

2020 Annual Report



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Foreword of the Management Board

Dear shareholders,

2020 was an eventful and challenging year, as many sectors of the global economy were hard hit by the coronavirus pandemic. As a result, we are very thankful to be operating in a sector which suffered no adverse financial effects from the pandemic, at least in 2020. On the contrary, however burdensome the initial restrictions were, they had the effect of making recreational activities more attractive and making consumers more eager to invest in steering wheels and other equipment.

But our growth is not attributable to these effects alone. Before the pandemic, we observed strong growth in demand for "sim racing," i.e. virtual racing, and we expect this growth to continue in the coming years. As a result, we expect consolidated revenues to exceed one hundred million for the first time in Financial Year 2021, and we expect earnings to grow as well.

Endor AG has already succeeded in establishing the Fanatec brand as a specialist in sim racing accessories, allowing it to benefit to a particular degree from the boom in e-sports. The existing partnership with SRO Motorsports Group will be extended in the new Financial Year in order to ensure that the brand is optimally positioned. The Fanatec brand will be a multi-year title sponsor for the renowned Fanatec GT World Challenge and the new Fanatec GT2 European Series, giving it a media presence when real-world racing and virtual sports are combined into a single discipline for the first time. Sponsoring the real-world GT racing series for the first time and the extensive collaboration with the race organizer SRO, in e-sports as well, represent the largest marketing investments in Endor's history. They provide us with the opportunity to increase Fanatec's brand recognition in the world of motor sports, and I am confident that short- and mid-term revenue growth will reflect these initiatives.

We are also planning to significantly increase our global market share by placing new Fanatec products at the lower end of the price range. Consistent with our "top-down brand strategy," we are willing to accept a slightly lower gross profit margin in exchange for this growth, although earnings will continue to grow in absolute terms due to strong overall growth.

We are pleased to have you with us as we continue on our exciting journey and we would like to thank you for your trust.

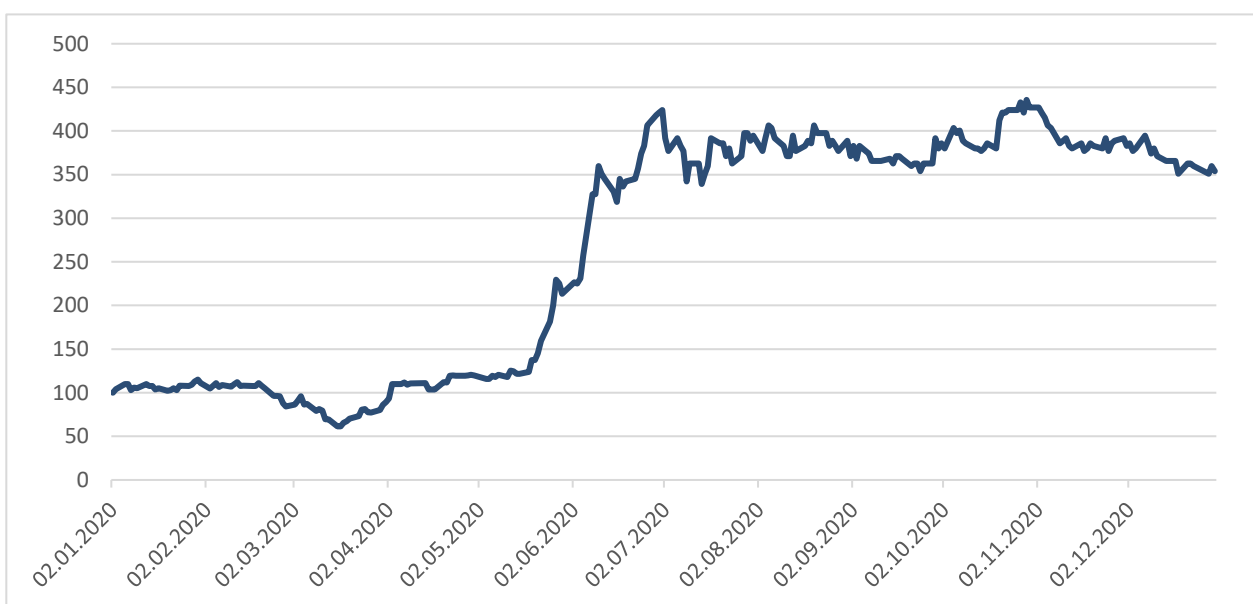
Thomas Jackermeier

CEO of Endor AG

Endor Shares

Endor AG is traded over the counter in the Munich Stock Exchange. Its high for Financial Year 2020 was recorded in late October, with a closing price of EUR 149. Its low was recorded in mid-March, with a closing price of EUR 21. Endor shares recorded an overall performance of 254% in Financial Year 2020. Endor AG's market capitalization was around EUR 234 million as of 31 December 2020 based on outstanding bearer shares on that date.

Share price performance for Financial Year 2020 in %



Key data for Endor shares

German Securities ID (WKN)	549166
ISIN	DE0005491666
Stock symbol	E2N
IPO	27 June 2006
Issue price	€ 9.00
Stock exchanges	Munich, Hamburg, Stuttgart
Type of shares	Bearer shares (common shares)
Market segment	Over-the-counter, Munich Stock Exchange
Number of shares on 31 December 2020	1,937,198
Market capitalization on 31 December 2020 (in EUR million)	234
Share price in EUR on 31 December 2020 ¹	121
Percent change in Financial Year 2020	254
Period high (Jan. - Dec. 2020) in EUR ¹	149
Period low (Jan. - Dec. 2020) in EUR ¹	21

¹ Munich Stock Exchange – closing prices

2021 Financial Calendar

Date	Event
Mid- to late May 2021	Publication of 2020 annual report
Mid-May 2021	Publication of Q1 notice
17-19 May 2021	Spring Conference
July/August 2021	Virtual annual meeting
Through the end of August 2021	Publication of first-half data
Through the end of November 2021	Publication of Q3 notice
22 - 24 November 2021	Equity Forum

Annual Meeting

Endor AG's annual meeting was held on 18 December 2020. As a result of the Covid-19 pandemic, the meeting took place later than usual and was held entirely as a virtual event.

At the annual meeting, shareholders adopted resolutions e.g. to cancel the existing authorized capital and create new authorized capital, as well as amending the Articles of Association accordingly. The shareholders also approved an amendment to the Articles of Association relating to the remuneration system for Supervisory Board members, in addition to other amendments. The resolution discharging the members of the Management Board and Supervisory Board for Financial Year 2019 passed with the necessary majority

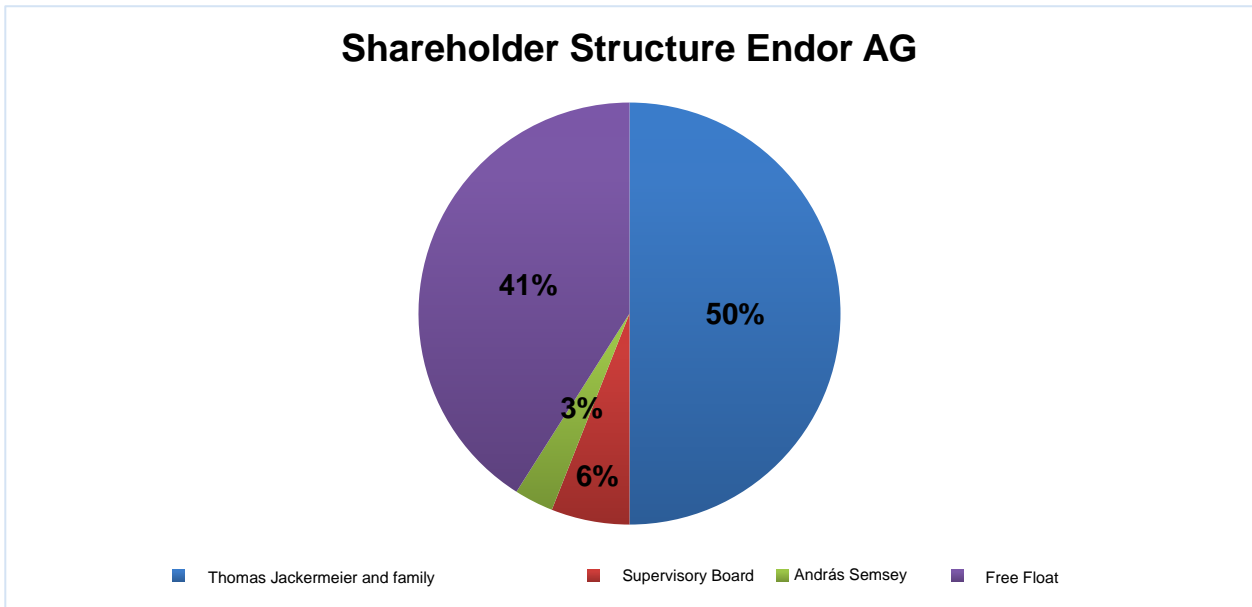
The agenda also included a change in the Supervisory Board: Mr. Thomas Mayrhofer, attorney and partner in the firm of Pinsent Masons Germany LLP, was elected to Endor AG's Supervisory Board. He succeeds Uto Baader, whose resignation as a member of the company's Supervisory Board took effect at the end of 30 November 2020.

Details about the annual meeting, including voting results, can be found at the following link:

[Investor Relations – Endor AG](#)

Shareholder Structure

According to the most recent data available to the company, about 50% of shares in Endor AG are held by Thomas Jackermeier and family, 6% by the Supervisory Board and 3% by András Semsey. Accordingly, 41% of shares are in free float.



Management Report for Financial Year 2020

1. | Foundations of Endor AG

1.1 | Business Model

Endor AG develops and markets high-quality input devices such as high-end steering wheels and pedals for racing simulations on gaming consoles and PCs, as well as driving school simulators. The company thinks of itself as a "brain factory" and is focused on the creative side of the business. Product development and prototype construction is conducted by Endor on its own and in conjunction with specialized technology partners, primarily in Germany ("Germaneering"), while its products are manufactured primarily in Asia. Endor sells its products directly to customers under the FANATEC brand, largely via e-commerce, while driving school simulators are marketed through a strong marketing partner. Endor maintains a presence in the US, Australia, China and Hong Kong through subsidiaries.

1.2. | Strategy

Endor AG's strategy for consolidating and expanding its market position is based on several key pillars:

- positioning of FANATEC as a premium brand;
- aggressive marketing;
- consistent focus on direct sales;
- license agreements with racing organizations;
- production in Asia;
- FANATEC products as modular solutions;
- top-down brand strategy;
- serving customers at different quality and price levels;
- combining real-world motor sports and sim racing.

FANATEC was positioned as a premium brand in the past and is world-famous in the gaming and motor sports industry. Endor is increasingly establishing FANATEC as a brand specializing in sim racing accessories, benefiting directly from the boom in e-sports, as well as engaging in continuous marketing activities in order to further increase brand recognition. This is being done through various channels, such as in-game branding, i.e. advertising for FANATEC in racing games, and through license agreements with nearly all key race organizers, including Formula 1, NASCAR (National Association for Stock-Car Racing Inc.) and WRC (World Rally Championship). The company has also signed an agreement to expand its existing partnership with SRO Motorsports Group in order to ensure that the brand is optimally positioned. The Fanatec brand will become a multi-year title sponsor of the renowned Fanatec GT World Challenge and the new Fanatec GT2 European Series, which will provide a media presence when real-world and virtual racing are combined into a single discipline for the first time.

Moreover, Endor's position as a technology and quality leader is underscored by licenses from the auto manufacturers BMW, McLaren, Bentley and Porsche. These licenses allow Endor to target customers who prefer to order components from their favorite car brand. Aside from replicas, Endor will also be developing and manufacturing steering wheels for real-world motor sports, for use in race cars as well as in simulators.

Rather than operating its own production sites, Endor has its products manufactured by select companies in Asia in order to maintain cost efficiency and preserve capital, although the driving school simulators are assembled in Germany. Endor AG maintains a strong focus on using high-quality materials in this area so as to meet its high quality standards.

Part of Endor's strategic alignment is its decision to offer FANATEC products on a modular basis, allowing customers to select and combine the components they want from multiple product categories (e.g. wheelbase, steering wheels, pedals, gear shifts and cockpits). The products are available in different levels of quality (CSL, ClubSport, Podium) which are all compatible, so that customers can easily upgrade, allowing them to form a lasting attachment to the FANATEC system. This should allow Endor to generate higher revenues per customer in the future.

The top-down brand strategy is also important in this regard, as Endor AG is planning to develop and launch Fanatec products at the lower end of the price range.

Under the company's marketing strategy, FANATEC products are sold directly to end customers, almost exclusively through Endor's web shop, which has been built up in recent months and is continually adapted to meet customers' needs. This mode of distribution offers many advantages over selling through retail partners:

- faster technical support;
- more streamlined logistics;
- improved price-benefit ratio by cutting out the middleman;
- higher margin for FANATEC products;
- better advance planning of production and inventories;
- better and faster analysis of potential product defects through direct customer feedback;
- potential for direct marketing due to the company's extensive customer database.

1.3 | Controlling

Endor AG manages the company through controlling and accounting processes using a uniform system of performance indicators. Key performance indicators are revenues and earnings before interest and taxes (EBIT), but ratios derived from these figures are also taken into account. When viewed in aggregate, the key performance indicators also allow management to assess capital requirements and earnings performance.

The members of Endor AG's Management Board are fully responsible for results in their respective spheres of responsibility. Endor AG's Management Board determines the company's overall strategy in consultation with the Supervisory Board and coordinates Group-wide activities such as controlling, legal and tax affairs, financing questions and capital market listings. It is also responsible for ensuring that the company maintains an adequate risk management, risk controlling and compliance management system. The Supervisory Board and its Chairman work closely with the Management Board, so that the statutory rule pursuant to § 78(1) of the Stock Corporation Act applies with regard to representation of the company.

1.4 | Research and Development

Effective and continuous research and development activities are essential if Endor AG is to remain competitive on a lasting basis. New products and additional services are developed based on careful strategic product planning with the object of creating added value for customers, particularly in terms of quality, and further strengthening Endor AG's market position. Given that the booming e-sports market has been a key growth driver, the company focused on the development and launch of products in this area in 2020 as well.

The following product launches were executed in 2020:

- ClubSport Steering Wheel F1 2020;
- CSL Elite Steering Wheel WRC;
- CSL Elite Steering Wheel McLaren GT3 V2; and
- FanaLab

A total of € 1.4 million was spent on research and development in Financial Year 2020 (previous year: € 0.7 million).

2. | Economic Report and Course of Business

2.1 | General Economic and Industry Conditions

The emergence of the coronavirus pandemic and the consequences of the efforts to contain it had a lasting impact on economic performance in 2020. In particular, the first big lockdown in the first and second quarters of 2020 resulted in a global economic downturn. In a January 2021 publication, the International Monetary Fund (IMF) stated that the global economy was in recession in 2020, with global GDP contracting at a rate of 3.5%.¹

Germany's Federal Ministry for Economic Affairs and Energy estimates that German GDP declined by 5.0% in 2020.² Germany's strong recovery in the third quarter, with GDP growing by 8.5% in that quarter, was cut short as a result of the partial lockdown in November, which was subsequently intensified and extended. The Ministry estimates that Germany's GDP was stagnant at best in the fourth quarter.

The global digital gaming market was not adversely affected by the impact of the coronavirus pandemic. Analysts estimate that industry revenues amounted to USD 159.3 billion in Financial Year 2020.³ This corresponds to a growth rate of 9.3%, which is comparable to the pace of growth between 2018 and 2019. Analysts expect global revenues to exceed the USD 200 billion mark by 2023.⁴

The largest segment of the global gaming market continues to be mobile gaming, with revenues of USD 77.2 billion in 2020, up more than 13 percent from 2019. In addition to the familiar big markets, North and South America, Europe and China, the segment is growing at an especially fast pace in the Asia-Pacific region, as well as in the Middle East and Africa.⁵

¹ IMF, World Economic Outlook Update January 2021, <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook> update

² Press release of 14 January 2021 from the Federal Ministry for Economic Affairs and Energy: <https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/Wirtschaftliche-Lage/2021/20210114-die-wirtschaftliche-lage-in-deutschland-im-januar-2021.html>

³ 2020 Global Games Market Report from the market research firm Newzoo

⁴ 2020 Global Games Market Report from the market research firm Newzoo

⁵ 2020 Global Games Market Report from the market research firm Newzoo

2.2 | Course of Business and Overall Message

Financial Year 2020 was shaped by the coronavirus crisis. Endor AG suffered no adverse financial effects from the pandemic, as its production and supply chains continued to operate as planned. In addition, the initial restrictions stimulated demand for gaming among consumers, as well as their willingness to invest in steering wheels and other equipment.

Thanks to these effects, as well as its own growth, Endor AG was able to post significant improvements in revenues and earnings in Financial Year 2020 even though the company continued to invest heavily in future growth in 2020 as well. The unexpectedly strong demand growth throughout the 1st half of 2020 resulted in supply shortages in all key markets from April through June. These shortages slowed the pace of revenue growth somewhat and resulted in an unusually high level of orders on hand: EUR 2.7 million at the end of the first half for Endor AG and EUR 6.3 million for Endor Group. The company made an effort to increase the availability of its merchandise by significantly increasing production. As a result, most of the supply shortages were eliminated by the end of the third quarter, and the company was able to deliver on its previous orders and generate additional revenue.

But the company's strong growth in Financial Year 2020 cannot be ascribed to the pandemic alone. Even before the pandemic, the company observed strong demand growth in "sim racing," i.e. virtual racing. Sim racing is becoming increasingly popular, a trend which was confirmed once again in 2020.

A secondary effect of the pandemic was the cancellation of numerous racing events, and above all the Formula 1 races. But some of these races were held virtually and broadcast on television for the first time. The company was able to place FANATEC products in these races with considerable advertising impact, arranging to have their products used by well-known racers. Endor also benefited from partnerships with the organizers of the world-famous Formula 1 and NASCAR races. In addition, Endor AG was able to announce in April 2020 that FANATEC is now an official partner for WRC eSports. WRC is the world rally championship organized by the international automotive industry association FIA. It has a rich tradition and is well-known all over the world. Following upon the license agreements with Formula 1 and Nascar, Endor's long-term partnership with WRC ensures a prominent presence in rally sim racing as well.

Another major success in this regard was the significant expansion of Endor AG's partnership with SRO Motorsports Group, forged in 2020, as a result of which the Fanatec brand became a multi-year title sponsor of the renowned Fanatec GT World Challenge and the new Fanatec GT2 European Series. This racing series combines real-world and virtual racing into a single discipline for the first time, as drivers are required to prove themselves both on the race track and in a racing simulator. It features the Podium BMW GT3 steering wheel, which was recently introduced by Fanatec and is also used in the real-world BMW M4 GT3 race car.

3. | Position of Endor AG

3.1 | Financial Position

Endor AG's total assets increased from EUR 23.8 million in the previous year to EUR 58.1 million in 2020. This increase reflects the significant growth in the company's business volume. In addition to the increase in fixed assets from EUR 4.6 million in the previous year to EUR 8.0 million on the 2020 reporting date, the increase in current assets also contributed significantly to the growth in total assets. Current assets increased by a total of 162%, from EUR 19.0 million to EUR 49.6 million. Inventories increased at a particularly fast pace, from EUR 12.0 million in the previous year to EUR 20.4 million. Accounts receivable from affiliated companies increased by EUR 4.2 million, to EUR 15.1 million, due to expansion of business activity with foreign subsidiaries.

3.2 | Liquidity Position

Endor AG's shareholders' equity increased from EUR 9.2 million in the previous year to EUR 25.1 million on the 2020 reporting date, primarily as a result of earnings in the reporting period.

Current liabilities increased to EUR 24.0 million (previous year: EUR 13.0 million), primarily due to higher utilization of credit lines, as well as tax obligations. Non-current liabilities amounted to EUR 7.1 million at the end of 2020 in particular due to a long-term bank loan (previous year: EUR 1.6 million).

Endor AG invested EUR 5.0 million in fixed assets during the reporting period (previous year: EUR 2.4 million). This amount was significantly higher than depreciation in 2020, in the amount of EUR 1.3 million. The majority of these investments, EUR 2.6 million (previous year: EUR 1.4 million), went towards the development of new products.

As of 31 December 2020, the company had EUR 11.1 million in liquid funds (previous year: EUR 0.3 million). Accounts payable to banks amounted to EUR 13.5 million (previous year: EUR 2.8 million). The borrowings served to finance the significant increase in inventories, which allowed the company to respond to the continuing growth in demand while avoiding extended delivery times.

Endor AG's liquidity position is comfortable, on the whole. The existing credit line, which is partially unutilized, together with cash earned from current operations, provides enough liquidity to maintain adequate inventories while continuing to invest in growth. The liquidity position is continually monitored.

3.3 | Earnings Position

Endor AG's revenues were up 146% in 2020, climbing from EUR 35.8 million in the previous year to EUR 88.1 million. Revenues were up from the previous year in all sales regions. Revenues from the ClubSport series of products accounted for a substantial share of Endor AG's revenues, but demand was also higher in other product segments in the reporting period, in some cases by a considerable amount. Revenues at the Group level came to EUR 50.2 million in Europe, EUR 32.7 million in North America, EUR 5.6 million in Australia and EUR 1.7 million in Japan.

Endor AG's gross profit margin improved in 2020, after adjusting for subsidiaries' revenues and expenses. The margin was 53.9%, for a slight improvement over 2019 (53.7%). This improvement is largely attributable to the revenues contributed by the high-margin ClubSport series.

Due to strong business growth in the reporting year and based on its expectation that growth will continue in the coming years, Endor increased its staff level from 70 employees to a total of 113 as of 31 December 2020. Nevertheless, the increase in personnel expenses (up 30%) was not as steep as the growth in revenues.

Endor invests heavily in the development of new products and the increase in depreciation of fixed assets reflects this fact. Depreciation of fixed assets was up 23% in 2020 from the previous year.

Other operating expenses increased by a total of 151%, from EUR 7.7 million to EUR 19.3 million. The largest single items within other operating expenses are selling expenses, which increased by 150%, to EUR 5.6 million, due to the strong growth in business volume, and the cost of licenses and concessions, which was up 117%, to EUR 2.9 million. In addition, the cost of payment providers was reclassified as selling expenses, rather than other expenses. The increase in this item is particularly attributable to the forging of additional partnerships in Financial Year 2020 like the ones with WRC eSports and SRO Motorsports Group.

As a result, EBIT (earnings after taxes plus income taxes plus interest expense less interest income) increased significantly from 5.9 million euros to 23.4 million euros.

Overall, the significant increase in revenues and EBIT forecast in the previous year's management report has materialized.

4. | Non-Financial Performance Indicators

During Financial Year 2020, the average number of employees increased by 20 to 90 for Endor AG, and from 87 in 2019 to 121 for Endor Group. Hiring of new employees was largely concentrated in the research and development and sales departments.

5. | Risks and Opportunities and Outlook

The risks and opportunities described below relate to ENDOR Group in its entirety, since the risks and opportunities of the various distribution subsidiaries in the US, Australia, Japan and Hong Kong, and the purchasing subsidiary in China, are largely reflected at the level of ENDOR AG.

5.1 | Risks

Effective controlling in both the operational and commercial spheres enables a self-contained system of safeguards. The existing risk management system limits business risk as far as possible: the Management and Supervisory Boards are routinely informed about current events, allowing them to take action at short notice in the event of deviations or disruptions.

Despite management's efforts to assess and manage the risks cited below, the possibility that the company's financial, earnings and liquidity position will be adversely affected by these risks cannot be ruled out.

5.1.1 | Economic Risks

In general, Endor Group and its products are not as dependent on the performance of the general economy as other sectors are. But this does not mean that the company is entirely unaffected by general economic factors. The Covid-19 pandemic continues to create a great deal of economic uncertainty. The outbreak and rapid spread of the coronavirus led to massive restrictions on public life, resulting in a severe slump in the global economy. At the moment, it is not possible to make a reliable estimate as to how the pandemic will impact the global economy and how long it will take for the economy to recover.

If the performance of the global economy is much worse than expected because of the Covid-19 pandemic, or as a result of other factors, such as escalating trade conflicts, Endor's revenues and earnings would be adversely affected.

This is in addition to the threat of new coronavirus outbreaks. For example, another unexpected lockdown in China could have a strong impact on the company: most of Endor's products are manufactured in China, and another lockdown would adversely affect Endor's production capacity and supply chain, weighing down revenues and earnings.

A global financial crisis as a result of the coronavirus pandemic could cause consumer confidence to slump, resulting in a decrease in private consumer spending. Weak consumer sentiment could also adversely affect Endor's business.

5.1.2 | Industry Risks

a) Competitive risks

Endor Group operates with its business model in markets with high competitive pressure. The sales market in particular is characterized by intense price competition due to the large number of national and international competitors, and companies are routinely forced to cut prices. We therefore try to meet our sales and earnings targets to the best of our ability by providing innovative products.

b) Risk of overly slow product development

Endor Group's success is heavily dependent on its ability to develop and complete input devices for new versions of licensed gaming consoles in a timely manner and in the appropriate quality. When a new version is launched, the gaming console manufacturer typically provides licensees with the hardware and software components they will need to develop accessories which are compatible with the console. We therefore try to be in a position to develop high-quality products which are compatible with the new version of the gaming console before or at the same time as our competitors, or in a timely manner prior to the beginning of a peak sales period (e.g. the holiday season, Black Friday), and to manufacture them in sufficient quantities.

c) Product liability and warranty risks

Product liability and warranty risks exist vis-à-vis both business partners and end customers, e.g. in connection with defects or malfunctions in the steering wheels. Endor Group maintains insurance coverage for some product liability and warranty risks, and some of the warranty risk can be passed on to the manufacturers and suppliers of the various products.

d) Legal risks

Endor Group's products are subject to certain laws in the countries where they are sold, particularly laws relating to environmental impact and health risks. Within the European Union, these laws particularly include the EU's Waste Electrical and Electronic Equipment (WEEE) and Restriction of Hazardous Substances (RoHS) Directives, implemented into German law by the Electronic and Electrical Equipment Act, which took effect on 24 March 2005. These statutes typically include restrictions and requirements for manufacturers. To our knowledge, Endor Group's products satisfy all applicable legal requirements in the countries where they are sold.

5.1.3 | Company-Specific Risks

a) Dependence on suppliers

Each of Endor Group's products is manufactured by one or two suppliers. If one of these suppliers is lost, it is possible that Endor Group will not be able to fulfill orders from its customers, or will be unable to do so in a timely manner, which could result in lost revenue. It is also possible that Endor Group will be temporarily compelled to purchase or manufacture its products and components on less favorable terms from alternate suppliers or manufacturers, which could have a negative impact on the company's profit margin.

b) Dependence on licensors

The Group's business depends in part on Endor Group's ability to obtain licenses from gaming console manufacturers for the development, manufacture and distribution of accessories for their respective gaming consoles.

c) Loss of know-how

Endor Group also uses outside development partners in developing its products. The know-how which arises from this process represents a significant asset for the company. However, the Group's ability to protect this know-how using intellectual property rights, particularly patents, is very limited; instead, it is largely compelled to rely on non-disclosure agreements or contractual arrangements. Accordingly, there is a risk with regard to the Group's ability to maintain secrecy in this regard. Full or partial disclosure of this know-how to third parties may cause the Group to lose the competitive advantages which it has built up, as well as the ability to earn income by licensing this know-how to others.

d) Dependence on executives and qualified employees

Successful implementation of the company's objectives and, by extension, Endor Group's success, depends to a large degree on the abilities, contacts and strategic leadership of Endor AG's current Management Board members. As a result, Endor Group's success in the future as well will depend at least in part on the Group's ability to retain its Management Board members in the medium term or to obtain suitable replacements in a timely manner.

Endor Group is also attempting to retain key employees in order to avoid adverse effects from the loss of these employees, as well as the difficulties associated with the search for other suitable employees.

e) Deficient product quality and compatibility

If a production defect is not discovered, or is discovered too late, substantial revenues may be lost if alterations have to be made. This is in addition to the cost of improvements, freight, repairs and alterations to the product.

Moreover, if a compatibility problem arises with a popular game, there may be a significant increase in the return rate, regardless of who is responsible for the problem.

f) Risks from minimum royalties

When a license agreement is concluded, the licensor typically charges a minimum royalty, to be paid once or several times per year. If sales of the licensed products fall short of the minimum royalty, earnings per unit may worsen substantially. Even a negative margin is not out of the question in this case.

g) Foreign exchange risks

Endor Group purchases the products it distributes from manufacturers outside the Euro zone and is therefore exposed to foreign exchange risks. Foreign exchange risks also exist on the sales side from the distribution of products outside the Euro zone.

h) Disruption in operations due to Covid-19

If one or more employees of Endor AG becomes infected, there is a possibility that all of Endor AG's employees will have to be quarantined and will no longer be able to work at their accustomed workplace. This may have the effect of disrupting operations and could adversely affect Endor Group's business.

If the travel restrictions and the cancellation of trade shows continue for an extended period of time, this may also have the effect of disrupting operations, causing the Group to lose revenues and earnings.

5.2 | Opportunities

The new CSL DD entry model, launched in April, received a very warm response from the community. With deliveries beginning in the second half of the year, strong demand is expected from both new and existing customers.

New versions of the blockbuster Gran Turismo and Forza Motorsport franchises are expected in 2022, including the launch of products which are especially well-suited for these games. This will generate higher demand for accessories.

The e-sports boom is only just beginning, especially in the sim racing segment. The popularity of e-sports races is growing at a fast pace, and the races are now broadcast on TV and on prominent streaming platforms, creating substantial market and customer potential.

Further establishing the FANATEC in motor sports will significantly increase recognition and appreciation of FANATEC products. In-game advertising by placing ad banners on the track will also help in this regard. On the whole, the strong advertising presence should create strong and sustained demand for our products.

Further expansion of the e-sports partnerships with racing organizers and automotive manufacturers should have a positive impact on sales of sim racing products and on Endor Group's business performance.

Extending the product range higher and lower will allow the Group to develop new customer groups as well as offering existing customers the opportunity to upgrade.

5.3 | Outlook

Endor Group is operating in growing markets with its FANATEC brand products. The booming e-sports market is a key growth driver and "sim racing," i.e. virtual racing, is becoming increasingly popular: a trend which will continue in 2021.

The launch of the GT7 racing video game in 2022 should have the effect of further boosting revenues from sim racing. Past experience has shown that the launch of popular racing games has the potential to generate strong growth in steering wheel sales. The Gran Turismo series is especially popular among consumers all over the world and is considered a blockbuster in the racing scene. Prior to launching the GT7 game, Endor AG plans to launch matching PlayStation 5-licensed Fanatec products at the lower end of the price range.

The company plans to significantly increase its global market share through the placement of new Fanatec products at the lower end of the price range. Consistent with its "top-down brand strategy," the company is willing to accept a slightly lower gross profit margin in exchange for this growth, although earnings will continue to grow in absolute terms due to strong overall growth. Endor AG is also planning to make extensive structural investments in Financial Year 2021 in order to adapt to the continuing growth in demand. In particular, the company plans to completely replace its IT infrastructure in 2021, as well as hiring new personnel and investing heavily in R&D. The company will be making substantial investments in marketing.

On the whole, the Management Board expects to post consolidated revenues in the low triple-digit millions for the first time in Financial Year 2021, along with slight growth in EBIT.

6. | Closing statement pursuant to Sec. 312 (3) AktG

Bamboo Invest UG (haftungsbeschränkt), Landshut, holds around 40% of the shares in Endor AG, but has had a clear majority at the Annual General Meeting for the last three years. It is

therefore deemed to be the controlling company. Endor AG is therefore obliged pursuant to Section 312 of the German Stock Corporation Act (AktG) to prepare a report on its relations with Bamboo Invest UG (haftungsbeschränkt), Landshut, and its affiliated companies for the 2020 financial year, in which it issued the following concluding statement:

"Our company received appropriate consideration for the legal transactions listed in the report on relations with affiliated companies according to the circumstances known to us at the time the legal transactions were carried out. There were no measures or omissions of measures within the meaning of Section 312 of the German Stock Corporation Act (AktG)."

Landshut, 28 May 2021

Thomas Jackermeier András Semsey | Management Board

Balance Sheet of Endor AG

Assets

	31 Dec. 2020	31 Dec. 2019
	EUR	EUR
A. Fixed assets		
I. Intangible assets		
1. Self-created industrial property rights and similar rights	5,461,447.04	3,781,223.22
2. Purchased industrial property rights and similar rights	22,277.62	31,281.50
	5,483,724.66	3,812,504.72
II. Property, plant and equipment		
1. Land and buildings, including buildings on unowned land	1,468,621.40	0.50
2. Technical equipment and machinery	635,809.50	241,273.50
3. Other fixtures, fittings and equipment	316,580.50	504,817.00
4. Advance payments	39,904.24	39,904.24
	2,460,915.64	785,995.24
III. Financial assets		
Shares in affiliated companies	34,286.73	9,286.73
B. Current assets		
I. Inventories		
1. Raw materials and supplies	3,523,934.22	1,575,855.30
2. Finished goods and merchandise	8,364,805.55	7,507,903.74
3. Advance payments made	9,469,791.54	3,262,390.50
4. Advance payments received on orders	-900,118.48	-334,587.37
	20,458,412.83	12,011,562.17
II. Accounts receivable and other assets		
1. Trade receivables	384,741.88	527,028.46
2. Accounts receivable from affiliated companies	15,111,647.93	4,180,681.05
3. Other assets	2,594,373.92	1,896,120.90
	18,090,763.73	6,603,830.41
III. Liquid funds	11,065,387.41	294,116.61
C. Prepaid expenses	462,969.71	241,271.92
	58,056,460.71	23,758,567.80

Liabilities

	31 Dec. 2020 EUR	31 Dec. 2019 EUR
A. Shareholders' equity		
I. Subscribed capital	1,937,198.00	1,937,198.00
II. Capital reserve	2,887,108.41	2,887,108.41
III. Earnings reserves Other reserves	4,258,000.00	358,000.00
IV. Retained earnings	16,047,797.56	3,985,190.79
	<u>25,130,103.97</u>	<u>9,167,497.20</u>
B. Provisions		
1. Tax reserves	6,817,915.93	385,136.00
2. Other provisions	2,784,081.05	1,414,832.55
	<u>9,601,996.98</u>	<u>1,799,968.55</u>
C. Accounts payable		
1. Accounts payable to banks	13,548,230.00	2,844,925.64
2. Trade payables	5,328,973.93	5,704,822.67
3. Accounts payable to affiliated companies	488,938.53	0.00
4. Other accounts payable	2,291,217.30	3,209,353.74
	<u>21,657,359.76</u>	<u>11,759,102.05</u>
D. Deferred taxes liabilities	1,667,000.00	1,032,000.00
	<u>58,056,460.71</u>	<u>23,758,567.80</u>

Income Statement of Endor AG

	1 Jan. – 31 Dec. 2020 EUR	1 Jan. – 31 Dec. 2019 EUR
1. Revenues	88,128,522.18	35,832,691.26
2. Own work capitalized	882,945.32	479,051.42
3. Other operating income	1,330,165.91	1,456,120.86
	<u>90,341,633.41</u>	<u>37,767,863.54</u>
4. Cost of materials		
a) Expenses for raw material and supplies and for purchased goods	39,728,498.69	18,927,498.01
5. Personnel expenses		
a) Wages and salaries	5,705,571.82	4,545,052.93
b) Social security contributions and expenses for pensions	863,625.83	501,656.35
	<u>6,569,197.65</u>	<u>5,046,709.28</u>
6. Depreciation of intangible assets and property, plant and equipment	1,322,884.22	1,072,333.95
7. Other operating expenses	19,359,654.23	7,710,802.12
	<u>23,361,398.62</u>	<u>5,010,520.18</u>
8. Income from investments	0.00	958,880.98
9. Other interest and similar income	15,133.96	274.35
10. Write-downs of financial assets	0.00	22,459.42
11. Interest and similar expenses	344,189.06	354,605.88
12. Taxes on income	7,067,779.93	1,551,636.00
	<u>-7,396,835.03</u>	<u>-969,545.97</u>
13. Earnings after taxes	15,964,563.59	4,040,974.21
14. Other taxes	1,956.82	56,472.06
	<u>15,962,606.77</u>	<u>3,984,502.15</u>
15. Net income	15,962,606.77	3,984,502.15
16. Profit carried forward	3,985,190.79	358,688.64
17. Transfer to retained earnings	-3,900,000.00	-358,000.00
	<u>16,047,797.56</u>	<u>3,985,190.79</u>
18. Earnings reserves	<u>16,047,797.56</u>	<u>3,985,190.79</u>

Statement of Fixed Assets for Endor AG

	Cost				Depreciation				Book value	
	1.1.2020	Additions	Disposals	31.12.2020	1.1.2020	Additions	Disposals	31.12.2020	31.12.2020	31.12.2019
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets										
1. Self-created industrial property rights and similar rights and assets	6,343,384.06	2,637,279.61	11,139.00	8,969,524.67	2,562,160.84	945,916.79	0.00	3,508,077.63	5,461,447.04	3,781,223.22
2. Purchased industrial property rights and similar rights	436,696.84	26,641.20	18,699.00	444,639.04	405,415.34	26,437.08	9,491.00	422,361.42	22,277.62	31,281.50
	6,780,080.90	2,663,920.81	29,838.00	9,414,163.71	2,967,576.18	972,353.87	9,491.00	3,930,439.05	5,483,724.66	3,812,504.72
II. Property, plant and equipment										
1. Land, leasehold rights and buildings, including buildings on unowned land	547.08	1,468,621.40	547.08	1,468,621.40	546.58	0.00	546.58	0.00	1,468,621.40	0.50
2. Technical equipment and machinery	935,059.79	528,427.22	0.00	1,463,487.01	693,786.29	133,891.22	0.00	827,677.51	635,809.50	241,273.50
3. Other fixtures, fittings and equipment	827,960.83	344,606.63	451,056.94	721,510.52	323,143.83	216,639.13	134,852.94	404,930.02	316,580.50	504,817.00
4. Advance payments	39,904.24	0.00	0.00	39,904.24	0.00	0.00	0.00	0.00	39,904.24	39,904.24
	1,803,471.94	2,341,655.25	451,604.02	3,693,523.17	1,017,476.70	350,530.35	135,399.52	1,232,607.53	2,460,915.64	785,995.24
III. Financial assets										
Shares in affiliated companies	143,851.23	25,000.00	0.00	168,851.23	134,564.50	0.00	0.00	134,564.50	34,286.73	9,286.73
	8,727,404.07	5,030,576.06	481,442.02	13,276,538.11	4,119,617.38	1,322,884.22	144,890.52	5,297,611.08	7,978,927.03	4,607,786.69

Notes

1. General Disclosures Concerning the Content and Structure of the Financial Statements

The financial statements were prepared based on the accounting rules of the German Commercial Code and Stock Corporation Act. They include the balance sheet, income statement and notes.

In cases where the options existed as to whether to make disclosures in the balance sheet, income statements or notes, the necessary disclosures were made in the notes. The cost summary method was selected for the income statement.

The company is classified as a mid-size corporation based on the size categories in accordance with § 267 of the Commercial Code.

1.1. Disclosures for Identification of the Company According to the Court of Register

Corporate name:	Endor AG
Registered office:	Landshut
Register entry:	Commercial Register
Court of register:	Landshut
Register No.:	Commercial Register No. B 5487

2.1. Accounting Policies

Self-created intangible assets are recognized in the amount of their development costs taking into account the imputed hourly rates.

Purchased intangible assets are recognized at cost less depreciation, for depreciable assets.

Property, plant and equipment are recognized at cost less depreciation, for depreciable assets.

Depreciation is performed in a straight-line manner based on the expected useful life of the asset, using the degressive method.

Inventories are recognized at cost or at their time value, whichever is lower.

Securities are measured with due regard for all discernable risks.

Accounts receivable and other assets are generally measured at their nominal value, with due regard for all discernable risks.

Liquid funds are recognized at face value.

Prepaid expenses consist of amounts spent prior to the reporting date which represent expenses for a period after that date.

Deferred tax liabilities from self-created intangible assets were not netted out with deferred tax assets.

Tax reserves and other provisions are set aside for all other contingent liabilities. All discernable risks are taken into account in this regard.

Accounts payable are recognized at the settlement amount.

The financial statements include items denominated in foreign currencies, which were translated into EUR.

Accounts receivable and payable in foreign currencies are measured using the average exchange rate on the reporting date.

2.2. Change in Accounting Policies from the Previous Year

The accounting policies applied in the past were adopted in the financial statements.

There was no fundamental change in accounting policies relative to the previous year.

3.1. Self-Created Intangible Assets

A total of 2,637 TEUR in development costs were capitalized in Financial Year 2020 for self-created intangible assets.

This sum includes 58 TEUR in finished products and 2,579 TEUR for self-created intangible assets in the process of development.

As of 31 December 2020, self-created intangible assets amounted to 5,461 TEUR (previous year: 3,781 TEUR).

Own work capitalized amounted to 883 TEUR. Total research and development costs, which were not capitalized, amounted to 1,147 TEUR in Financial Year 2020.

3.2. Accounts Receivable and Other Assets

Accounts receivable from affiliated companies include TEUR 9,955 (previous year: TEUR 4,181) in trade receivables. TEUR 5,157 (previous year: TEUR 0) of accounts receivable from affiliated companies comes from the provision of loans, including interest receivable.

The amount of receivables with a remaining term of more than one year is 4,149 TEUR (previous year: 19 TEUR). Of this amount, 4,142 TEUR (previous year: 0 TEUR) relates to receivables from affiliated companies and 7 TEUR (previous year: 19 TEUR) to other receivables.

Other assets include a large transfer from the Australian subsidiary, in the amount of TEUR 1,634.5 TEUR, which was initiated prior to the reporting date but was not received by Endor AG until early January 2021.

This amount has the character of an account receivable.

3.3. Disclosures Concerning Classes of Shares

The capital stock of EUR 1,937,198 is divided into 1,937,198 shares, which exist as bearer shares since the resolution of 10 April 2006.

3.4. Disclosures Concerning Conditional Capital

The company's capital stock was conditionally increased by resolution of the shareholders of 25 August 2011 from EUR 1,620,122.00 to EUR 162,012.00.

By declaration of 11 July 2016, employees and the Management Board exercised subscription rights for a total of 71,941 shares and thereby subscribed and acquired 71,941 new shares of Endor AG for an issue price of EUR 1.00 per share. The total issue price was EUR 71,941.00

Additional subscription rights were exercised by declaration of 1 August 2017 and 6,978 shares were subscribed and acquired at an issue price of EUR 1.00. The total issue price was EUR 6,978.00.

Subscription rights were exercised once again this year and 76,145 shares were subscribed and acquired at a price of EUR 1.00. The total issue price was EUR 76,145.00

The conditional capital was cancelled by resolution of 22 November 2019.

3.5. Disclosures Concerning Authorized Capital

The Management Board, with the Supervisory Board's approval, was authorized by resolution of the shareholders of 22 July 2016 to raise the capital stock through 2 August 2021 once or multiple times by up to EUR 891,067.00 by issuing new bearer shares in exchange for cash contributions, whereby shareholder subscription rights may be excluded. The authorized capital was cancelled by resolution of 18 December 2020.

The Management Board, with the Supervisory Board's approval, was authorized by resolution of the shareholders of 18 December 2020 to raise the capital stock through 17 December 2025 once or multiple times by up to EUR 968,599.00 by issuing up to 968,599 new bearer shares in exchange for cash and/or non-cash contributions, whereby shareholder subscription rights may be excluded.

3.6. Change in Capital Reserves and Earnings Reserves

The capital reserve amounted to a total of EUR 2,887,108.41 on 31 December 2020 and was comprised as follows:

	Amount TEUR
Capital reserve in accordance with § 272(2) No. 1 of the Commercial Code (premium)	2,415
Capital reserve in accordance with § 272(2) No. 4 of the Commercial Code (other additional contributions)	472
Position as of 31 December 2020	2,887

The capital reserve amounts to more than one tenth of the capital stock.

Retained earnings changed as follows in the reporting year:

	Amount TEUR
Position as of 1 January 2020	358
Allocation based on the resolution of the Annual General Meeting as of 12 December 2020	3,900
Position as of 31 December 2020	4,258

3.7. Distribution Freeze

The total amount subject to a distribution freeze pursuant to § 268(8) of the Commercial Code is EUR 3,794,446.54.

In particular, the total amount breaks down as follows:

Total amount subject to distribution freeze

Capitalization of self-created intangible fixed assets	5,461 TEUR
Deferred tax liabilities	1,667 TEUR
Total	3,794 TEUR

3.8. Provisions

Other provisions mainly consist of provisions for licenses, profit shares and warranties. These account for TEUR 1,937 of other provisions.

3.9. Accounts Payable

The table below shows the residual terms and security interests for the accounts payable disclosed in the balance sheet (prior-year figures are shown in parentheses).

Type of accounts payable	Residual term in years			Security
	<1 year	1 – 5 years	>5 years	
	TEUR	TEUR	TEUR	TEUR
Accounts payable to banks	13,420	129	0	1,500
	(2,572)	(273)	(0)	(5)
Accounts payable to affiliated companies	489	0	0	
	(0)	(0)	(0)	
Trade payables	5,329	0	0	
	(5,705)	(0)	(0)	
Other accounts payable	2,291	0	0	
	(2,882)	(327)	(0)	
Thereof from taxes	2,239	0	0	
	(2,272)	(0)	(0)	
Thereof from social security	10	0	0	
	(1)	(0)	(0)	
Miscellaneous other accounts payable	42	0	0	0
	(609)	(327)	(0)	
Total accounts payable	21,529	129	0	
	(11,159)	(600)	(0)	

Liabilities to banks are secured as follows: enforceable land register debt of EUR 1,500 thousand on the real estate of ENDOR AG still to be registered.

3.10. Other Financial Obligations

The other financial obligations listed below existed in addition to the accounts payable disclosed in the balance sheet.

	Residual term			Total amount
	<1 TEUR	1 - 5 TEUR	>5 TEUR	31 Dec. 2020 TEUR
Leases	144	141		285
Rental contracts	294	220		514
Payments from orders	47,229	70,528		117,757
License agreements	852	1,041		1,893
Total	48,519	71,930	-	120,449

3.11. Deferred Taxes

Net deferred taxes changed as follows over the course of Financial Year 2020:

	Position at start of year	Change	Position at end of year
	TEUR	TEUR	TEUR
Deferred tax assets	122	-122	0
Deferred tax liabilities	-1,154	-513	-1,667
Net deferred taxes	-1,032	-635	-1,667

The change in deferred taxes is included as an expense in income taxes.

4.1. Other Operating Income and Other Operating Expenses

Other operating income includes TEUR 1,082 in exchange rate gains (previous year: TEUR 85).

This income is opposed to TEUR 2,297 in exchange rate losses (previous year: TEUR 259), which are disclosed under other operating expenses.

4.2. Pension Expenses

Expenses for pensions in the reporting year amounted to TEUR 29 (previous year: TEUR 18).

4.3. Affiliated Companies

TEUR 15 in interest income was earned from affiliated companies (previous year: TEUR 0).

5.1. Average Number of employees during the Financial Year

The Group had the following categories of employees in Financial Year 2020:

Employee category	Number
Employees	90
Executive employees	2
Total average number of employees:	92

5.2. Names of the Members of the Management Board and Supervisory Board

The following persons were members of the Management Board during Financial Year 2020:

Thomas Jackermeier

Profession: Chief Executive Officer

András Semsey

Profession: Chief Financial Officer

The following persons were members of the Supervisory Board:

Andreas Potthoff (Chairman)

Profession: CEO of Clever Pool AG

Richard Rösener (Deputy Chairman)

Profession: managing director of Cubus Partners GmbH

Uto Baader (through 30 November 2020)

Profession: managing director

Thomas Mayrhofer (as of 18 December 2020)

Profession: attorney/partner in the firm of Pinsent Masons

The Chairman of the Supervisory Board in Financial Year 2020 was Andreas Potthoff.

Mr. Uto Baader resigned his office as a member of the Company's Supervisory Board on 30 November 2020. On 18 December 2020, the shareholders elected Mr. Thomas Mayrhofer to serve as the third member of the Supervisory Board.

The aforementioned members are also members of the following supervisory bodies:

Andreas Potthoff:

- Scripvest AG, Rothenburg ob der Tauber, member of the Supervisory Board

Uto Baader:

- Bayerische Börse AG, Munich, Chairman of the Supervisory Board

Thomas Mayrhofer:

- Felderer AG, Feldkirchen, Chairman of the Supervisory Board
- Primus Solutions AG, Holzkirchen, Chairman of the Supervisory Board
- Mynaric AG, Gilching, member of the Supervisory Board

5.3. Remuneration of Members of the Management Board and Supervisory Board

The total remuneration for members of the Management Board in the Financial Year amounted to TEUR 1,367.

In accordance with § 286 (4) of the German Commercial Code (HGB), no detailed information is provided on the compensation paid to each member of the Board of Management.

The total remuneration paid to members of the Supervisory Board in the Financial Year amounts to TEUR 21.

5.4. Provisions for Former Members of the Management Board and Supervisory Board

Provisions for former Supervisory Board members amount to TEUR 5

5.5. Disclosures Concerning Share Ownership in Other Companies Amounting to at Least 20 Percent of Shares

Share ownership in the following companies is reported in accordance with §285 No. 11 of the Commercial Code (negative values are given in brackets):

Corporate name/registered office	Share ownership	Earnings	Capital	
			EUR	EUR
Endor America LLC, Calabasas (USA)	100%	(364,594.00)	(531,428.08)	
Endor USA LLC, West Hollywood (USA)	100%	(1,934.78)	(9,602.86)	
Endor Japan KK, Tokyo (Japan)	100%	66,362.21	58,032.87	
Endor Australia Pty Ltd., Richmond (AUS)	100%	185,749.68	222,263.69	
Endor HK Ltd., Hong Kong (China)	100%	(40,471.76)	(32,520.19)	
Endor Technology Shenzhen Co. Ltd, Shenzhen (China)	100%	50,950.52	208,250.67	
Scuderia Fanatec GmbH	100%	132,005.97	157,005.97	

Endor Technology Shenzhen Co. Ltd. is a wholly-owned subsidiary of Endor HK Ltd.

The above values are taken from the balance sheet for 31 December 2020 and the 2020 income statement, prepared in accordance with the German Commercial Code.

5.6. Proposal/Resolution on the Appropriation of Earnings

The Management Board proposes the following appropriation of earnings:

2020 retained earnings	16,047,797.56 EUR
- Transfer to reserves	8,290,000.00 EUR
- Distribution	7,748,792.00 EUR
- Carry-forward to new account	9,005.56 EUR

5.7. Signature of the Management Board

Landshut, 28 May 2021

Thomas Jackermeier

András Semsey

Management Board

Balance Sheet of Endor Group

Assets

	31 Dec. 2020 EUR	31 Dec. 2019 EUR
A. Fixed assets		
I. Intangible assets		
1. Self-created industrial property rights and similar rights and assets	5,461,447.04	3,781,223.22
2. Purchased concessions, industrial property rights and similar rights and assets	26,492.02	37,860.37
	5,487,939.06	3,819,083.59
II. Property, plant and equipment		
1. Land, leasehold rights and building, including buildings on unowned land	1,468,621.40	0.50
2. Technical equipment and machinery	635,809.50	241,273.50
3. Other fixtures, fittings and equipment	1,824,629.53	528,066.54
4. Advance payments	296,271.59	39,904.24
	4,225,332.02	809,244.78
B. Current assets		
I. Inventories		
1. Raw materials and supplies	3,523,934.22	1,575,855.30
2. Finished products and merchandise	14,573,318.96	11,774,128.82
3. Advance payments made	9,469,791.54	3,262,390.50
4. Advance payments received on orders	-1,315,855.54	-407,702.31
	26,251,189.18	16,204,672.31
II. Accounts receivable and other assets		
1. Trade receivables	392,399.02	788,952.82
2. Other assets	4,434,807.20	2,067,845.33
	4,827,206.22	2,856,798.15
III. Liquid funds	16,275,265.21	1,711,372.48
C. Prepaid expenses	471,912.51	246,060.46
D. Deferred tax assets	1,566,697.84	0.00
	59,105,542.04	25,647,231.77

Liabilities

	31 Dec. 2020 EUR	31 Dec. 2019 EUR
A. Shareholders' equity		
I. Subscribed capital	1,937,198.00	1,937,198.00
II. Capital reserve	2,887,108.41	2,887,108.41
III. Earnings reserve	3,900,000.00	0.00
IV. Equity difference from currency translation	-114,595.15	144,645.32
V. Retained earnings	12,783,418.54	4,241,612.80
	<u>21,393,129.80</u>	<u>9,210,564.53</u>
B. Provisions		
1. Tax reserves	8,405,920.37	961,899.19
2. Other provisions	3,870,326.74	1,697,255.28
	<u>12,276,247.11</u>	<u>2,659,154.47</u>
C. Accounts payable		
1. Accounts payable to banks	14,679,278.37	2,844,925.64
2. Trade payables	6,052,476.12	6,155,559.57
3. Other accounts payable	3,037,410.64	3,745,027.56
	<u>23,769,165.13</u>	<u>12,745,512.77</u>
D. Deferred tax liabilities		
	1,667,000.00	1,032,000.00
	<u>59,105,542,04</u>	<u>25,647,231,77</u>

Income Statement for Endor Group

	1 Jan. – 31 Dec. 2020 EUR	1 Jan – 31 Dec. 2019 EUR
1. Revenues	90,230,260.55	38,843,942.11
2. Own work capitalized	882,945.32	479,051.42
3. Other operating income	1,523,483.93	1,485,869.27
	<u>92,636,689.80</u>	<u>40,808,862.80</u>
4. Cost of materials		
Cost of raw materials, supplies and purchased goods	-37,758,526.92	-17,284,431.38
5. Personnel expenses		
a) Wages and salaries	-6,425,174.76	-4,895,147.04
b) Social security contributions and expenses for pensions	-935,256.56	-557,664.51
	<u>-7,389,263.52</u>	<u>-5,470,949.03</u>
6. Depreciation		
a) of intangible assets and property, plant and equipment	-1,425,601.40	-1,087,789.08
b) of current assets in excess of typical depreciation	-352,739.49	-68,339.44
	<u>-1,778,340.89</u>	<u>-1,156,128.52</u>
7. Other operating expenses	-25,045,514.20	-10,129,273.26
	<u>20,665,044.27</u>	<u>6,768,080.61</u>
8. Other interest and similar income	15,501.08	341.76
9. Interest and similar expenses	-847,781.06	-397,174.66
	<u>-832,279.98</u>	<u>-396,832.90</u>
10. Taxes on income	-5,924,262.19	-2,154,034.12
11. Earnings after taxes	13,908,502.10	4,217,213.59
12. Other taxes	-1,466,696.36	-44,527.34
13. Net income	12,441,805.74	4,172,686.25
14. Profit carried forward	4,241,612.80	68,926.55
15. Transfer to retained earnings	-3,900,000.00	0.00
16. Consolidated retained earnings	12,783,418.54	4,241,612.80

Cash Flow Statement for Endor Group

	2020 kEUR	2019 kEUR
Consolidated result for the period	12,442	4,173
+/- Write-downs/write-ups of fixed assets	1,426	1,088
+/- Increase/decrease in provisions	3,675	342
-/+ Increase/decrease in inventories, trade receivables and other assets not attributable to investment or financing activity	-14,250	-11,830
+/- Increase/decrease in trade payables and other liabilities not attributable to investment or financing activity	1,164	6,524
-/+ Income/loss from the disposal of fixed assets	-42	0
+/- Interest income/expenses	832	397
+/- Income tax expenses/income	5,924	2,154
-/+ Income tax payments	131	-1,204
Cash flow from current business activity	11,302	1,644
+ Payments received from the disposal of intangible assets	20	29
- Payments made for investments in intangible assets	-2,664	-1,773
+ Payments received from the disposal of property, plant and equipment	0	25
- Payments made for investments in property, plant and equipment	-3,827	-692
+ Proceeds from disposals from the basis of consolidation	0	4
+ Interest received	16	0
Cash flow from investment activity	-6,455	-2,408
+ Einzahlungen aus Eigenkapitalzuführungen von Gesellschaftern des Mutterunternehmens	0	76
+ Payments received from (finance) loans	13,041	565
- Payments made for the redemption of (financial) loans	-1,167	0
- Interest paid	-401	-398
Cash flow from financing activity	11,473	242
Change in cash and cash equivalents with effect on cash flow	15,873	-522
+/- Change in cash and cash equivalents due to changes in exchange rates and valuation changes	-448	1
+ Cash and cash equivalents at start of period	-569	-47
Cash and cash equivalents at end of period	14,856	-569
Current liabilities to banks	-1,419	-2,280
Liquid funds	16,275	1,711
	14,856	-569

Statement of Changes in Equity for Endor Group

	Shareholders' equity of the parent company						Shareholders' equity of the parent company			Consolidated equity	
	Capital shares	Reserves			Reserves		Equity difference from currency translation	Consolidated retained earnings		Total	Total
	Subscribed capital	Capital reserve		Earnings reserves		Profit/loss carried forward		Consolidated net income			
Ordinary shares	in accordance to § 272 (2) no. 1-3 of the HGB	in accordance with § 272 (2) no. 4 of the HGB	Total	Other earnings reserves	Total			Total	Total		
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
01.01.2019	1,861	2,415	472	2,887	0	2,887	141	69	0	210	4,958
Capital increase from conditional capital	76	0	0	0	0	0	0	0	0	0	76
Currency translation	0	0	0	0	0	0	4	0	0	4	4
Consolidated net income	0	0	0	0	0	0	0	0	4,173	4,173	4,173
31.12.2019	1,937	2,415	472	2,887	0	2,887	145	69	4,173	4,387	9,211
01.01.2020	1,937	2,415	472	2,887		2,887	145	4,242	0	4,387	9,211
Transfer to / withdrawal from reserves	0	0	0	0	3,900	3,900	0	-3,900	0	-3,900	0
Currency translation	0	0	0	0	0	0	-260	0	0	-260	-260
Consolidated net income	0	0	0	0	0	0	0	0	12,442	12,442	12,442
31.12.2020	1,937	2,415	472	2,887	3,900	6,787	-115	342	12,442	12,669	21,393

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Disclaimer: This annual report contains forward-looking statements. These statements are based on the current experience, assumptions and forecasts of the Management Board and the information currently available to it. The forward-looking statements are not to be understood as guarantees of the future developments and results mentioned therein. Rather, future developments and results depend on a variety of factors. They involve various risks and uncertainties and are based on assumptions that may not prove to be accurate. We assume no obligation to update the forward-looking statements made in this report.



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