)

Peter Schill	Jürgen Bechtold
German CPA	German CPA

AdCapital AG, Tuttlingen
Consolidated financial statements as of December 31, 2021
and group management report for the fiscal year 2021



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AdCapital AG, Tuttlingen
Balance Sheet as of December 31, 2021

ASSETS	Notes	31.12.2021	31.12.2020
A. Fixed assets	2.1	€	K€
I. Intangible assets		14,826.64	35
II. Tangible assets		5,429,016.34	27
III. Financial assets		29,460,050.50	30,514
		34,903,893.48	30,575
B. Current assets			
I. Receivables and other assets	2.2	30,435,161.60	33,084
II. Cash on hand and bank balances		5,564,274.45	5,588
		35,999,436.05	38,672
C. Prepaid expenses and deferred charges		28,555.04	16
		70,931,884.57	69,263
LIABILITIES	Notes	31.12.2021	31.12.2020
A. Equity		€	K€
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		2,828,405.49	1,324
		67,184,145.65	65,680
B. Provisions	2.4	638,880.00	737
C. Accounts payable	2.5	3,108,858.92	2,846
		70,931,884.57	69,263

AdCapital AG, Tuttlingen
Income statement for the fiscal year 2021

	Notes	2021	2020
		€	K€
1. Sales revenues	3.1	89,503.26	90
2. Other operating income incl. from currency translation EUR 0,00 (previous year KEUR 0)	3.2	4,776,442.91	796
		4,865,946.17	886
3. Cost of materials	3.3	445.66	2
4. Personnel expenses	3.4	661,532.73	635
5. Depreciation of intangible and tangible fixed assets	3.5	27,895.49	31
6. Other operating expenses incl. from currency translation EU 0,00 (previous year KEUR 0)	3.6	1,756,021.73	2,142
7. Financial result	3.7	878,156.61	726
8. Taxes on income	3.8	37,000.00	0
9. Earnings after taxes		1,504,893.95	-1,198
10. Other taxes		550.00	1
11. Annual net profit / loss (-)		1,504,343.95	-1,199
12. Retained earnings		1,324,061.54	2,524
13. Dividend distribution		0.00	0
14. Allocation to retained earnings		0.00	0
15. Net profit		2,828,405.49	1,324

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AdCapital AG, Tuttlingen
Development of fixed assets during the fiscal year 2021

All figures in K€

	Acquisition or manufacturing costs			
	as of 01.01.2021	Additions (+)	Disposals (-)	as of 31.12.2021
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	5,407	0	5,458
2. Other equipment, factory and office equipment	207	3	50	160
	258	5,410	50	5,618
III. Financialassets				
1. Shares in affiliated companies	49,024	3,323 *	0	52,347
2. Loans to affiliated companies	503	0	503	0
3. Participations	0	0	0	0
	49,527	3,323	503	52,347
	51,291	8,733	553	59,471

	Depreciations/appreciations			Book values	
	as of 01.01.2021	Additions (+)	Disposals (-)	as of 31.12.2021	as of 31.12.2020
	1,471	20	0	1,491	15
	1,471	20	0	1,491	15
	51	0	0	51	5,407
	180	8	50	138	22
	231	8	50	189	5,429
	19,014	3,873	0	22,887	29,460
	0	0	0	0	0
	0	0	0	0	0
	19,014	3,873	0	22,887	29,460
	20,716	3,901	50	24,567	34,904

* Write-ups on shares in affiliated companies amount to K€ 2,317.

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Notes to the annual financial statements for the fiscal year 2021

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, 2021, 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 depreciation and amortization. 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 three to five 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 ask price as of the date of acquisition or the rate as of the reporting date; foreign currency liabilities at the higher of the bid price 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, 2021:

Name	Registered office	Share in capital in %	Equity K€	Annual result K€
AdCapital Beteiligungs GmbH	Tuttlingen	100.00	4,523	3,916
Berliner Elektro-Technik GmbH	Tuttlingen	100.00	-6,535	-3,065
OPUS Grundstücksgesellschaft mbH (formerly: MIG-Menchen Immobiliengesellschaft mbH) ¹	Schönau (formerly: Heiligkreuzsteinach)	100.00	201	0
AdCapital Invest GmbH i.l.	Tuttlingen	100.00	n/a	n/a

By decision of November 11, 2014, the Rottweil Local Court opened insolvency proceedings against 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.

¹ As of December 31, 2021 100%, until Dec. 30, 2021 0%

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	21,938	4,856
Erich Jaeger s.r.o. ²	Koprivnice, Czech Republic	100.00	12,999	1,494
Jaeger France s.a.r.l.	Limonest, France	100.00	460	438
Jaeger Poway Ltd. ²	Hongkong, China	60.00	432	414
Jaeger Poway Automotive Systems (Shenzhen) Limited ²	Shenzhen, China	60.00	12,077	2,415
Erich Jaeger México S. de R.L. de C.V. ²	Piedras Negras, Mexico	99.00	1,293	-627
Erich Jaeger U.S.A. Inc. ²	Plymouth, MI, USA	100.00	-1,452	1,504
OPUS GmbH & Co. KG ³	Schönau	100.00	668	-774
KTS GmbH	Schmölln	100.00	823	116
FRAKO Kondensatoren- und Anlagenbau GmbH	Teningen	100.00	5,333	711
Taller GmbH	Waldbronn	99.95	1,415	1,369
EP Connectors GmbH	Waldbronn	100.00	536	-1,307

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

³ As of December 31, 2021 100%, until December 30, 2021 75%

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2.2 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	18	18	0
(previous year)	(2)	(2)	(0)
Receivables from affiliated companies	30,402	9,796	20,606
(previous year)	(31,110)	(9,872)	(21,238)
Other assets	15	15	0
(previous year)	(1,971)	(344)	(1,627)
Total	30,435	9.829	20,606
(previous year)	(33,083)	(10,218)	(22,865)

Receivables from affiliated companies mainly relate to granted loans in the amount of K€ 24,942 (previous year K€ 25,044) as well as drawdowns from the cash pool, K€ 5,292 (previous year: K€ 5,644) of AdCapital AG, each after deducting individual value adjustments as of December 31, 2021. 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 tax receivables for the reporting year.

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 arithmetical interest in the share capital of € 2,98.

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. 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 2021, as in the previous year, no treasury shares 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:

	31.12.2021	31.12.2020
	K€	K€
(+) Annual net profit	1,504	-1,199
(-) Annual net loss		
Previous year’s net profit	1,324	2,523
Dividend	0	0
Previous year’s retained earnings	1,324	2,523
Allocation to retained earnings	0	0
Net profit	2,828	1,324

2.4 Provisions

	31.12.2021	31.12.2020
	K€	K€
Tax provisions	37	0
Other provisions	602	737
	639	737

Other provisions include in particular expenses for royalties, Supervisory Board remuneration, as well as expenses for the preparation, 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)	337 (89)	337 (89)	0 (0)	0 (0)
Payables to affiliated companies (previous year)	2,759 (2,286)	2,759 (2,286)	0 (0)	0 (0)
Other liabilities* (previous year)	13 (471)	13 (471)	0 (0)	0 (0)
Total (previous year)	3,109 (2,846)	3,109 (2,846)	0 (0)	0 (0)

* including from taxes: K€ 13 (previous year K€ 70)

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

	2021 K€	2020 K€
Sales revenues	90	89

Income mainly relates to income from the Group allocation agreement.

3.2 Other operating income

	2021 K€	2020 K€
Income from the reversal of value adjustments	4,237	189
Other proceeds and cost transfers	403	520
Income from the reversal of provisions	123	60
Income from the sale of fixed assets	0	7
Other income	14	20
	4,777	796

Income from the reversal of value adjustments mainly relates to the reduction of individual value adjustments of the loan receivable from Taller GmbH in the amount of K€ 3,700.

3.3 Cost of materials

Cost of materials is made up as follows:

	2021 K€	2020 K€
Expenses for land	0	1
	0	1

3.4 Personnel expenses

Personnel expenses are made up as follows:

	2021 K€	2020 K€
Salaries	471	468
Royalties	150	130
Social security contributions	41	37
	662	635

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

3.5 Depreciation and amortization of intangible and tangible fixed assets

	2021 K€	2020 K€
	28	31

A detailed presentation of the depreciation and amortization 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

	2021 K€	2020 K€
Addition of individual value adjustments to receivables	250	0
Legal and consulting fees	323	570
Rental expenses, office and land costs	24	46
Costs for annual report and annual general meeting	138	168
Administration costs	403	576
Insurances	117	112
Maintenance	374	503
Other	127	167
	1,756	2,142

Administrative expenses include a cost allocation from Berliner Elektro-Technik GmbH in the amount of K€ 0 (previous year: K€ 58).

Legal and consulting fees can be broken down as follows:

	2021 K€	2020 K€
Legal consulting	222	466
Audits of annual and consolidated financial statements	90	90
Business consulting	0	0
HR consulting	1	2
Tax consulting services	10	12
	323	570

3.7 Financial result

	2021 K€	2020 K€
Appreciations (+)/ Depreciations (-) of financial assets	-1,556	0
Valuation result	-1,556	0
Interest income from affiliated companies	690	643
Interest and similar income	0	91
Interest to affiliated companies	-12	-8
Interest result	-878	726
	-878	726

In the course of the investments' subsequent valuations, impairment tests were performed which resulted in a 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

	2021 K€	2020 K€
Previous years' tax expenses	37	0
	37	0

The tax expense for previous years mainly relates to the subsequent tax payment for the completed tax audit for fiscal years 2014 to 2018.

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

As of December 31, 2021, there are obligations of K€ 190 (previous year: K€ 600) 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€ 18,808. The loans in question are valued at K€ 12,604 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, 2021 amount to a total of K€ 26 (previous year: K€ 26). They relate to 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:

	31.12.2021 K€	31.12.2020 K€
Berliner Elektro-Technik GmbH	7,770	7,770
KTS Kunststoff Technik Schmölln GmbH	263	263
Taller GmbH	300	4,000
	8,333	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 2021.

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)

8. Supervisory Board

The following persons have been appointed to the Supervisory Board:

Chairwoman
Dr. Sonja Zobl-Leibinger,
Self-employed attorney-at-law

Deputy chairman
Dr. Christoph Zobl,
Self-employed attorney-at-law

Further members
Mr. Hans-Joachim Holstein,
Business Consultant

Mr. Maximilian Meyer zu Schwabedissen,
German CPA

In the fiscal year 2021, expenses of K€ 105 (previous year: K€ 101) 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 at 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 omitted, 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. The effects of the currently existing military conflict between Ukraine and Russia are uncertain at the moment.

12. Net profit

AdCapital AG's annual financial statements as of December 31, 2021 show an accumulated net profit of K€ 2,828. A proposal will be made to the annual general meeting to carry forward the net profit to new account.

Waldbronn, March 22, 2022

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, 2021 and the income statement for the fiscal year from January 1 through December 31, 2021 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, 2021 and of its profit situation for the fiscal year from January 1 through December 31, 2021.

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.

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

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by the IDW will always detect any material misstatement. Mis-statements 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 22, 2022

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
(Düsseldorf)

Peter Schill
German CPA

Jürgen Bechtold
German CPA

AdCapital AG, Tuttlingen
Annual Financial Statements as of December 31, 2021



IMPRESSIONS

Cable production's assembly







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