

ADCAPITAL AG  
ANNUAL REPORT  
2023

WE



# CONTENT

<b>4</b>	Foreword by the Management Board
<b>6</b>	Supervisory Board's Report
<b>10</b>	Our WE makes us successful
<b>66</b>	Our investment portfolio
<b>68</b>	Group management report
<b>86</b>	AdCapital AG's consolidated financial statements
<b>112</b>	AdCapital AG's annual financial statements
<b>128</b>	Legal notice

## Our initiated strategy, transformation and optimization process is bearing fruit.



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

In the 2023 financial year, we constructively continued the optimization and growth process initiated in the last quarter of 2022 as well as the renewal of AdCapital AG including its subsidiaries' strategic orientation. EBIT, which was still strongly negative in the 2022 financial year, was successfully increased beyond the break-even point to EUR 3.3 million compared to the previous year's result of EUR -8.4 million. At the same time, Group sales increased from EUR 155.5 million to EUR 165.1 million. This increase in sales was the main reason for the significant rise in EBIT compared to the previous year.

The increase in EBIT is also the result of actively pursued, positive discussions with OEMs in connection with potential warranty claims, which is why provisions formed for this purpose could be partially reversed. The productivity increases introduced in the companies' manufacturing processes are another aspect of the improvement in earnings.

Other key success factors for the improvement in earnings and sales were the intensification of sales activities and the measures introduced in order to optimize the supply chain. At the same time, inventories at the subsidiaries were reduced and investments were made in production and technology. The successful commissioning of the second production line at Bavaria Digital Technik GmbH and the start of production at EP Connectors GmbH, a subsidiary of Erich Jaeger Group, are only two examples of this.

The development and gradual expansion of a market-oriented corporate strategy for each subsidiary together with our employees and managers in the 2023 financial year, was and is a key factor in AdCapital Group's success – always with the aim of ensuring the sustainable and profitable growth of the companies. In addition to the active involvement of all responsible employees, creating team spirit and solidarity is particularly important for the successful strategic realignment. The aim is to tap into Group-wide leverage effects and generate lasting corporate value.

The result for the 2023 financial year was extremely positive, although the fourth quarter of 2023 was characterized by external influences that temporarily slowed down our efforts. Our production in the NAFTA region was impacted by the historically unprecedented simultaneous strike against the Detroit Three, the three major US car manufacturers Ford, Stellantis and General Motors. The attacks by the Houthi rebels in the Red Sea disrupted our supply chains. Ultimately, however, the ongoing recession in Germany, which intensified in the fourth quarter, also slowed the business and earnings performance of AdCapital AG's subsidiaries. Despite these adverse effects, both sales and earnings were in line with the raised forecast of August 2023.

In the current 2024 financial year, we will continue to use the initiated and intensified measures to achieve further growth, stabilize the companies and improve earnings. In addition to sustainably increasing profitability, the medium and long-term growth as well as the strategic orientation of the subsidiaries are to be ensured. We are working intensively on optimizing and cutting costs in production, supply chain and purchasing. In addition, the measures to reduce inventories in the subsidiaries will be continued and further investments will be made in production and technology. Our aim is to take a leading position in existing markets and to tap into new attractive markets and technologies. We plan to expand the market and technology penetration of the Group's business areas through strategic joint venture projects and accompanying M&A measures.

Based on the corporate strategy and the introduced measures, we currently expect a further significant increase in sales and earnings power for the 2024 financial year despite the sometimes difficult general and market conditions.

Finally, I wish to thank in particular our employees, customers and suppliers, who have remained loyal to us even in difficult times. Ultimately, it is thanks to our employees' team spirit, their commitment to the company and their willingness to shape the necessary strategy, transformation and optimization process that we are able to successfully implement the introduced strategy and the associated measures and thus ensure AdCapital AG's sustainable profitability in addition to growth.

A handwritten signature in blue ink, appearing to read 'A. Schmid'.

Dr. Andreas J. Schmid  
CEO



# SUPERVISORY BOARD'S report

**2023 was characterized by the strategic realignment of AdCapital AG and its subsidiaries following the unsatisfactory year 2022 for AdCapital Group. Thanks to the turnaround process initiated at the end of 2022, a clearly positive result was achieved at EBIT level in the financial year.**

In the 2023 financial year, the Supervisory Board fully performed the duties incumbent upon it in accordance with the law, the articles of association and the rules of procedure. It continuously advised the Management Board and monitored its management of the Company and the Group. The legality, regularity and expediency of the management and Group management were the relevant criteria.

In the reporting year, the Supervisory Board was informed in detail by the Management Board about the Company's and the Group's situation, the course of business and business policy at four regular meetings, by telephone, via video conference, in face-to-face meetings and in writing. Throughout the 2023 financial year, the Management Board and the Supervisory Board maintained a trusting exchange of information.

The Chairwoman of the Supervisory Board also maintained an intensive exchange of information and opinions with the Management Board between the regular board meetings. She was regularly and promptly informed by the Management Board about key business transactions, the current situation and the prospects. 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 for and possible counter-measures against these deviations. The Management Board regularly informed the Supervisory Board about the current risk situation and the measures introduced as part of risk management. As a result, the Supervisory Board was always fully informed about the Company's and the Group's situation.

The Supervisory Board discussed with the Management Board all decisions of particular importance for the Company or the Group. The Supervisory Board members carefully reviewed the Management Board's reports and proposed resolutions, also presenting their own views and experience and making 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. The Supervisory Board was involved in fundamental decisions for the Company or the Group at all times.

## Supervisory Board discussions in detail

Due to the unsatisfactory development of Erich Jaeger Group in the 2022 financial year, this subsidiary in particular was a key topic of discussion between the Supervisory Board and the Management Board. The strategy development process and the strategies generated for Erich Jaeger Group, but also for all other operating companies, were presented to the Supervisory Board by the Management Board and discussed intensively on an ongoing basis. The Management Board also reported regularly on the status and outcome of the negotiations in connection with warranty claims.

The business, financial and earnings position of the Company and the Group companies as well as their planned further development were regularly subject of the Supervisory Board meetings and other consultations with the Management Board.

In 2023, the Supervisory Board comprised four members. A total of four Supervisory Board meetings were held in the 2023 financial year, two of which were held purely as video conferences and one as both a face-to-face meeting and a video conference. The Supervisory Board members attended all meetings.

During the accounts review meeting which, due to the large number of topics, took place on two days – on March 21, 2023 as face-to-face meeting and on March 27, 2023 as video conference – the Supervisory Board discussed the annual financial statements and the consolidated financial statements as of December 31, 2022, the Group management report and the dependent company report for the 2022 financial year, including the auditor's respective audit reports. The auditor has issued an unqualified auditor's report on both financial statements. Following discussions with the auditor, we approved the annual financial statements and the consolidated financial statements. Thus, the 2022 annual financial statements were adopted. Furthermore, the Supervisory Board approved the report of the Supervisory Board and the proposed appropriation of profits for the 2022 Annual General Meeting.

Furthermore, the preparation of the Annual General Meeting (AGM) on May 16, 2023, which was conducted as virtual meeting, was on the agenda of the Supervisory Board's meeting. During such meeting, the Supervisory Board approved for the general meeting to be conducted as virtual meeting and approved the AGM's agenda including the resolutions proposed by the Supervisory Board to the AGM. The chairwoman of the AGM was also determined.

During this meeting, the Management Board informed us in detail about the individual subsidiaries' economic situation. In this context, it explained in particular the development of the order situation, capacities, inventories and the associated development of liquidity and cash-flow as well as the subsidiaries' financing. The development of key figures, such as the materials ratio, was discussed. Measures to improve the cost situation were presented and discussed. The status of strategy development and implementation for Erich Jaeger Group and for Taller was discussed in detail. The status and further development of cable production were the subject of further discussion.

At the Supervisory Board meeting on August 8, 2023, the Management Board explained the current status of the individual companies and the outlook for the year as a whole. The situation at Erich Jaeger's production plants was presented in detail. The status of talks in connection with potential acquisitions was also discussed in detail. The measure to strengthen equity at Taller, which became necessary due to the sharp decline in sales compared to the previous year, was presented by the Management Board and discussed in detail. The Management Board informed us about the status of strategy implementation at the subsidiaries. A resolution was passed to optimize the Group's internal financing and the date for the 2024 Annual General Meeting was defined.

At the third Supervisory Board meeting on October 27, 2023, the status of Erich Jaeger was discussed in detail. In particular, the Management Board explained the topic of transfer prices and the planned changes to us in detail. A decision on the acquisition of Erich Jaeger's property in Friedberg, for which sale and leaseback financing expired at the end of the 2023 financial year, and other related decisions (e.g., interim financing) were made. The Management Board outlined the poor situation emerging at the other operating companies in the second half of the year and explained the corresponding countermeasures.

At the last meeting of the year on December 14, 2023, the Management Board presented the business situation and outlook for the Company, the subsidiaries and the Group for the year as a whole. The Management Board also discussed the process and status of strategy implementation at the individual companies. The Management Board provided an update on the status of discussions in connection with potential M&A projects. The Supervisory Board approved the planning for 2024 presented by the Management Board, including the measures envisaged therein. A decision was made regarding intragroup financing. The procedure for the audit of the 2023 consolidated financial statements was discussed and determined in detail with the auditor.

#### Audit and adoption of the 2023 annual financial statements

Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, which had been elected as auditor and group auditor by AdCapital AG's annual general meeting on May 16, 2023, was engaged by the Supervisory Board to audit the annual and consolidated financial statements as of December 31, 2023 as well as the Company's group management report for the 2023 fiscal year, 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, 2023, as well as the group management report for the 2023 fiscal year. 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 21, 2024 in much detail. The auditors signing the auditor's reports participated in the accounts review meeting and reported on their audit's scope, key audit matters and significant findings. They addressed in particular the key audit matters as well as the performed audit procedures and also reported on their accounting-related findings in connection with the internal control and risk management system. The questions posed by the Supervisory Board were answered to its satisfaction.

During the accounts review meeting, the Supervisory Board reviewed and discussed 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 declared that, according to its review's final result, it had no objections and that it approved the annual financial statements and consolidated financial statements prepared by the Management Board as of December 31, 2023, as well as the group management report

for the 2023 fiscal year. AdCapital AG's annual financial statements as of December 31, 2023 were thus adopted. The Management Board proposed to carry forward the 2023 annual net profits to new account. We have approved such proposal.

#### Dependency report for the 2023 fiscal year

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 2023 ("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 21, 2024, 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 auditor's report issued by the auditor on the dependency report for the 2023 fiscal year reads as follows:

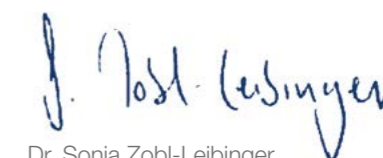
"According to our duly performed audit and assessment, we confirm that

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 his 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 2024



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

The

**WE**

makes us successful



The  
**WE**  
is a great strategy



**Denny Tse**

Vice President  
Jaeger Poway Automotive  
Systems (Shenzhen) Ltd.

**Dieter Emmerich**

Advisory of the Board  
JAEGER Group

**Jaazel Picazo**

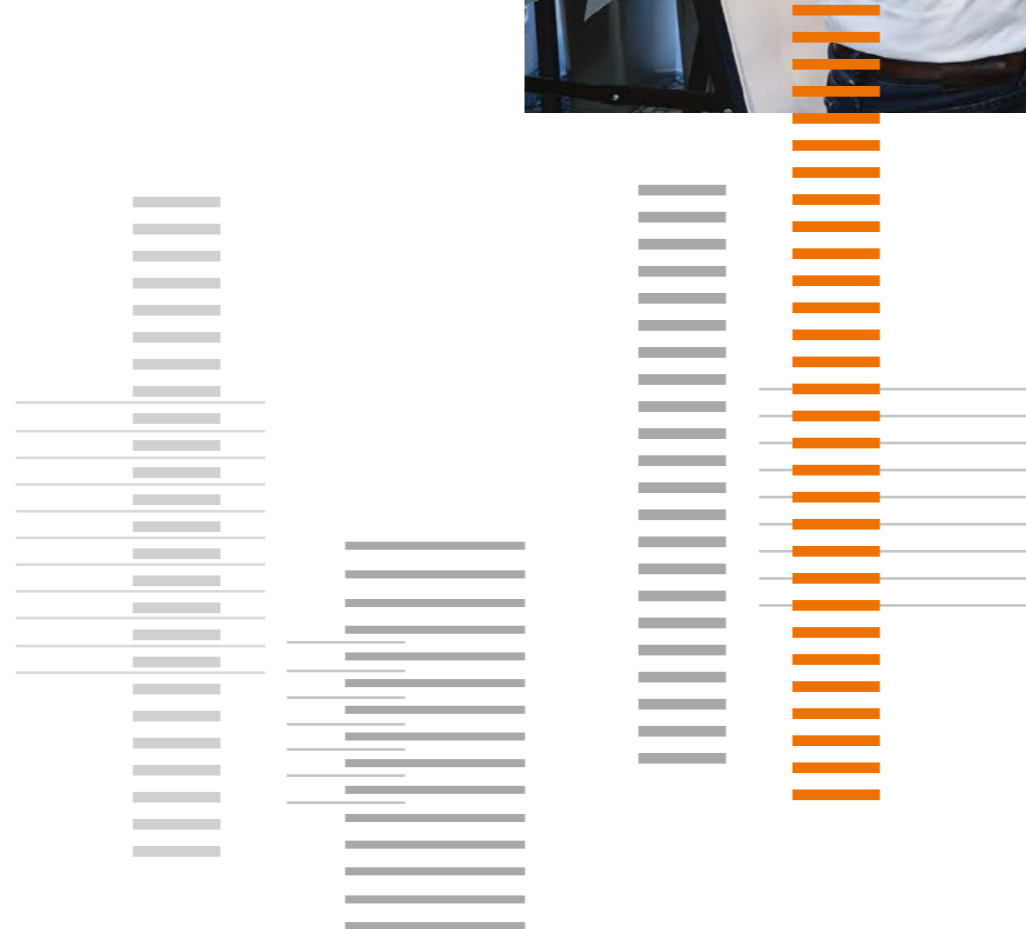
Managing Director  
Erich Jaeger México  
S. de R.L. de C.V.

# Automotive, electronics and industry are the sectors in which we operate successfully.

We focus on the needs of our customers, technological developments and the opportunities arising for us in a wide variety of markets.

We aim to create synergies and make better use of the opportunities offered by our Group. Each AdCapital AG company has its own core business, but should work together with at least one other of our companies. To this end, we are focusing on value-added products and sustainable solutions. This is one step on our way to achieving greater profitability.

Another step is the close partnership with our customers and the pursuit of joint solutions and goals. In transport logistics in particular, e-mobility, big data, sustainability and artificial intelligence are major challenges that can only be mastered through close and trusting joint product and process development. The third step is to implement our sales plan in order to tap into markets such as America, Asia and Africa for the first time or more successfully.



Our strategic decisions are supported by the team and convey a sense of cohesion and new beginnings. Cooperation within AdCapital AG has gained considerable momentum in the last two years. New orders in the area of car control units have further expanded production capacities at BDT. In addition, cooperation in the area of plastics processing and contact elements between Erich Jaeger and Teller has been intensified. This is also the result of our "Local for Local" strategy, which aims to achieve more stable supply chains and reduce long delivery routes while conserving resources. Another milestone is the opening of our plant in Moldova.





- 1 Active listening
  - ↳ Factual info.
- 2 YOU & ME
  - ↳ Messages
  - ↳ set up goals / T
  - ↳ understanding / agreement
- 3 confort / auxilio

The  
**WE**  
is the Holding's  
largest strength

**Dr. Andreas J. Schmid**  
CEO AdCapital AG,  
CEO JAEGER Group

**Annemarie Wegmeth**  
Head of Finance and Controlling AdCapital AG,  
CFO JAEGER Group, Managing Director Taller GmbH





For our customers, we are  
part of their solution.



We are true partners and create added value for our customers, because their business is our business. One of our focal points is the development of electronic solutions in both hardware and software. We also take into account the automotive industry's increased requirements with regard to functional safety and cybersecurity.

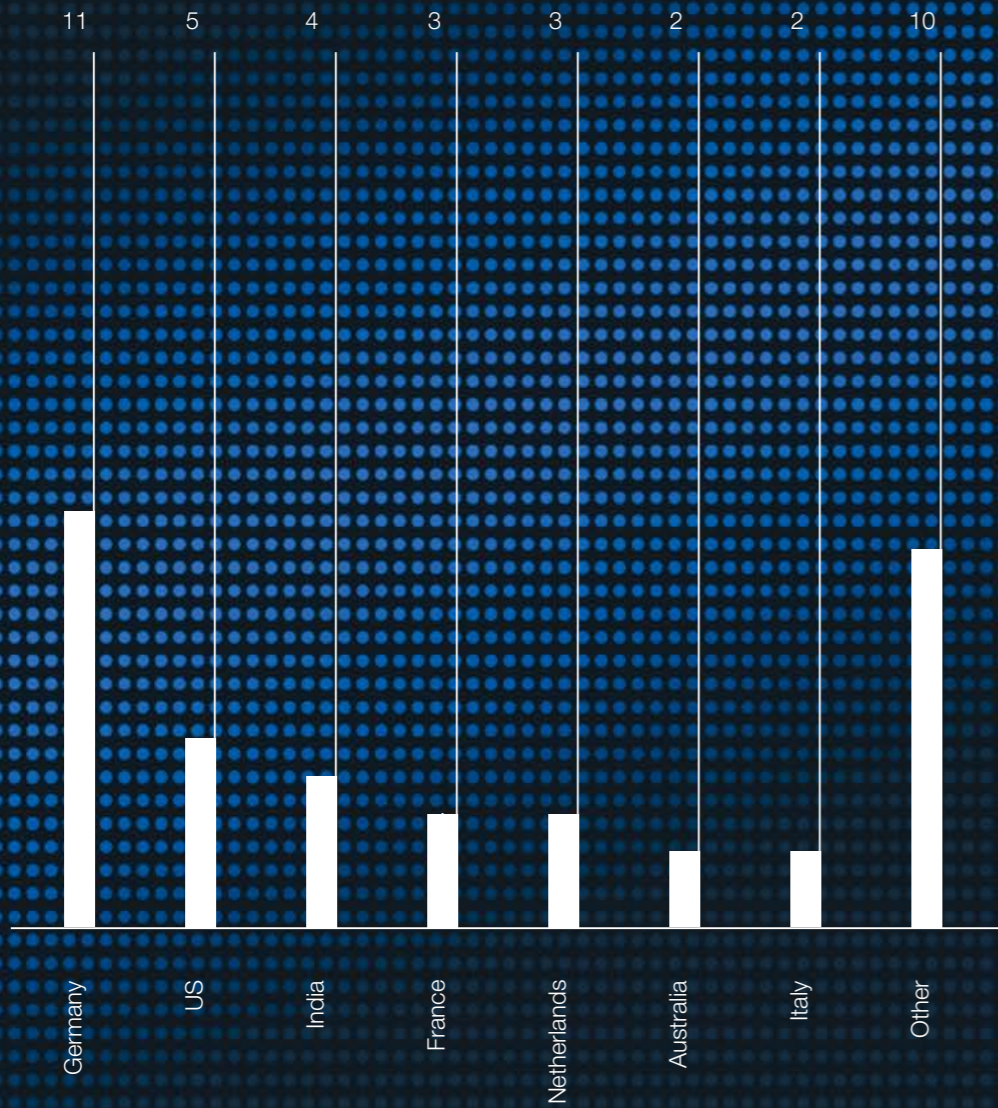
Our electronic components are playing an increasingly important role in their system solution. In the next stage of development, the integration and use of artificial intelligence in our products will be a reasonable and contemporary solution.







Major cyberattacks on the automotive sector in 2023

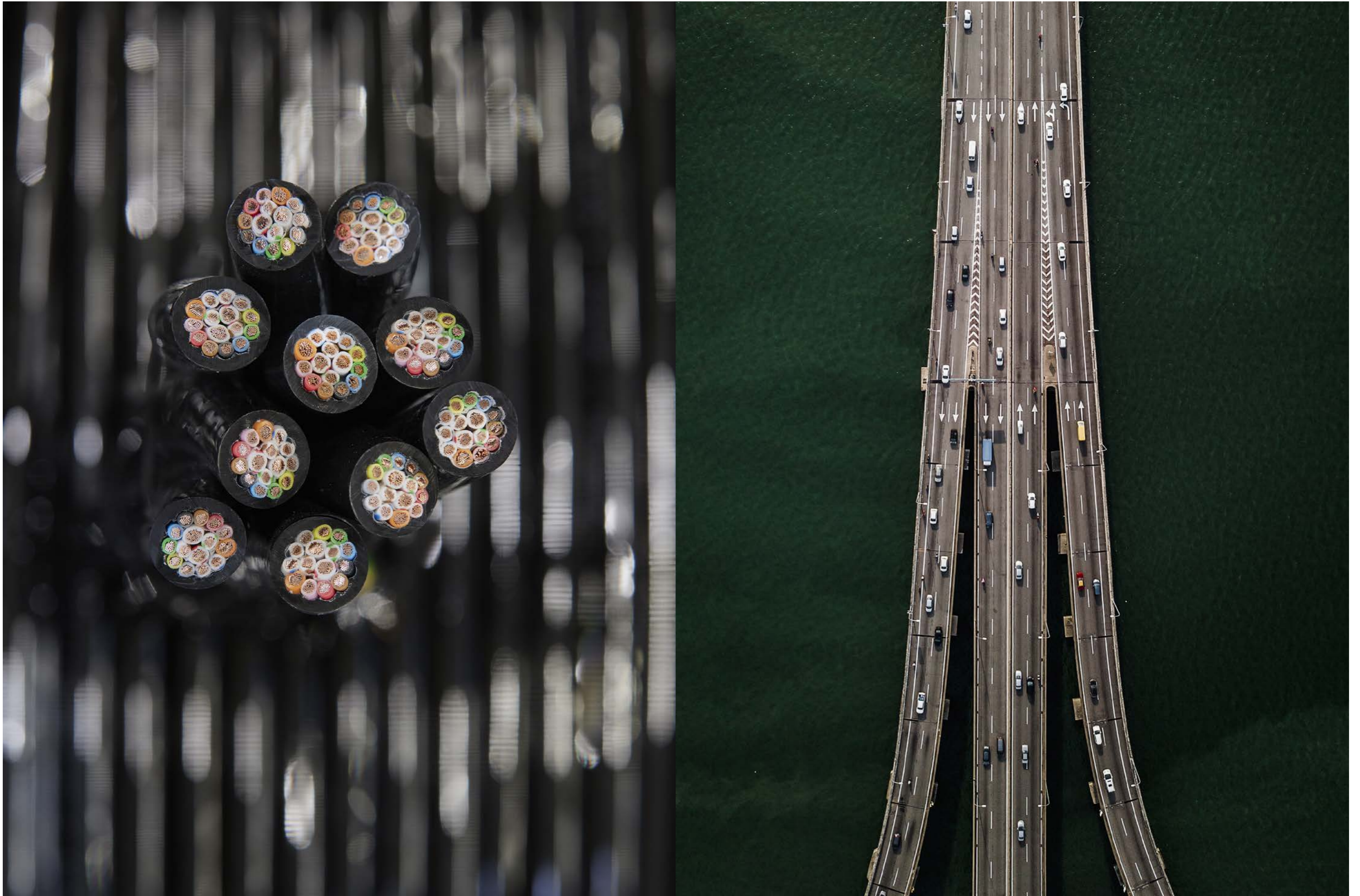


Source: KonBriefing Research

Digital networking increases the demands on security.

Cyberattacks on vehicles are not only becoming possible, but also likely. From July 2024, newly registered vehicles must be better protected against attacks via the internet. Manufacturers must secure their models against digital threats with firewalls and updates. How much needs to be invested in each individual case in order to install a certified management system to defend against cyberattacks varies from model to model. But the costs can quickly amount to several million euros. This is another opportunity for us to further expand our position as a strong and reliable partner and assert ourselves as a leading quality manufacturer.









The

**WE**

uses technologies  
and resources more  
efficiently



**Roman Jašek**

Production Manager  
Erich Jaeger, s.r.o.

**Philipp Weckler**

Director Global Purchasing  
JAEGER Group

**Jaroslav Milota**

Head of Global Operations JAEGER Group  
Managing Director Erich Jaeger, s.r.o.





## As the world's leading supplier of automotive systems for connecting towing vehicles and trailers

we are always looking for new ways to provide our customers with the optimum solution for their system. Together with our customers and partners, we develop state-of-the-art solutions.

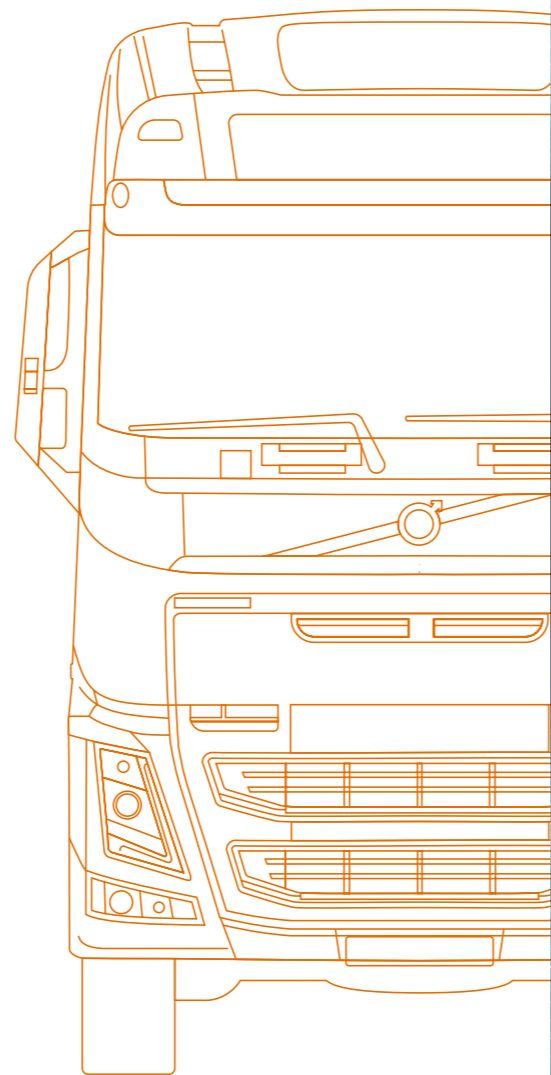
In order to make the increased complexity manageable, we use new development tools and development environments. This also makes us attractive for joint ventures.

We focus on innovative technology – both in new developments and in our traditional core segment of plugs, sockets and cables. With our new trailer connector, a solution which was successfully launched in Asia, we also want to be successful in Europe – to this end, we are in regular contact with our local OEM customers.



The next generation of the truck-trailer interface with high-speed data communication enables the realization of smart trailer applications. This enables camera environment analysis and the integration of additional sensors and actuators – an important step towards autonomous driving at level 4. This means that traffic between freight transloading facilities (hub-to-hub) can be automated on defined routes. It is exciting to see in which products artificial intelligence is already being used.

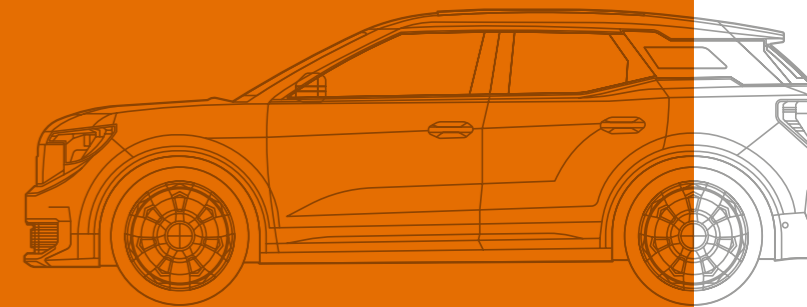
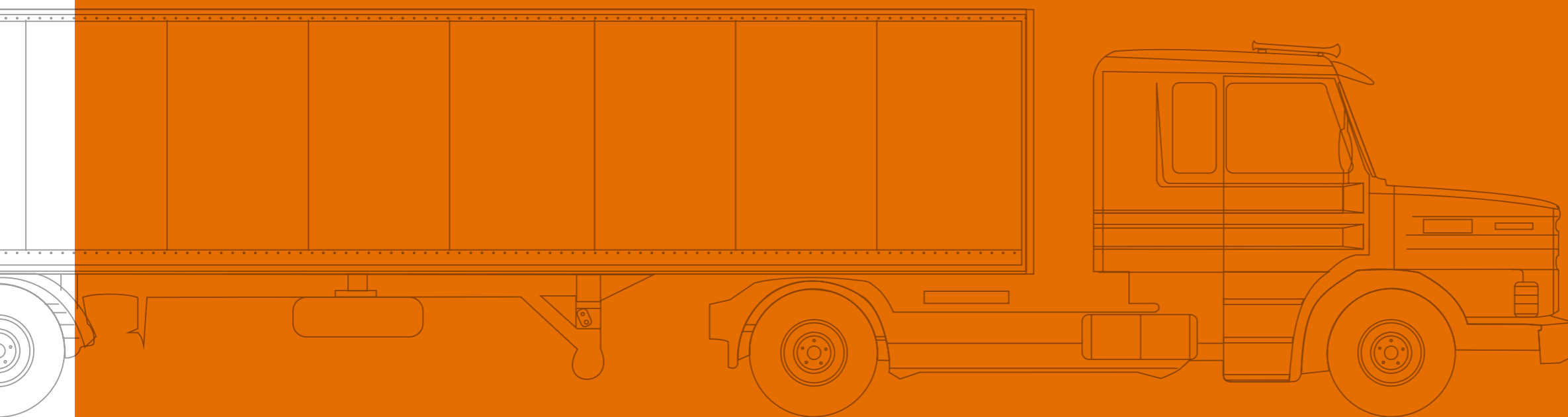
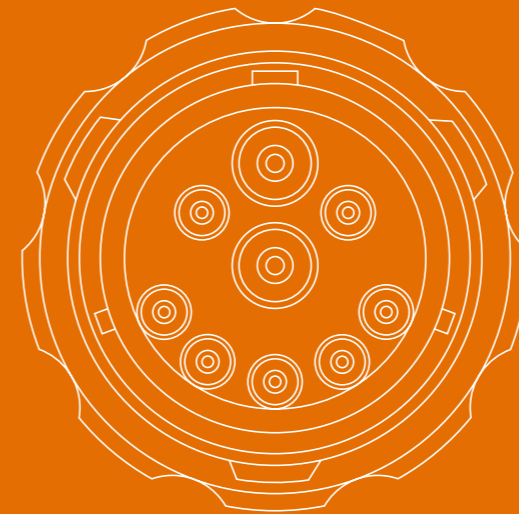
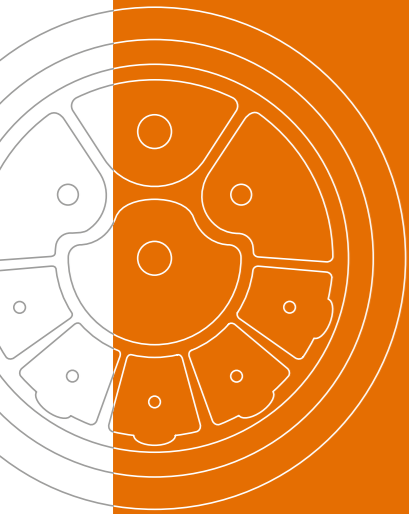
For our control units and embedded solutions, as well as for every new development, we check whether it makes sense for us to use AI and whether such use offers our customers a particular benefit. However, AI can also speed up the tools we use in our development work and possibly reveal new, innovative solutions.



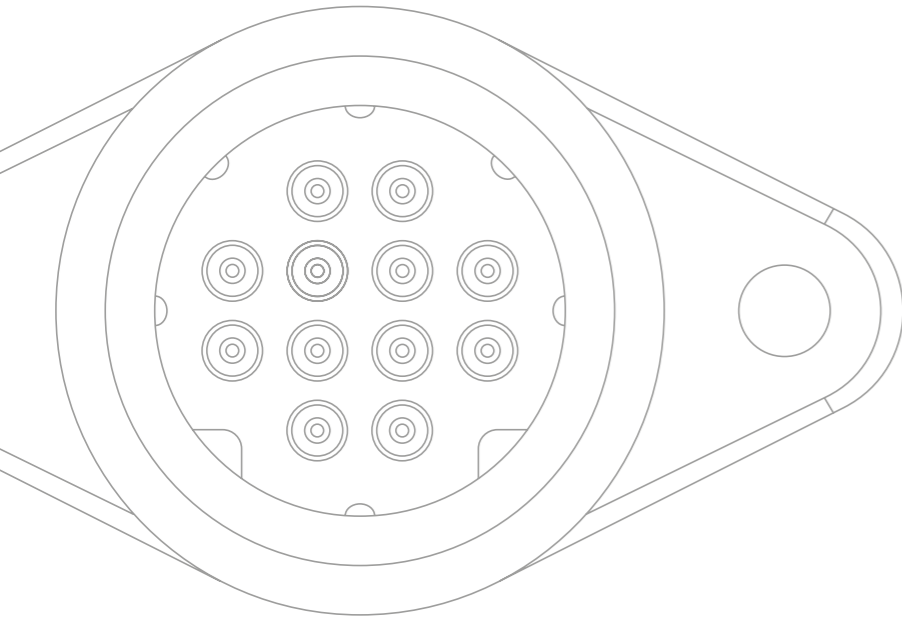


Our connectors enjoy an excellent reputation because they are exceptionally reliable, robust and durable – even in extremely harsh working environments.

Our current solutions, such as the standard interfaces between cars and trucks, will remain in demand on the market for many years to come. Detailed solutions make the difference. International property rights prevent other market players from simply adopting these solutions.



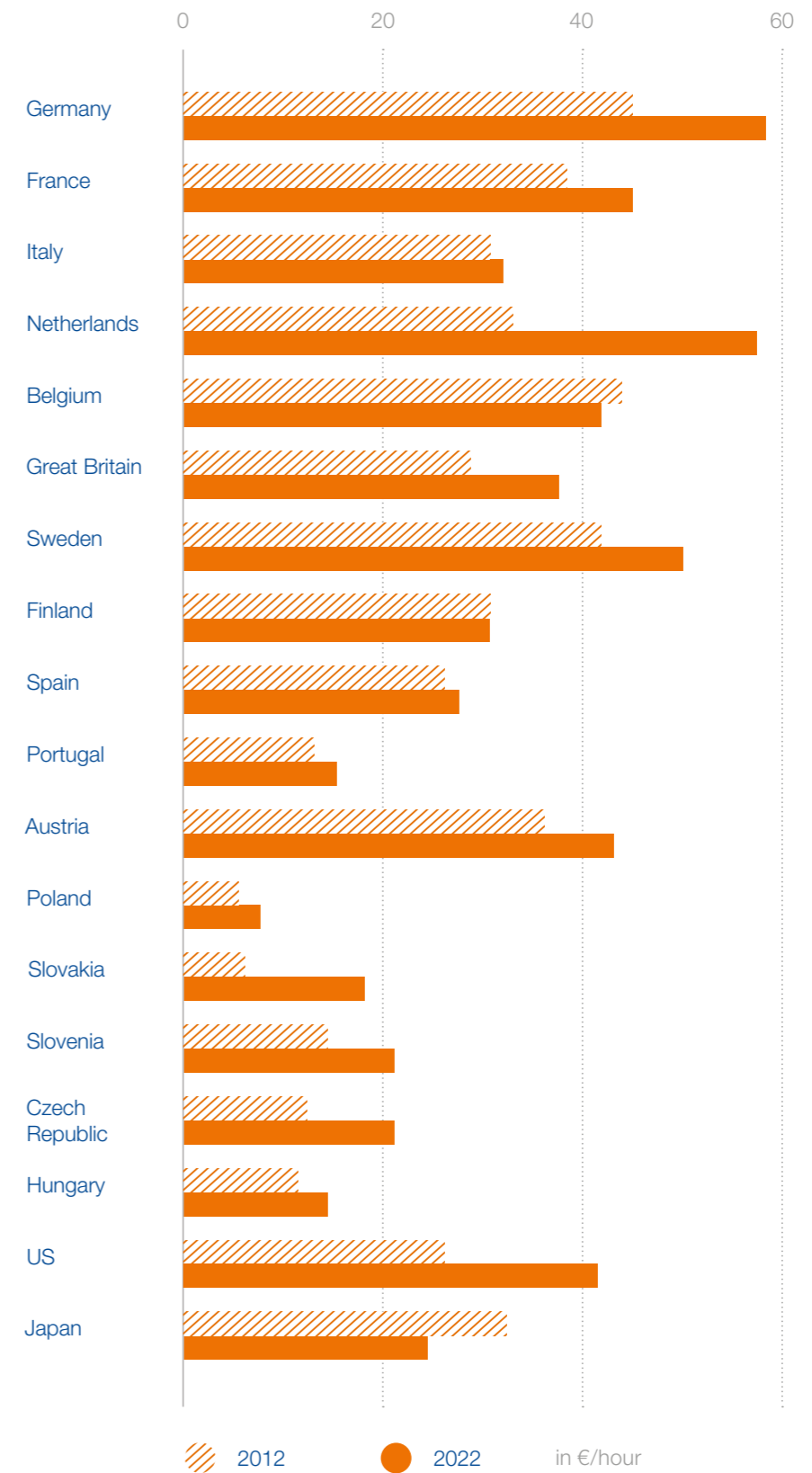




Our international production sites ensure that we are competitive in terms of costs. Our synergy effects have also increased substantially. We have significantly increased the added value of our truck spiral cables by producing our own cables. Taller produces many injection-molded parts that are used in Erich Jaeger's products. One opportunity for further cooperation is the production of conductive contacts for Erich Jaeger's solutions.

Taller also produces plastic and hybrid components for KTS and BDT. BDT, for its part, produces electronic components developed by Erich Jaeger. In addition to the international production sites and the synergies, rationalization also plays a role in our value creation. For example, Erich Jaeger is gradually withdrawing the 7-pin connector for the spare parts trade from the market and is developing new products only for special customers in special cases.

Labor costs in the automotive industry



Source: Eurostat, national offices and automotive industry association VdA





The  
**WE**  
enables great  
solutions



**Salih Sürer**

Technical Sales  
Bavaria Digital Technik GmbH

**Manuel Stelzer**

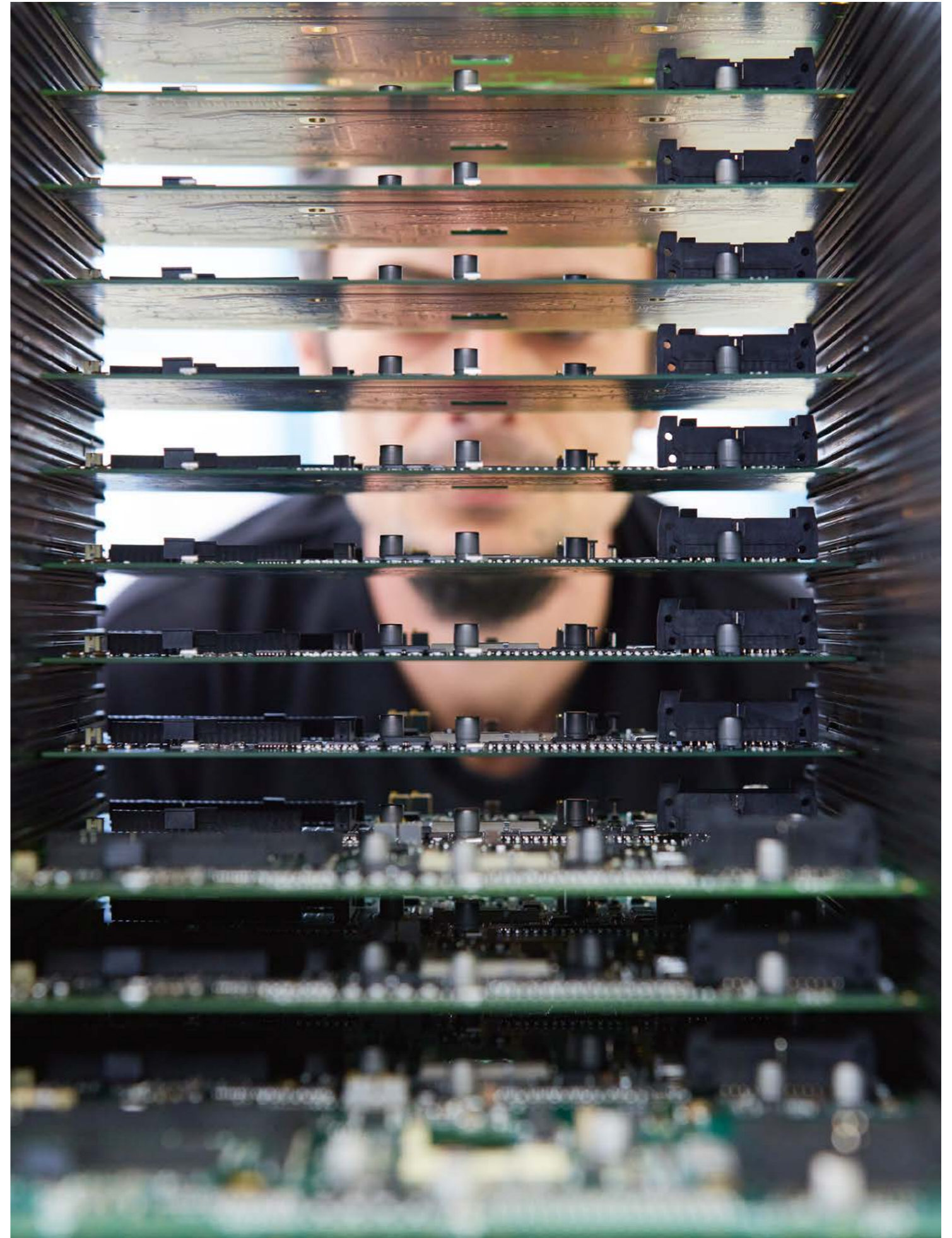
Managing Director  
Bavaria Digital Technik GmbH



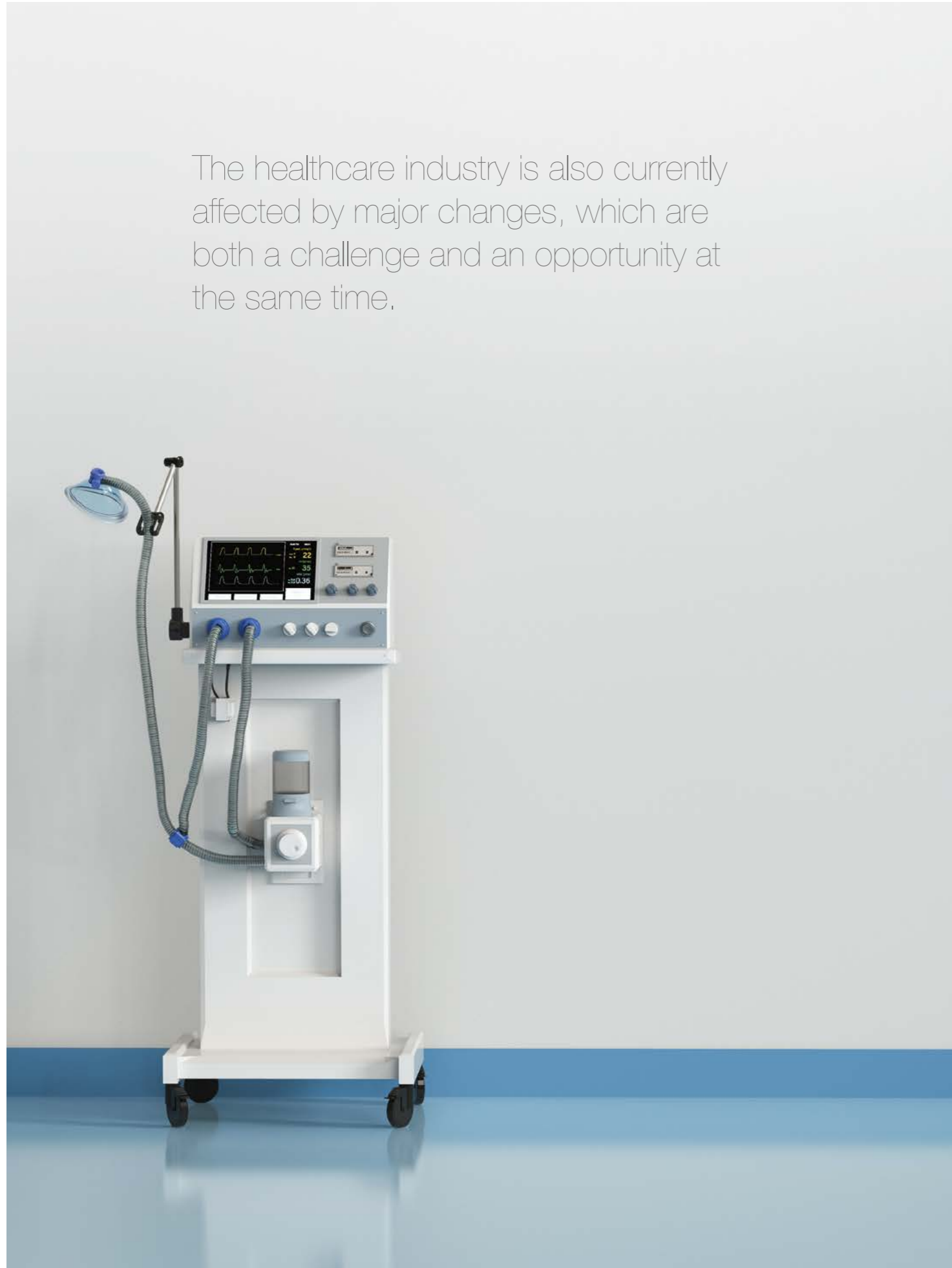


As a highly specialized manufacturing service provider for electronic components, we offer our customers complete solutions from hardware to software.

We have particular expertise in the health care, automotive and energy sectors. We produce electronic control units for Erich Jaeger and reliably supply our customers with the optimum solution for their requirements – from hardware and software development to the production of complete electronic devices and systems. Our solutions can also be found in PCR test devices and in devices for training cognitive-motor skills.

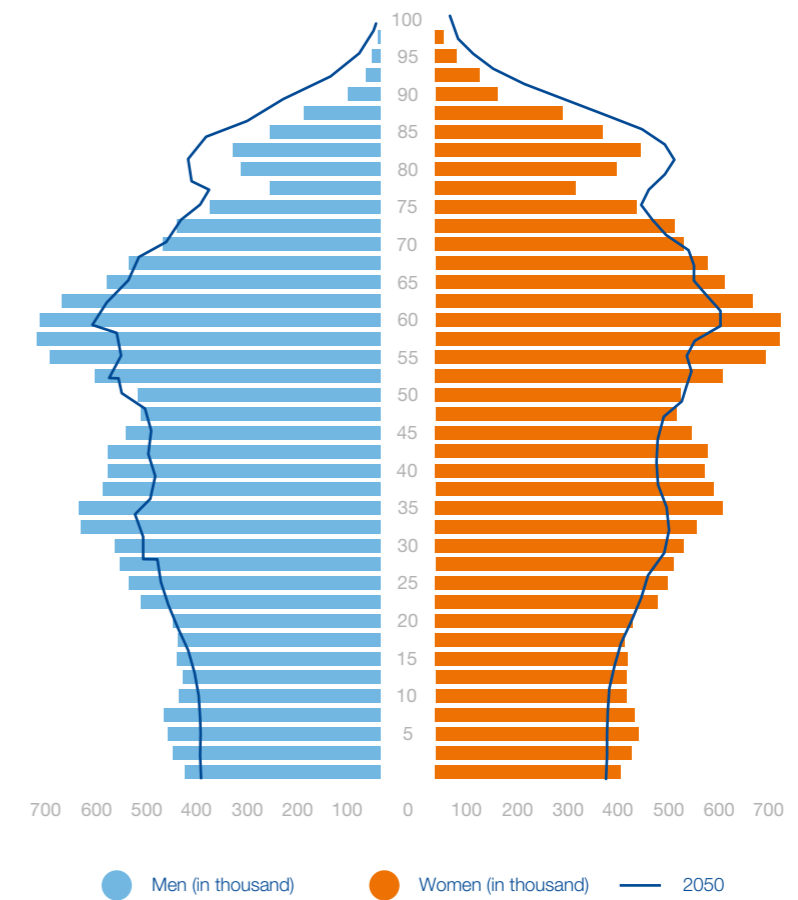


The healthcare industry is also currently affected by major changes, which are both a challenge and an opportunity at the same time.



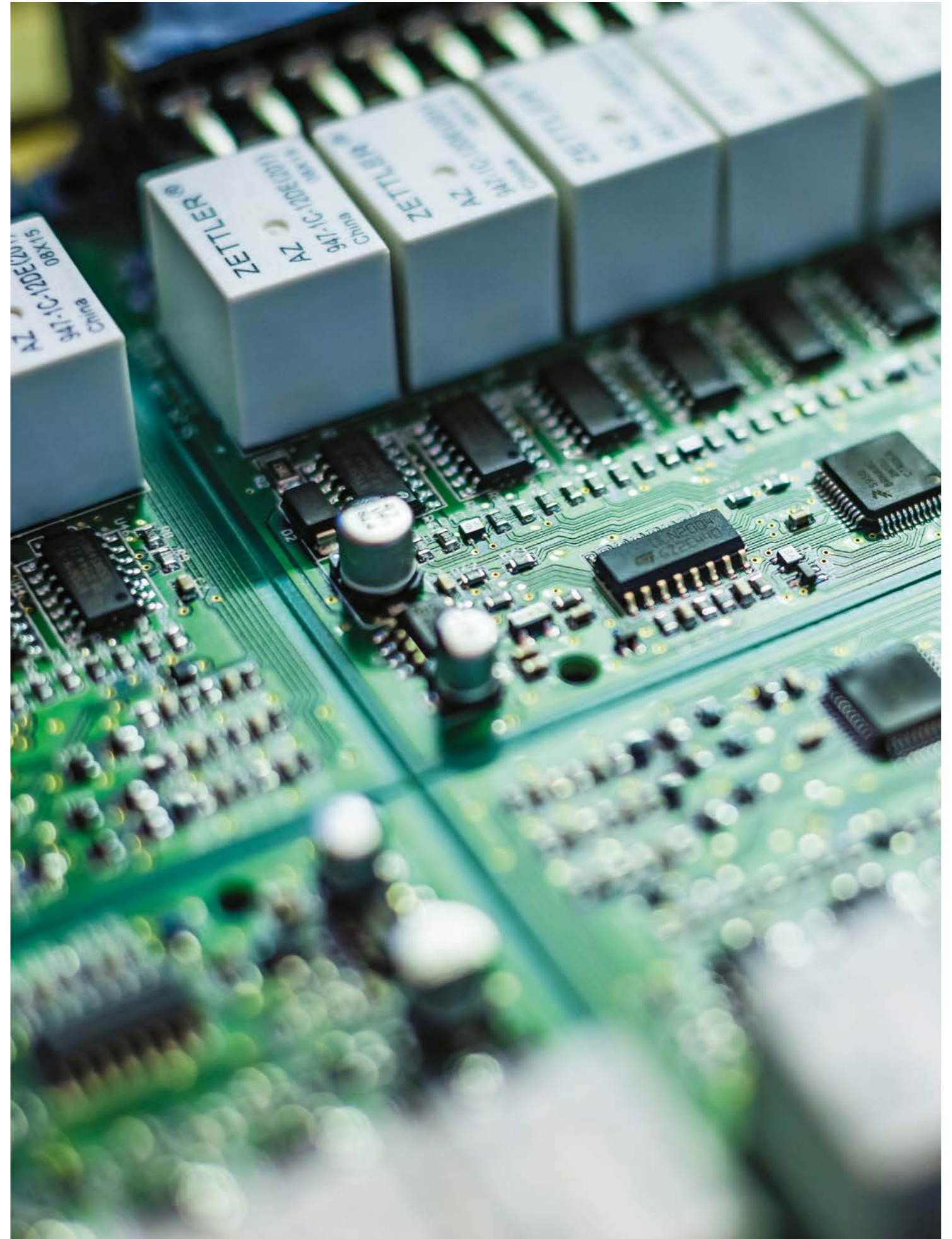
In addition to early diagnosis and new treatment methods, demographic change and increasing life expectancy are strong drivers for innovative solutions. Microsystems technology, biotechnology and digitalization are excellent prerequisites for developing new products. One particular challenge is the production of high-performance solutions in ever smaller dimensions. We are currently adapting our machinery to meet these requirements. The use of artificial intelligence will also play a role. AI already offers us great potential in optical testing and in the development of certain circuits.

Age structure of the population in Germany in 2023

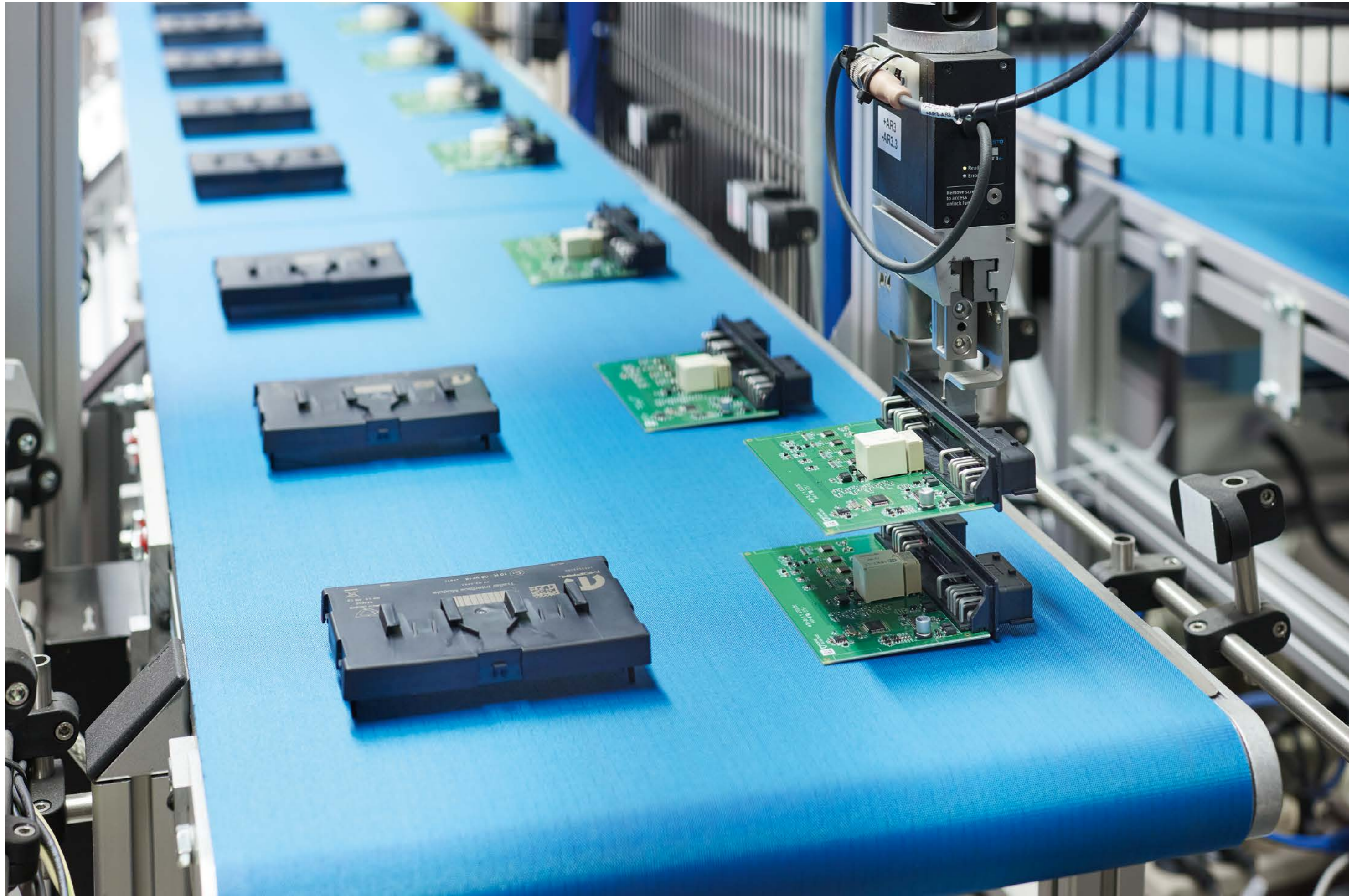


Source: Destatis Federal Statistical Office / Population in Germany













The  
**WE**  
achieves effective  
synergies



**Dr. Matthias Sehmsdorf**  
Managing Director  
FRAKO Kondensatoren- und  
Anlagenbau GmbH

**Matthias Böhrer**  
Development Engineer  
FRAKO Kondensatoren- und  
Anlagenbau GmbH

**Danny Weist**  
Construction and Development Engineer  
FRAKO Kondensatoren- und  
Anlagenbau GmbH

We are leaders in terms of quality and safety in electricity grids.



We are a sought-after partner for our customers in the automotive and industrial sectors. We have been dealing with energy for almost 100 years. Our core competencies lie in the development and production of systems for power factor correction and for improving network quality, including control units and measuring devices. Our capacitors with patented contact ring are used worldwide.

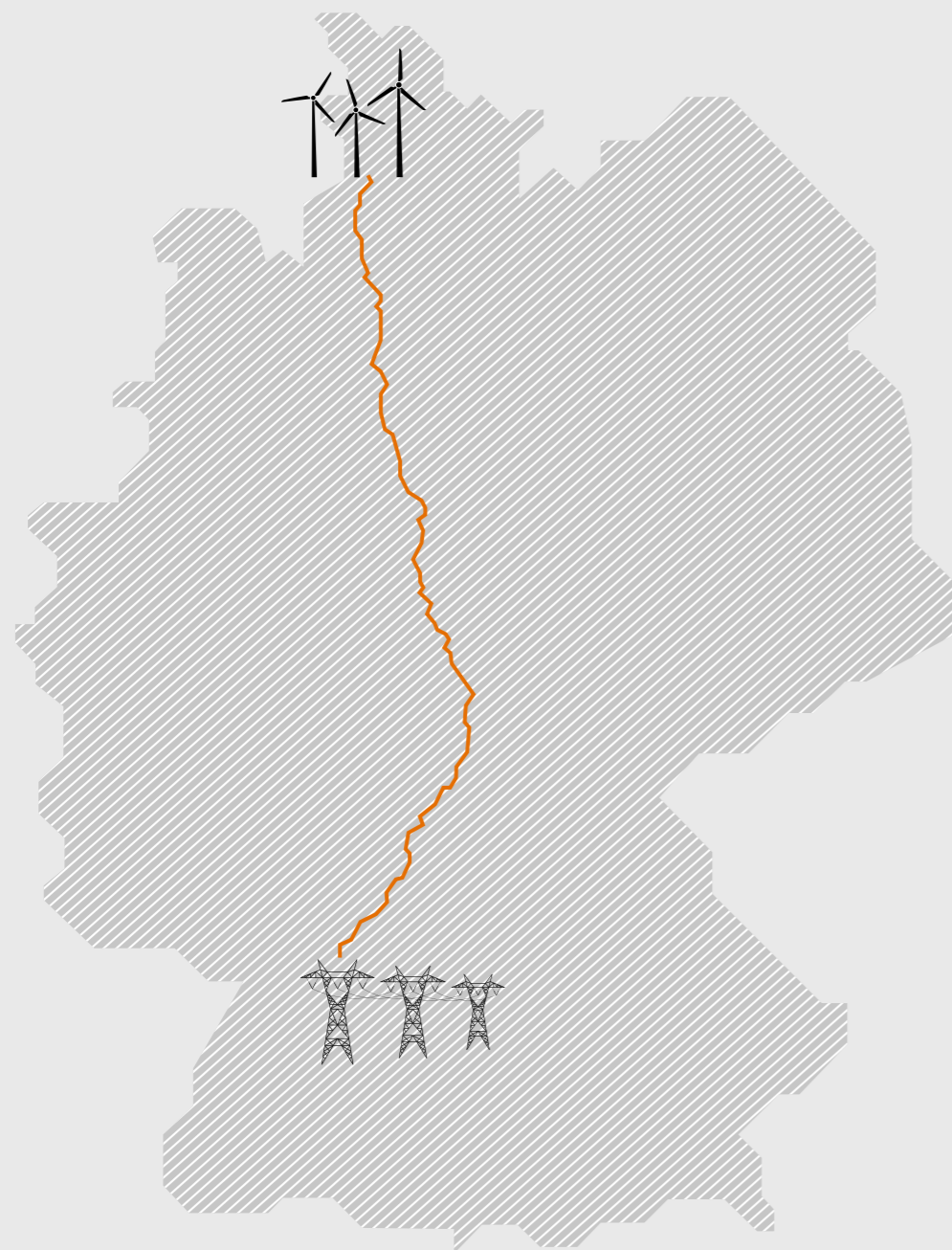








The politically defined goal is to generate 80 % of electricity from renewable energies by 2030.



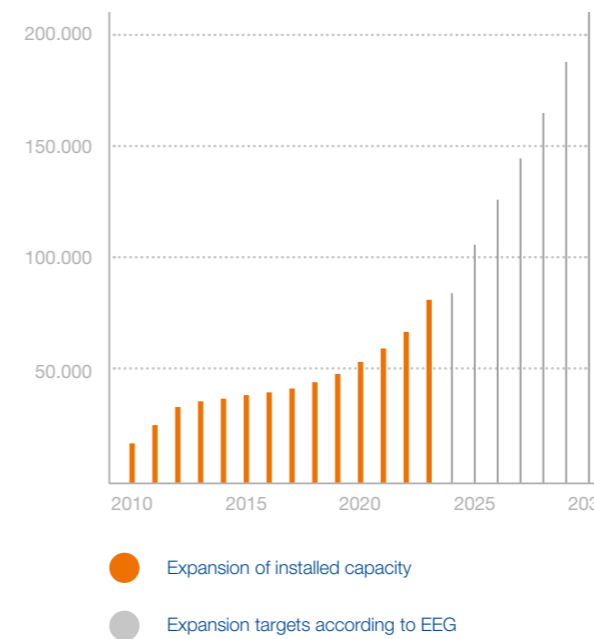
Reducing greenhouse gas emissions by 80 % and consuming much less energy and heat overall poses major challenges for the entire economy and the energy industry in particular.

The expansion of renewable energies is changing the German energy sector's infrastructure. Problems arise due to hesitant grid expansion and fluctuations in the generation of renewable energies.

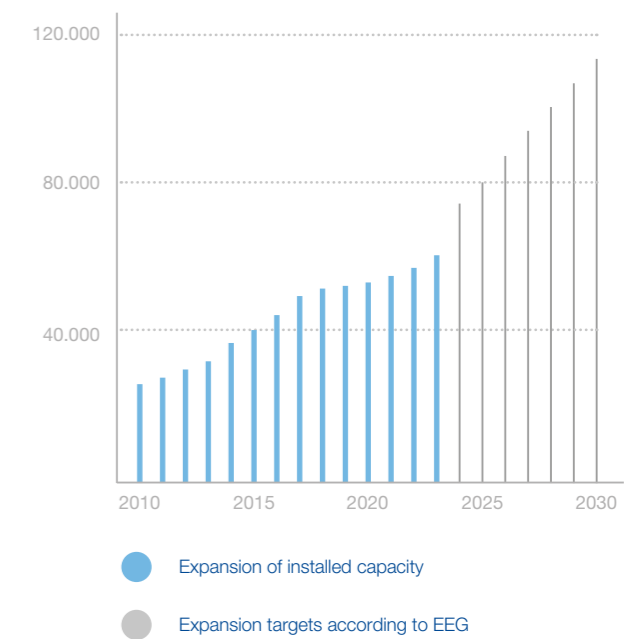
On the one hand, there are regional differences, for example in the case of energy from wind power that has to be transported from north to south, which cannot be accomplished or only insufficiently by the existing electricity grids. On the other hand, there are fluctuations in the generation of renewable energies. The aim is to create synergy effects in sector coupling in the area of electricity and heat supply as well as electromobility.

With technical expertise and products such as our energy management systems, we support the expansion of wind and solar energy and promote CO<sub>2</sub> reduction.

**Expansion of the output of solar radiation energy (in megawatts)**



**Expansion of the capacity of onshore wind turbines (in megawatts)**

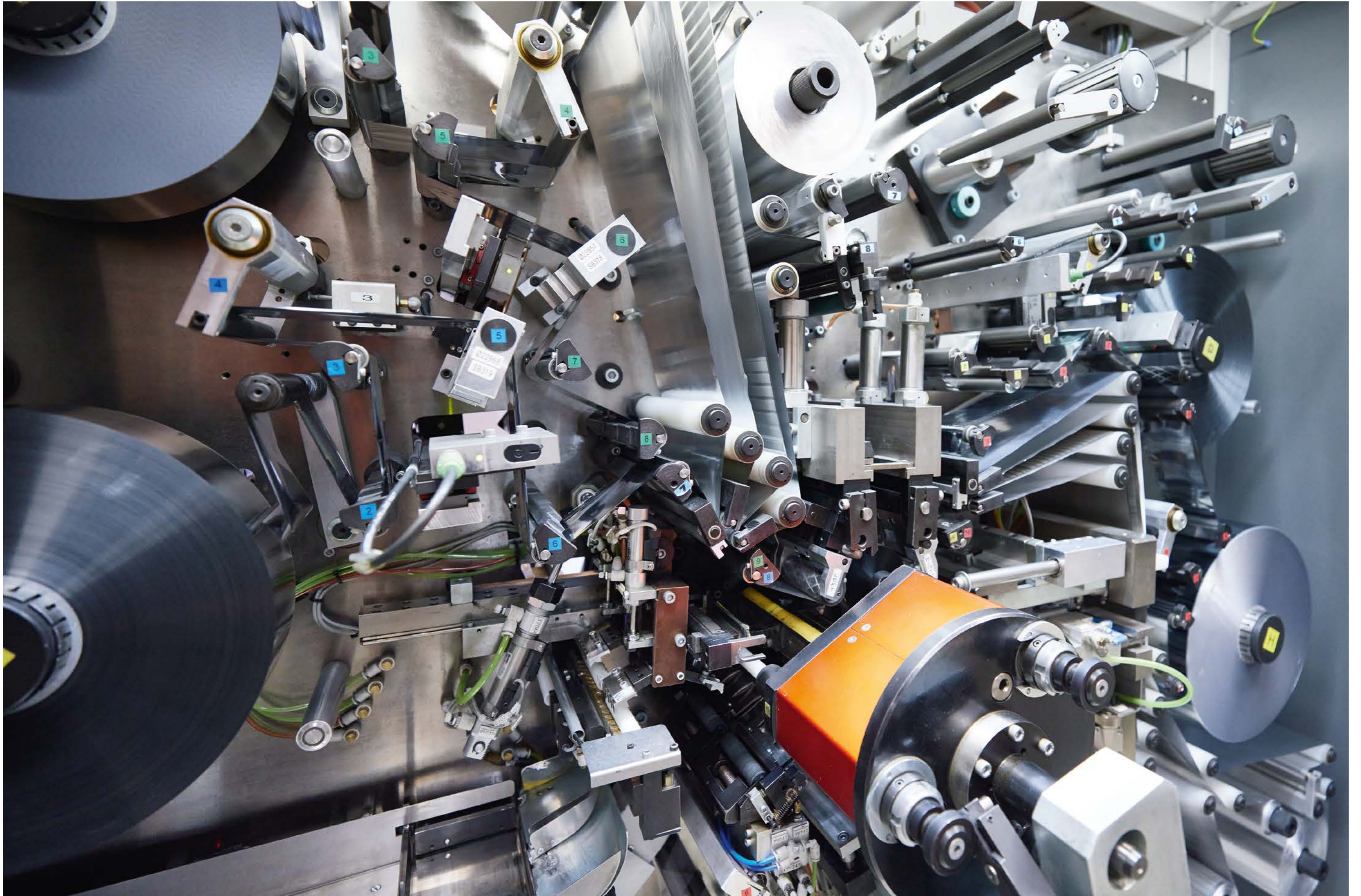


Source: German Federal Network Agency / statistics on selected renewable energy sources for electricity generation











The

**WE**

results in a positive sum total



Maximum success can only be achieved as a team. Working together promotes our efficiency and innovative strength.





## Our shareholdings



### Erich Jaeger GmbH + Co. KG

Automotive  
www.erich-jaeger.de

AdCapital share 100 %  
Shareholding since 1993 / 1998



### KTS Kunststoff Technik Schmölln GmbH

Plastics processing  
www.kts-schmoelln.de

AdCapital share 100 %  
Shareholding since 1991



### Taller GmbH

Electrical engineering  
www.taller.de

AdCapital share 99,95 %  
Shareholding since 2007



### FRAKO Kondensatoren- und Anlagenbau GmbH

Electrical engineering  
www.frako.com

AdCapital share 100 %  
Shareholding since 2005



### Bavaria Digital Technik GmbH

Equipment and plant engineering,  
electrical engineering  
www.bdt-online.de

AdCapital share 100 %  
Shareholding since 2006



### OPUS GmbH \*

Mold and tool making  
www.opus-mold.de

AdCapital share 50 %  
Shareholding since 2007

\* not consolidated



# GROUP MANAGEMENT REPORT

70	<b>1</b>	<b>AdCapital Group</b>	79	<b>5</b>	<b>Non-financial performance indicators</b>
70	1.1	Business activities and investment focus	79	5.1	Employees
70	1.2	Group strategy, corporate management and monitoring system	79	5.2	Research and development
71	1.3	Significant events in the 2023 fiscal year			
71	1.4	Group of consolidated companies	80	<b>6</b>	<b>Non-financial reporting</b>
72	<b>2</b>	<b>Economic and political conditions</b>	80	<b>7</b>	<b>Risk report</b>
72	2.1	Macroeconomic situation	80	7.1	Opportunities and risk management system
72	2.2	Industry-related conditions	80	7.2	Risk factors from the Group companies' and the subsidiaries' operating business
			81	7.3	Overall assessment of the Group's risk situation
74	<b>3</b>	<b>Profit situation</b>			
74	3.1	Sales development and earnings performance	82	<b>8</b>	<b>Dependency report</b>
76	3.2	Industry holdings			
77	<b>4</b>	<b>Financial position and net assets</b>	82	<b>9</b>	<b>Other information</b>
77	4.1	Portfolio development	82	<b>10</b>	<b>Opportunities / risk and forecast report</b>
77	4.2	Investments			
77	4.3	Financial position	82	10.1	Expected development of the profit situation and financial position
79	4.4	Net assets	83	10.2	Opportunities and risks
79	4.5	Overall assessment of the economic situation			
			84	<b>11</b>	<b>Final remarks</b>



- AdCapital Group
- Economic and political conditions
- Profit situation
- Financial position and assets
- Non-financial performance indicators
- Non-financial reporting
- Risk report
- Dependency report
- Other information
- Opportunities / risk and forecast report
- Final remarks

## 1. AdCapital Group

### 1.1 Business activities and investment focus

AdCapital AG is both an investor and an active portfolio manager of the investments. The focus of AdCapital AG's business activities is on the active further development of our investments. Our investment portfolio mainly consists of four 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
Taller GmbH	Electrical engineering

As in previous years, Jaeger Group remains the dominant holding in the AdCapital Group, accounting for almost 70 % of sales.

### 1.2 Group strategy, corporate management and monitoring system

#### Group strategy

#### Shareholdings

AdCapital AG is an industrial holding company which manages the investments strategically and operationally. The Group's strategic focus is on the automotive sector with the core company Erich Jaeger.

The portfolio companies are comprehensively advised on strategy, financing, process and organizational issues. This significantly relieves the companies in the indirect areas. Synergies are created and leveraged through uniform Groupwide strategy, management and planning principles and systems.

The corporate culture of a medium-sized enterprise is very important to AdCapital AG: Even if the companies are closely integrated into AdCapital's overarching strategy, the companies and their managing directors remain independent on an opera-

tional level. The existence of an individual corporate culture is considered as strength.

Our shareholdings strive to strengthen their respective market and competitive positions. Providing the products demanded on the respective market, their efficient production and the optimization of internal processes, including sales and distribution, are key to such goal.

A particular focus is on our companies' resilience: How can our investment companies cope with ever new external challenges? This is to be achieved through further growth, improving the companies' profitability and optimizing their capitalization. AdCapital AG supports its subsidiaries with entrepreneurial know-how, but also provides the required equity and debt capital if required.

A standardized strategy process has been implemented at all of our operating companies: A strategy is defined in the individual companies with the holding company's support, which in turn supports AdCapital Group's overall strategy. Measures to implement the strategy are defined and implemented. The effectiveness of the measures taken is reviewed on a regular basis. At Erich Jaeger, such process for defining and implementing the strategy was already started in the fourth quarter of 2022 and, subsequently, this strategy process was successively introduced at all other operating portfolio companies

over the course of the reporting year. This is another reason why the turnaround at Erich Jaeger has already been achieved in 2023; with regard to the other companies, we are very optimistic that the respective strategies' success will be noticeable in the short rather than medium term.

We are stringently pursuing our strategy of increasing the expansion of our core business in the automotive sector: if appropriate opportunities arise, we will take advantage of them. We are also open to advantageous acquisitions in technologies relevant to the automotive sector, such as metal and plastics processing or electronics and software. However, no such opportunities with significant synergy potential arose in the past financial year.

#### Financial flexibility

A stable financial position is a prerequisite for being able to act proactively even in times of crisis. As in previous years, this was the case for AdCapital Group also in the 2023 financial year. In particular, the growth financing for Erich Jaeger agreed at the end of 2020 against the backdrop of the coronavirus pandemic and the precautionary securing of liquidity reserves for possible impending crisis-related losses – both together with a total volume of € 18.8 million – but also other additional external funds secured the financial flexibility of AdCapital Group as a whole.

All subsidiaries worldwide are required to tap into their own sources of finance, for example, from regional or national banks, in addition to financing from AdCapital AG. As in previous years, corresponding funds could be generated from such sources in 2023.

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

#### Corporate management and monitoring system

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

AdCapital Group's strategic alignment is defined together with the Supervisory Board. The management of the subsidiaries is conducted through regular management meetings at the associated companies' premises, at the holding company's premises, or in telephone and video conferences. The high

frequency of the meetings, which had been introduced in the 2022 fiscal year due to the then difficult business situation, was maintained unchanged in the past fiscal year.

The companies' respective strategy and the budget targets derived from this serve, among other things, as a benchmark for assessing the current business situation. During every meeting, the prospects for the next six months and, regularly, the prospects until the end of the year are discussed as well. The budget and medium-term planning are prepared in the fourth quarter.

Key performance indicators relevant for discussion and decision-making are incoming orders and order backlog, sales and total operating performance, value added, productivity, the EBIT margin and free cash flow, working capital (in particular the amount of inventories) and the liquidity situation. Particular attention is also paid to the situation in production and sales. The consultations' results regularly include measures to be taken in the event of deviations from the plan or in order to avoid risks or exploit opportunities.

### 1.3 Significant events in the 2023 fiscal year

After AdCapital Group had to report a strongly negative operating result for 2022 due to problems at Erich Jaeger, a successful turnaround was achieved at Erich Jaeger in 2023. This was achieved in particular by increasing Erich Jaeger's total operating performance by over 20 %. Both the materials ratio and the personnel ratio were reduced compared to the previous year, but other operating expenses also increased significantly less than total operating performance – even after factoring out the one-off effect due to the high complaint costs in the previous year.

In the reporting year, the expansion of Erich Jaeger's cable production continued at the new site in Bruchsal. Production and deliveries to customers with products manufactured in-house started in April 2023. Bavaria Digital Technik's second SMT line was commissioned in May 2023. In addition, all companies invested in the renewal and expansion of production technologies and introduced measures to increase productivity. In line with the strategic approach, investments were made in expanding the divisions' market areas.

### 1.4 Group of consolidated companies

A total number of 17 companies are included in the 2023 consolidated financial statements (previous year: 16).



- AdCapital Group
- Economic and political conditions
- Profit situation
- Financial position and assets
- Non-financial performance indicators
- Non-financial reporting
- Risk report
- Dependency report
- Other information
- Opportunities / risk and forecast report
- Final remarks

## 2. Economic and political conditions

### 2.1 Macroeconomic situation

Following the economic slump caused by the coronavirus crisis, AdCapital AG hoped for a rapid economic recovery. However, 2022 was impacted by the start of the war in Ukraine, which led to a sharp rise in energy prices and high inflation. The countermeasures taken by the central banks – including significant interest rate hikes – led to a reduction in inflation, but also to a dampening of the economy as a whole. The massive escalation in the Middle East conflict and the attacks by Houthi militias on transport routes in the Red Sea added further uncertainty in 2023. In Germany, special effects also played a role: due to the ruling of the Federal Constitutional Court in November 2023, the German government had to prioritize the budget, which led to uncertainty in the economy and the public in general due to the way it was implemented.

Gross domestic product (GDP) in Germany fell by 0.3 % in 2023, adjusted for price effects, and by 0.1 %, adjusted for price and calendar effects. Gross fixed capital formation fell by 0.3 % overall in 2023, caused by a sharp decline in construction (-2.2 %), which was offset by growth of 3.0 % in equipment investment. Despite the decline in GDP, the number of people in employment reached a new high of 46.2 million in Germany. Gross wages and salaries per employee are 6.1 % higher in 2023 than in the previous year.

Germany is suffering from structural crises, and the German government sees a shortage of labor as the greatest threat to Germany, which, together with the consequences of demographic change, will dampen potential growth in the medium term. Bureaucracy is also cited as a major obstacle to investment.

After an annual average inflation rate of 6.9 % in 2022, it fell to an average of 5.9 % for 2023. In the first two months of 2024, the inflation rate continued to fall (2.9 % in January and 2.5 % in February) – despite the expiry of the price brakes on energy products and the increase in the CO2 price.

According to the IMF, the GDP of developed countries rose by a total of 1.6 % in 2023. Germany therefore performed significantly worse than the average of these countries, but also worse than the average of the eurozone countries (+0.5 %) or even the USA (+2.5 %). The global economy grew by 3.1 % in 2023.

According to the German government's forecast in the annual economic report, gross domestic product is expected to grow by 0.2 % in 2024. In fall 2023, the government had still assumed growth of 1.3 %.

According to the annual economic report, growth in 2024 will be driven primarily by private and government consumption. Gross fixed capital formation in 2024 is expected to be 0.7 % below the previous year's figure, mainly, as in 2023, due to a decline in construction (-2.2 %) which cannot be compensated for by the low growth in equipment investment (+0.5 %). Only other equipment (R&D, software and databases) is expected to see noticeable growth of +2.0 % in 2024, in contrast to 2023 (-0.6 %). Despite the subdued growth, the German government expects employment figures to continue to rise in 2024.

According to the annual economic report, inflation in Germany is expected to fall to 2.8 % in 2024, while the 3.8 % increase in disposable income means that real wages are likely to rise, which could lead to stronger domestic demand. However, high interest rates and international crises could have the opposite effect. Overall, the German government believes that Germany as a business location is under considerable pressure.

The IMF forecasts growth of 3.1 % for the global economy in 2024, resulting from growth of 1.5 % in developed countries (including the US +2.1 %, eurozone +0.9 %) and growth of 4.1 % in emerging markets and developing countries. After 5.2 % in 2023, China is expected to grow by 4.6 % in 2024. As in previous years, India stands out with growth rates of 6.7 % for 2023 and a forecast 6.5 % for 2024. The IMF expects Russia to grow by 2.6 % in 2024 after +3.0 % in 2023. In view of these figures, it is unlikely that Russia will be forced to end the war against Ukraine for economic reasons.

### 2.2 Industry-related conditions

Developments in the automotive sector have a significant impact on our entire Group's results. McKinsey believes that the European automotive industry is undergoing the biggest transformation in its history: the industry is being driven by the electrification of drive systems, new competencies in software and new competitors – for example, the new competitors have a global market share of over 50 % for electric cars. German manufacturers are under strong pressure in China – their largest single market. A lack of battery-powered electric vehicles is leading to declining market shares there, which in turn are

being gained by Chinese manufacturers. In the last 5 years, these manufacturers have been able to increase their market share in China by 10 percentage points.

However, European producers are suffering from energy prices that are 2-3 times higher than those of their American or Chinese competitors. The excess demand of recent years due to the massive supply chain problems at the time has also subsided; therefore, it is no longer possible to realize high margins. Despite this overall situation, the automotive industry generated high profits also in 2023. As in previous years, however, profits are increasingly being generated by car manufacturers. Suppliers continue to suffer from the high cost pressure, which could not be passed on to the OEMs to the necessary extent. Until 2019, the average margins of suppliers were significantly higher than those of manufacturers. However, the coronavirus slump in 2020 hit suppliers harder than OEMs. Manufacturers benefited from the shortage of semiconductors because these were preferably installed in high-margin vehicles – but suppliers suffered from fluctuations in demand, which had a negative impact on margins. Since then, suppliers' margins have been lower than those of OEMs.

The far-reaching changes in the automotive industry are also becoming apparent in the supplier industry. The ability to innovate and transform will have a significant impact on this industry's future viability. Large corporations in the supplier industry have already announced massive job cuts in Europe.

In an analysis, LBBW forecasts rising production and sales figures for the automotive industry in 2023: global growth of 8 % to around 87 million cars is expected. The strong growth in 2023 is partly due to better vehicle availability compared to 2022, but also to the weak previous year's figures, which led to a base effect. According to the VDA, car sales in Europe increased by around 13.7 % to 12.8 million vehicles. At 25.8 million cars, around 11 % more vehicles were sold in China than in the previous year – around 7 % more than the previous record year of 2017. The US were able to increase car and light duty sales by around 12.4 % to 15.4 million. However, Europe is still around 19 % below the 2019 level, while the US is only around 9 % below. According to Global Data, global production of heavy trucks rose by around 17 % from 1.9 million to 2.25 million units, with the largest absolute growth occurring in the Asia-Pacific region (+300,000 units, +30 %). In Europe, production rose from 337,000 units to 382,000 (+13 %), while in America it increased from 316,000 to 335,000 units (+6 %).

Increasing transportation risks are already leading to increased restructuring in supply chains. However, due to the numerous crises the automotive industry has suffered, sustainability is no longer a top priority. Although OEM investments in sustainability are at the previous year's level, suppliers have significantly reduced their corresponding investments compared to the previous year.

Another important sector of AdCapital Group is the electrical industry. According to the ZVEI (German Electro and Digital Industry Association), the price-adjusted production of electrical and electronic goods rose by just 0.4 % overall last year, in particular because the value in December 2023 was more than 10 % below the previous year's figure. The proportion of companies suffering from material shortages or a lack of skilled workers decreased continuously and significantly over the course of 2023. In contrast, the proportion of companies complaining about a lack of orders also increased continuously during 2023. In the first months of 2024, however, all three issues – i.e., shortage of materials, shortage of skilled workers and shortage of orders – improved compared to the fourth quarter of 2023. Looking ahead to the next six months, in February 2024, 15 % of companies in the sector expected business to pick up and 58 % expected it to remain at the same level, while 27 % of companies anticipated a decline in activity.

However, there are also other signals in connection with the chip shortage: in a survey conducted by the digital association Bitcom in October 2023, more than 2/3 of the companies surveyed expected increasing delays in chip deliveries in 2024.

As in previous years, the macroeconomic and sector-specific conditions and forecasts differ considerably. We expect for 2024 to be a rather difficult year economically in Germany and Europe. By contrast, economic development in other regions such as North America and Asia is likely to be significantly better, even if growth rates in China, for example, are no longer expected to be as high as in the past. However, as in previous years, this cautiously positive outlook is subject to the uncertainties regarding the further development of the current crises (including the war in Ukraine, escalation in the Middle East conflict) and the resulting effects on the global economy. It is not possible to anticipate the specific direct or indirect impacts of such development on the sectors in which the AdCapital Group companies operate.



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

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

### 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:

	2023 million €	2022 million €	Absolute change
Sales	165.1	155.5	+9.6
Total performance	164.0	154.7	+9.3
EBITDA	7.3	-4.4	+11.7
EBIT*	3.3	-8.4	+11.7

\* Operating result and EBIT differ by "other taxes"

In detail, these figures can be presented as follows:

#### AdCapital Group's income statement

	2023 million €	2022 million €
Overall performance	164.0	154.7
Other operating income	7.3	6.1
Cost of materials	-89.4	-88.4
Personnel expenses	-44.9	-42.4
Other operating expenses	-29.6	-34.3
<b>Operating result before depreciations</b>	<b>7.4</b>	<b>-4.3</b>
Depreciations	-4.0	-4.0
<b>Operating result</b>	<b>3.4</b>	<b>-8.4</b>
Financial result	-1.9	-0.8
<b>Earnings before taxes (EBT)</b>	<b>1.5</b>	<b>-9.1</b>
Income and other taxes	-2.3	-1.4
<b>Annual group result</b>	<b>-0.8</b>	<b>-10.6</b>

AdCapital AG's affiliated companies are primarily manufacturing companies which operate in different business areas and regions. Therefore, the impact of the overall, but also the regional and industry-related economic situation may differ.

We have been observing an increasing internationalization of our Group for several years. Following the one-off decline in the foreign share of Group sales in 2022 to 67 %, this share grew again to over 70 % in the reporting year. The share of sales with customers in Germany and the EU fell, while the share of sales with customers outside the EU rose sharply from 27 % to 32 %, almost reaching the 2021 figure of 33 %. This is primarily due to the strong growth in sales at the Chinese and American companies of Erich Jaeger Group.

This clearly shows the dependence of AdCapital AG's economic development on both the economic environment in Germany and the situation of the global economy as a whole, particularly the global automotive industry.

The Group's earnings situation in 2023 is very positive – especially compared to the previous year. Compared to 2022, there was a very significant improvement in the operating result from € -8.4 million to € +3.4 million. This development is mainly driven by Erich Jaeger Group, while the sum of the changes at the other operating companies is negligible. Erich Jaeger, FRAKO, BDT and OPUS Grundstücksgesellschaft report positive operating results in 2023; in contrast hereto, the operating results of Taller, KTS and the holding companies have a negative effect on net income. Last year, Erich Jaeger recognized provisions for complaints, some of which were reversed in the current financial year as the actively pursued discussions are proving positive. If this effect is factored out, Erich Jaeger's operating result still increased by € 7.4 million compared to the previous year.

Erich Jaeger Group's successful turnaround is the reason for the drastic improvement in earnings. As part of the defined corporate strategy, the intensification of sales activities and increasing the productivity of production and all other processes were key success factors for the turnaround. Measures were taken in order to optimize the supply chain and purchasing conditions. A reduction of inventories freed up liquid funds which could be invested in production and technology. All of these measures were also taken at all other operating AdCapital companies. At Erich Jaeger, the expected successes were already evident in 2023, while similar successes can be expected at the other companies in the coming months, partly due to the later start of the strategy definition – influenced by the respective company's industry environment.

In the 2023 reporting year, the Chinese Jaeger Group companies generated earnings that were around 50 % higher than in the previous year. The profit attributable to non-Group shareholders has therefore also increased accordingly.

AdCapital Group's sales and earnings performance can be broken down as follows:

At € 164.0 million, total operating performance increased by 6.0 % compared to the previous year's figure of € 154.7 million. The problems on the Chinese automotive market have been overcome and Erich Jaeger's sales in North America and Europe also increased significantly. Together with the growth in total operating performance at BDT and FRAKO, the Group was able to overcompensate the – to some extent drastic – declines in total operating performance at KTS and Taller.

Other operating income increased from € 6.1 million to € 7.3 million. Currency effects and the reversal of provisions in particular contributed to this figure.

Despite the strong increase in total operating performance, the cost of materials in the Group only rose by € 1.0 million, or 1.1 %, from € 88.4 million to € 89.4 million. As a result, the cost of materials ratio fell by 2.7 percentage points from 57.2 % in the previous year to 54.5 %.

The cost of materials reflects in particular the success of the measures to optimize purchasing conditions. Sales at Taller, which were associated with a high materials ratio last year, also fell significantly in 2023. At the same time, the materials ratio was reduced significantly, thereby reducing losses. KTS shows a corresponding development.

Personnel expenses increased by € 2.5 million to € 44.9 million (+6.0 %). As personnel expenses rose at the same rate as total operating performance, the personnel ratio remained unchanged at 27.4 %, as in the previous year. Apart from 2022, when special effects played a role, this personnel ratio is the lowest in recent years.

Other operating expenses decreased by € 4.7 million from € 34.3 million in the previous year to € 29.6 million. In the previous year, this item included costs for complaints in the amount of € 5.0 million. Currency losses and other expenses were each around € 0.9 million lower, while energy costs were € 0.5 million lower. In contrast, costs for personnel leasing (€ +1.7 million) and legal and consulting fees (€ +1.1 million) increased.

The net currency effects are also positive this year and amount to around € 0.4 million (previous year: around € 0.7 million).

The consolidated operating result amounted to € +3.4 million, compared to the previous year's result of € -8.4 million.

At € -1.9 million, the financial result was significantly lower than in the previous year (€ -0.8 million). However, 2022 included a positive effect from the deconsolidation of OPUS GmbH in the amount of € 0.3 million. The increase in 2023 is largely due to the higher interest rates compared to 2022 and to a lesser extent to the higher loan liabilities.

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

Overall, AdCapital Group reported a net loss for the year before minority interests of € -0.8 million (previous year: net loss for the year of € -10.6 million).

The individual companies' development for the remainder of 2023 as outlined in the 2023 half-year report has only been partially confirmed. The optimism at Erich Jaeger was justified, while the development at Taller and KTS was worse than planned due to the stronger than expected effects of the recession in Germany. Overall, however, both sales and earnings for the Group were within the ranges stated in the 2023 half-year report.

In December 2022, the planning for 2023 was prepared for the companies and AdCapital Group as a whole.

The planned performance for 2023 was missed by 6.9 % for the Group as a whole. Erich Jaeger Group is 2 % above budget, BDT is 0.4 % above budget. FRAKO, KTS and Taller, on the other hand, fell short of the planned figures – in some cases significantly.

A very ambitious production ramp-up was assumed for cable production in the reporting year. However, ensuring the high level of quality required for this new production technology for Erich Jaeger took considerably longer than planned. As a result, the total operating performance for the year was almost 70 % below plan.

In terms of the operating result, AdCapital Group fell 8 % short of the target. A planned value of € + 3.7 million contrasts with a realized value of € + 3.4 million. However, Erich Jaeger Group



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

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

is around 175 % above plan. The German, Chinese and US companies were well above budget, while cable production was well below budget due to the low overall performance and Erich Jaeger Czech Republic due to high personnel leasing costs. The other operating AdCapital Group companies were unable to achieve the ambitious operating result targets in 2023.

The planning for 2023 which was prepared in December 2022 was very ambitious overall. In light of the economic and geopolitical developments in 2023, it is therefore no surprise that individual companies missed their targets – in some cases by a wide margin. Despite this, only a slight negative deviation from the plan was ensured at Group level. Despite major deviations from the plan at individual companies, no liquidity problems arose in 2023 because AdCapital and Erich Jaeger, respectively, secured sufficient liquidity in the past through the timely procurement of funds, which could now be utilized.

### 3.2 Industry holdings

AdCapital AG's portfolio companies operate in different business areas but also in different economic regions. Therefore, the individual companies' development varies significantly in 2023:

Following the drastic decline in 2022, our largest company Erich Jaeger was able to significantly increase both sales and total operating performance in 2023 (+18 % and +21 %, respectively). More than 82 % of sales were generated outside Germany – that is over 2 percentage points more than in 2022. The focus of foreign sales has shifted: While almost 40 % of total sales were generated outside the EU in 2021, this share decreased to around 31 % in 2022. In 2023, it recovered to 38 %. This is due to the strong growth in the Chinese and American companies' external sales, each of which grew by around 60 %. This reflects the recovery of the Chinese automotive market and the effects of Erich Jaeger's sales successes on the American market in recent years. As a precautionary measure, Erich Jaeger recognized provisions for complaints in 2022, which were partially reversed in 2023 due to the initiated discussions' positive progress.

After Taller GmbH had to cope with a significant decline in sales in 2021 due to the delivery difficulties of a supplier affected by the flooding, sales stabilized slightly in 2022. In the reporting year, however, Taller once again had to cope with a drastic slump in sales and total operating performance, with orders from customers purchasing plug connectors falling drastically in the second half of the year in particular. As inven-

ories of finished goods and work in progress were significantly reduced, total operating performance was 11 % lower than sales. The sales organization established at Taller in 2023 was able to acquire initial projects, but overall, this only marginally cushioned the decline in the established product portfolio.

Due to the drastic slump in total operating performance, Taller GmbH had to record a high loss. After the indirect parent company AdCapital AG supported the equity by means of a loan waiver with debtor warrant in the amount of € 2 million, Taller GmbH's operating result in 2023 amounted to K€ -223.

As in every year since 2020, Bavaria Digital Technik (BDT) was able to significantly increase sales in the reporting year (+14 %). The corresponding planned value was achieved to within 0.2 %. Due to the increase in sales in recent years, it was necessary to invest in the expansion of production facilities. The commissioning of an additional production line was successfully completed in May 2023. The company achieved strong growth in the Automotive division in 2023; in 2022, total output in this division was down on the previous year due to the lack of availability of parts. The Medical Technology division achieved the highest relative sales growth. Sales growth was also achieved in 2023 in the traditionally strongest revenue area, Industry, with only the Energy division suffering a setback (-21 %) after two years of growth. Growth is also expected again in the Energy segment in 2024 due to the orders already received.

BDT's operating result was 9 % higher than in the previous year, but 37 % below plan. The deviation from plan is due to cost increases and pressure on margins. Like other companies in Germany, BDT had to contend with a high sickness rate in the reporting year.

2023 was another satisfactory financial year for FRAKO. Sales increased by 8 % and the operating result by 21 % compared to the previous year. However, the ambitious sales and operating result targets were not achieved (deviations of -10 % and -33 %, respectively). Due to the recovery of the Chinese economy following the Covid-19 crisis, the expansion of the service business and the increase in device sales for enhanced products, sales could be increased compared to the previous year. However, the economic slowdown in the second half of 2023, which was reflected, for example, in weak project business meant that sales and earnings could not be raised to the planned level.

After a record year in 2022, KTS's sales fell by 27 % in the reporting year. The sales level is therefore slightly below that of 2021. KTS's main customers significantly reduced their orders

in the second half of the year due to problems in their respective industries or in order to reduce their own inventories. Despite measures introduced to reduce costs, the company could not avoid a negative operating result of around K€ -200 for 2023.

OPUS GmbH is no longer consolidated, as the company's operational management has been transferred to the partner. In contrast, OPUS Grundstücksgesellschaft mbH has been included in the consolidated financial statements. This company was acquired as part of OPUS's restructuring in December 2021. The office building used by OPUS GmbH is owned by the company.

## 4. Financial position and net assets

### 4.1 Portfolio development

Additional acquisitions in the investment portfolio are made exclusively in order to provide targeted support for our existing subsidiaries' value chains, in particular in the automotive sector. We hold our investments for the long term in order to develop them successfully. There were no new investments in the area of shareholdings in the past fiscal year.

### 4.2 Investments

	2023 million €	2022 million €
Investment volume, Group	6.3	3.9

While investments in the previous year were on a par with depreciation and amortization, they were significantly higher in the reporting year. As in the previous year, the focus of investments was on Erich Jaeger (€ 2.8 million). Over € 2 million was invested at BDT, primarily for the construction of an additional production line. Taller invested almost € 1 million in the expansion of its machinery.

## 4.3 Financial position

### 4.3.1 Financial strategy

In the past, the individual German Group companies' financing needs were covered 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 have been increasingly required to also take out loans from banks since the Covid-19 crisis.

Our continued goal is to achieve an equity ratio that enables us to raise further external funding even in times of crisis. At 42.7 %, the equity ratio is only slightly below the previous year's figure (44.4 %) and is as such still at a level allowing to take up further funds for investing in or acquiring suitable companies.

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 in order to ensure that financial resources are available at all times and to exclude valuation risks.

Thus, the Group's financial position remains stable. Securing all of the Group's operating units' and the holding company's liquidity in these crisis-ridden times continues to be our top priority.

### 4.3.2 Capital structure

AdCapital Group shows the following capital structure:

	31.12.2023 million €	%	31.12.2022 million €	%
Equity	47.9	42.7	50.3	44.4
Borrowed capital	64.1	57.3	63.0	55.6
<b>Total capital</b>	<b>112.0</b>	<b>100.0</b>	<b>113.3</b>	<b>100.0</b>

In line with the financial strategy described above, the Group reports an acceptable equity ratio. Equity slightly declined (in absolute terms) due to the negative result. Compared to 2022, inventories significantly decreased in 2023; however, this was offset by the increase in fixed assets due to brisk investment activities and an increase in receivables. Overall, this resulted in an only minor decrease in total assets.



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

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

### 4.3.3 Cash-flow / condensed cash-flow statement

The Group's cash flow developed as follows:

	2023 million €	2022 million €
Operating cash-flow	+2.0	-3.6
Net investments	-5.6	-3.4
Free cash-flow	-3.6	-7.0
Cash-flow from financing activities	+1.1	+4.9

The operating cash flow is slightly positive – this is mainly due to the successful optimization of working capital. Investment activities led to a strong outflow of funds. This expenditure was primarily financed through the increased use of existing loans and the raising of new loans, while cash and cash equivalents were reduced as well.

### 4.3.4 Cash-pool system

All of the Group's significant domestic companies are included in AdCapital Group's cash pooling. The Group's cash-pool system ensures unbureaucratic working capital financing for the affiliated Group companies.

### 4.4 Net assets

	31.12.2023 million €	%	31.12.2022 million €	%
<b>Fixed assets</b>	<b>29.6</b>	<b>26.4</b>	<b>27.9</b>	<b>24.6</b>
<b>Current and other assets</b>	<b>82.5</b>	<b>73.6</b>	<b>85.5</b>	<b>75.4</b>
incl. cash and cash equivalents	4.5	4.0	6.8	6.1
<b>Total assets</b>	<b>112.0</b>	<b>100.0</b>	<b>113.3</b>	<b>100.0</b>

As investments exceeded depreciation and amortization in the reporting year, fixed assets increased noticeably in both absolute and relative terms. Despite an increase in receivables, working capital decreased due to the sharp decline in inventories.

In light of the financing required for the Group's further growth and because of the existence of a security reserve, we consider the level of our liquidity (cash and cash equivalents) plus existing free contractual credit reserves to be appropriate and absolutely essential.

### 4.5 Overall assessment of the economic situation

Following the very successful turnaround at Erich Jaeger, the Group's net assets and financial position are in order. The financing of the associated companies by AdCapital AG is secured. For years, we have been pursuing a strategy of having sufficient financial resources and other sources of financing available in order to be able to withstand emerging crises and take advantage of opportunities arising from acquisitions.

The equity ratio in the Group and at AdCapital AG level is sufficiently high in 2023.

The earnings situation in the financial year 2023 was significantly better than in the previous year due to the successfully implemented strategy at Erich Jaeger. Nevertheless, a net loss must be reported at Group level because, on the one hand, interest rates have increased significantly and, on the other hand, the measures introduced at the other operating subsidiaries as part of the respective strategy have not yet had the desired effect due to the deterioration in general conditions. FRAKO suffered from the economic downturn in the reporting year, customer demand collapsed at Taller and KTS, and high costs (high sickness rate) had a negative impact at BDT.

As the earnings of the Chinese companies in which the minority shareholder holds an interest increased significantly in the reporting year, the earnings attributable to the minority shareholder also rose sharply.

The start to the 2024 financial year is very different for our portfolio companies. At Erich Jaeger, we are very optimistic about the coming months, as is the case at BDT. The challenge there is to reduce the existing order backlog. This should be achieved by increasing the performance of the existing production line. At Taller, the lowest point seems to have been

overcome, orders from connector bridge customers are growing, as are sales. The production of parts for Erich Jaeger is also going to stabilize sales in the short to medium term so that Taller can leave the loss zone. Although KTS has overcome the sales low from Q4 2023, the sales prospects for some important customers are below the usual level at the start of 2024. This can be offset by other customers only to some extent. However, we see the development at KTS as positive due to the strategic operational and sales measures that have been introduced. FRAKO is still being affected by the weak economy. Appropriate cost-cutting measures have been introduced. The expansion of the business area through new products and the intensification of the service business will only have a positive impact in the second half of the year.

The problem of the shortage of skilled workers is becoming increasingly noticeable in our portfolio companies. In addition, the sickness rate is significantly higher than in the years before 2020. As a result, the employees of our companies are often faced with a heavy workload in order to provide the services promised to customers. Due to the cost and duration of training, using external specialists in order to bridge bottlenecks is not an ideal solution, but it is often unavoidable.

The Russia-Ukraine conflict has concerned the world for several years now, with no end in sight. In addition, the Middle East conflict escalated dramatically at the end of 2023, and it is not clear how to solve this situation either. Indirect effects such as the increase in transportation costs for shipments from Asia to China and vice versa are having a negative impact on the global economy. It remains to be seen to what extent this will affect the economy in Germany, Europe and worldwide.

As in the previous year, it is therefore not possible to make a statement on the short and medium-term impact on the sales, earnings and liquidity of our companies. Our declared aim remains to increase the competitiveness of our portfolio companies as well as their profitability and liquidity through proactive measures to such an extent that even unforeseen problems do not have a massive impact on the portfolio companies and the Group as a whole.

## 5. Non-financial performance indicators

### 5.1 Employees

As of December 31, 2023, AdCapital AG had three employees (previous year: two). AdCapital Group employed an average number of 1,349 people in 2023. Compared to the previous year (1,337 employees) the average number of employees increased slightly. This reflects the sales development in the fiscal year; in the course of the year, the number of direct employees was continuously adjusted to the level of sales (hiring of staff at EJ, reduction of staff at KTS and Taller). At 1,489, the number of employees on the reporting date was significantly higher than the average number. This is due to the sharp increase in the number of employees at Erich Jaeger in the 4th quarter.

As in the previous year, the number of trainees is 15. The shortage of skilled workers in our subsidiaries can be counteracted by training young employees.

The holding company supports the portfolio companies in the selection, promotion, continued education and retention of employees. Good education and training are a prerequisite for AdCapital AG's and its portfolio companies' successful development.

Vacant positions need to be filled quickly with well-trained employees. However, it is becoming increasingly difficult to do so successfully. However, we are aware that developing our own junior staff and recruiting suitable employees as key personnel is crucial to AdCapital Group's long-term success.

### 5.2 Research and development

In the fiscal year 2023, research and development expenses within the Group amounted to ca. € 2.0million (previous year: € 1.9 million).

These mainly include further developments of the existing product range.



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

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

## 6. Non-financial reporting

AdCapital AG and AdCapital Group are not subject to the mandatory non-financial statement pursuant to Art. 289 b (1) HGB (German Commercial Code). AdCapital AG's shares are traded on the Basic Board of the Frankfurt Stock Exchange, but this market is not an organized market within the meaning of Art. 2 (11) WpHG (German Securities Trading Act). Thus, AdCapital AG is neither capital market-oriented pursuant to Art. 264d HGB nor listed on a stock exchange pursuant to Art. 3 (2) AktG (German Stock Corporation Act).

As in previous years, the Company refrained from voluntary social and environmental reporting for reasons of cost and efficiency.

AdCapital AG and all group companies are preparing intensively to meet the ESG reporting obligations from the 2025 reporting year.

ESG (environmental, social, governance) issues are an important component in the above-mentioned strategy process of AdCapital Group and its portfolio companies: We know that AdCapital can only be successful in the long term if these issues are not seen as mere cost factors, but as strategically important tasks.

## 7. Risk report

### 7.1 Opportunities and risk management system

In close consultation with the Supervisory Board, the Management Board defines the risk policy principles. Our goal is to generate sustainable earnings from and value enhancement for our operating investments. To that end, we do not take any inappropriate risks.

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

### 7.2 Risk factors from the Group companies' and the subsidiaries' operating business

#### Default risk

Default risks are limited to an inevitable degree as part of effective accounts receivable management: this includes measures such as credit approvals and setting credit limits. 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, also serves to reduce the risk. Where possible, commercial credit insurance is taken out to protect against bad debts. In individual cases, delivery only against prepayment is agreed with our customers.

#### Risk from operating business

Our Group companies often have to deal with significantly larger customers or suppliers (such as automotive industry, semiconductor manufacturers), so that our portfolio companies' negotiating power is limited. Although our portfolio companies generally endeavor to minimize dependencies to a reasonable extent, strong dependencies on major customers or important suppliers cannot be avoided in case of individual Group companies.

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. The importance of having such an alternative became painfully apparent in the past: 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.

In previous years, the level of inventories was very high, which resulted primarily from supply chain problems: Often, almost all parts for a product were delivered on schedule, but an electronic component was not available. On the one hand, this increased inventory results in a higher liquidity requirement, on the other hand, there is the risk of devaluations due to, for example, an intermediate reduction in raw material or component prices. However, this risk has been significantly reduced in the meantime. Nevertheless, in view of the current crises, particularly the conflict in the Middle East, which are already having a certain impact on supply chains, this problem should be expected to flare up at any time.

AdCapital attempts to counteract this risk resulting from the complexity of supply chains with its "Local-for-Local" strategy. As long as it is not completely economically unfeasible, the aim is to procure or sell in the region of the production plant.

Furthermore, volatile raw material prices, in particular for copper, brass, plastics and electronic components, could lead to significant economic burdens for our operating subsidiaries. Where possible, purchase agreements are concluded with suppliers guaranteeing fixed purchase prices for specific sales volumes. On the other hand, purchase price adjustment clauses (material price surcharges) are agreed with customers so that the raw material price risk is transferred to the customer. However, there is regularly a time lag between the cost increase and the corresponding price increase.

If necessary in order to ensure delivery capability, our affiliated companies will purchase raw materials or intermediate products at actually excessive prices in consultation with the customer. This situation has often occurred in recent years.

#### Interest and currency risks

Interest rate risks have increased at some individual companies as they draw on higher bank loans. The interest rates' further development depends on the central banks' further measures. However, we assume that interest rates have passed their peak.

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. Due to our international orientation and the targeted steady increase in our export ratio, increased currency risks are to be expected in the future as well. In the medium term, it remains to be seen how changes in global supply chains will affect exchange rates and thus implicitly the profitability of our production plants. As of today, however, this cannot yet be estimated.

#### 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 in order to ensure the defined strategy's implementation.

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

#### Other risks

AdCapital AG has provided guarantees for Erich Jaeger's loans 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 securities investments

AdCapital AG's financial investments remaining as of the balance sheet date are deposited with BW Bank. The other subsidiaries' cash holdings are deposited 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 securities investments.

### 7.3 Overall assessment of the Group's risk situation

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

The risk situation in the Group is currently much better than in the previous year. The successful turnaround at Erich Jaeger has significantly eased the earnings situation in the Group. As explained, we expect that the turnaround at the other operating portfolio companies can also be successfully implemented in the short to medium term. Our companies will then be in a much more resilient position than in the past.

However, due to the current risk situation at the beginning of 2024 (war in Ukraine, escalating conflict in the Middle East), it cannot be ruled out that the economic situation for the global economy as a whole and also for individual portfolio companies will deteriorate. However, due to the continued good liquidity position, we expect that such further burdens will not jeopardize the Group's continued existence.

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

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

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

## 8. 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.

## 9. Other information

Please refer to the information on treasury shares pursuant to Art. 160 (1) No. 2 HGB in the notes.

## 10. Opportunities / risk and forecast report

### 10.1 Expected development of the profit situation and financial position

The turnaround initiated at Erich Jaeger in 2023 is also going to be implemented at the other operating AdCapital Group companies and will lead to an improvement in the earnings situation in 2024.

At Erich Jaeger Group, the measures taken as part of the strategy in 2023 will be continued: The efficiency of cable production will be increased and the integration of the production plant in Moldova into Erich Jaeger's production network will be consolidated. Further optimization of supply chains and standardization of product groups is expected to further increase competitiveness. Additional savings can be achieved by opti-

mizing production; for example, by relocating the production of parts as part of the "Local-for-Local" approach, other AdCapital portfolio companies such as Taller or KTS can also benefit. In addition to organic growth, Erich Jaeger Group's strategy also provides for growth through acquisitions.

Erich Jaeger acquired the property used by the company in Friedberg following the expiry of a sale and leaseback financing arrangement on January 1, 2024. At the end of December, Erich Jaeger made an advance payment of around EUR 2 million, resulting in a significant increase in other assets.

An additional production line was put into operation at BDT in the reporting year; however, due to the growth in sales, it will be necessary to optimize the performance of the existing production line and expand the plant technology as early as 2024.

As in the previous year, FRAKO sees opportunities in the further expansion of existing foreign markets and the development of new sales regions. Sales are to be increased through the accelerated expansion of the product and service portfolio. This includes continuing to focus on the area of power quality, broadening the device base and expanding the service area. However, the current economic slowdown is having a negative impact on FRAKO.

Following the unsatisfactory year 2023, KTS is expected to return to a growth path. This is to be achieved through increased sales activities, particularly with existing customers, and operational process improvements.

After rebuilding a sales structure in 2023, we expect to see visible successes at Taller in 2024. The focus will be on hybrid injection molded parts, where Taller's core competencies in turning, stamping, injection molding, assembly technology and surface finishing can be applied. Investments will allow to manufacture new products. Sales growth will also be achieved by increased integration of Taller into the Erich Jaeger production system.

These measures have already been specifically taken into account in AdCapital Group's ambitious planning for the following financial years, which was prepared in December 2023:

Group sales will increase by more than 10 % overall in 2024, with the main contribution coming from Taller (around 40 %). At Taller, the deep slump of 2023 is to be overcome. Growth rates of between 12 % and 15 % are expected for the other operating Group companies including Erich Jaeger.

Due to the strong growth in sales, a significant improvement in productivity and the implementation of numerous strategic measures resulting in significant cost reductions, the Group's operating result will develop very positively in 2024: The record figure from 2021 is expected to be significantly exceeded. Almost all operating companies are planning with a positive operating result in 2024. This reflects the success of the turnarounds at all operating companies.

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

- Further development of the escalated Middle East conflict and in particular such conflict's impact on trade routes between Asia and Europe or on energy costs
- Development of the Russia-Ukraine conflict and its direct and indirect effects
- Skilled labor shortage
- Warranties
- Political and economic situation and the potential for conflict in the various regions, for example, in the Asia-Pacific region
- Trade and economic restrictions
- Raw material and energy prices
- Further development of inflation and measures taken by central banks to curb inflation
- Availability of individual components, especially in the electronics sector

We assume that these risks will have no or no major negative effects on the Group companies. Securing financial resources in the amount of € 18.8 million through bank financing provides the basis for securing the Group's continued existence even in a further deteriorating economic environment, while also being able to exploit opportunities as they arise.

### 10.2 Opportunities and risks

Due to the supply shock for energy, intermediate products and labor, prices have been driven to record highs in recent years. The countermeasures taken by the central banks – including the increase in key interest rates – led to a decline in inflation as intended and, as expected, to a slowdown in the economy. In the US, however, the Inflation Reduction Act provided a massive boost to the economy in 2023. Well-known European companies are considering investing in the USA due to the better general conditions and cheaper electricity prices in the US, while the risk of de-industrialization is being discussed in Germany.

The shortage of semiconductors in the automotive industry has fortunately decreased significantly compared to previous years. Despite the improved supply of such parts, politicians recognize the importance of having our own production facilities in Europe. In July 2023, the EU Parliament therefore approved a law to mobilize up to 43 billion euros for the chip industry.

In its winter forecast from February 2024, the European Commission states that the EU economy has made a weaker than expected start to 2024 following subdued growth in 2023. In fall 2023, growth of 1.3 % for the EU and 1.2 % in the euro area had been expected for 2024. However, these growth rates have been significantly reduced in the new forecast by 0.4 percentage points to 0.9 % and 0.8 %, respectively. For Germany, the EU Commission has stated a rate of 0.2 % for 2024. Higher growth rates are not expected until 2025 (EU: 1.7 %; euro area 1.5 %). Inflation is likely to weaken more than expected in fall 2023: for the EU as a whole, the European Commission is forecasting 3.0 % in 2024 and 2.5 % in 2025, after 6.3 % in 2023. In the eurozone, it is likely to slow from 5.4 % in 2023 to 2.7 % in 2024 and 2.2 % in 2025.

However, it remains unclear when falling inflation will also lead to declining interest rates. Central banks are acting cautiously, as there is a risk of relatively sharp increases in wages and salaries.

Furthermore, an unpredictable US administration could also pose a risk to the global economy in the medium term. A further escalation in the Middle East conflict, for example, could lead to another sharp rise in energy prices in extreme cases.

However, it will also be interesting to see what impact the results of the state elections in some federal states in September 2024 will have on the German government's ability to act and on German politics in general.

The latest risk report from the World Economic Forum (WEF) paints a less than optimistic picture for the world: the global outlook is predominantly negative in the short term, but is expected to deteriorate even further in the long term. For the next two years, 30 % of the more than 1,400 global experts surveyed expect an increased probability of global catastrophes; this proportion rises to almost two thirds for the next 10 years.

Two thirds of respondents also assume that a multipolar or fragmented world order will emerge in the next ten years. Central and major powers will set new rules and norms in competition with each other and will also try to enforce them.



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

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

For a two-year observation period, risks of a technological nature (misinformation and disinformation #1; cyber risks #4), environmental (extreme weather events #2) and social issues (social polarization #3) top the list of the greatest risks. However, a completely different picture emerges for a 10-year observation period: the top four positions are exclusively occupied by environmental risks – extreme weather events, critical changes to earth systems, loss of biodiversity, collapse of ecosystems and scarcity of natural resources.

Overall, there is a risk that progress already made in human development will gradually erode. Shifts in global power dynamics, climate, technology and demographics are challenging or severely straining the adaptability of both states and individuals.

In order to ensure the necessary adaptability as a company, AdCapital attaches great importance to having sufficient resources: people, strategies, values, ideas, financial resources, organization and processes. This puts us in a position to survive unexpected crises and take advantage of the opportunities that arise. It will also enable us to outperform competitors if they do not have sufficient resources.

We therefore continue to strive to ensure that the portfolio companies and the Group as a whole are as well prepared as possible in order to cope with surprising developments or external shocks. In our view, AdCapital is well equipped to operate successfully in the coming years, even in a volatile environment.

## 11. Final remarks 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 forecasting experts on the basis of certain assumptions. Therefore, they contain 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 21, 2024

AdCapital AG



Dr. Andreas J. Schmid  
CEO

# CONSOLIDATED FINANCIAL STATEMENTS

88	Consolidated balance sheet
89	Consolidated income statement
90	Consolidated assets analysis
92	Consolidated statement of changes in equity
94	Consolidated cash-flow statement
96	Consolidated notes
108	Auditor's report



- Consolidated balance sheet
- Consolidated income statement
- Consolidated assets analysis
- Consolidated statement of changes in equity
- Consolidated cash-flow statement
- Consolidated notes
- Auditor's report

**AdCapital AG, Tuttlingen**  
**Consolidated balance sheet as of December 31, 2023**

All figures in K€

ASSETS	Notes	31.12.2023	31.12.2022
<b>A. Fixed assets</b>	4.1		
I. Intangible assets		325	278
II. Tangible assets		28,809	26,540
III. Financial assets		419	1,061
		<b>29,553</b>	<b>27,879</b>
<b>B. Current assets</b>			
I. Inventories	4.2	48,137	56,374
II. Receivables and other assets	4.3	29,127	21,187
IV. Cash on hand and bank balances	4.4	4,476	6,864
		<b>81,740</b>	<b>84,425</b>
<b>C. Prepaid expenses and deferred charges</b>	4.5	543	779
<b>D. Deferred tax assets</b>		191	212
<b>E. Excess of plan assets over pension liability</b>		0	52
		<b>112,027</b>	<b>113,347</b>
<b>LIABILITIES</b>	Notes	31.12.2023	31.12.2022
<b>A. Equity</b>			
I. Subscribed capital	4.6	42,000	41,700
II. Capital reserve		4,592	4,592
III. Retained earnings	4.7	17,764	18,064
IV. Generated group equity	4.7	-23,193	-20,730
V. Balancing item from currency translation	4.8	1,107	1,414
VI. Minority interests	4.9	5,615	5,301
		<b>47,885</b>	<b>50,341</b>
<b>B. Provisions</b>	4.10	10,313	14,400
<b>C. Accounts payable</b>	4.11	53,793	48,592
<b>D. Deferred income</b>		36	14
		<b>112,027</b>	<b>113,347</b>

**AdCapital AG, Tuttlingen**  
**Consolidated income statement for the fiscal year 2023**

All figures in K€

	Notes	2023	2022
1. Sales revenues	5.1	165,119	155,480
2. Change in inventories		-1,146	-814
3. Other own work capitalized		0	0
		<b>163,973</b>	<b>154,666</b>
4. Other operating income	5.2	7,287	6,088
		<b>171,260</b>	<b>160,754</b>
5. Cost of materials	5.3	-89,373	-88,397
6. Personnel expenses	5.4	-44,895	-42,367
7. Depreciation and amortization	5.5	-4,015	-4,016
8. Other operating expenses	5.6	-29,598	-34,328
		<b>-167,881</b>	<b>-169,108</b>
<b>9. Operating result</b>		<b>3,379</b>	<b>-8,354</b>
<b>10. Financial result</b>	5.7	<b>-1,895</b>	<b>-773</b>
11. Taxes on income	5.8	-2,202	-1,387
<b>12. Earnings after taxes</b>		<b>-718</b>	<b>-10,513</b>
13. Other taxes		-57	-55
<b>14. Consolidated annual net loss</b>		<b>-775</b>	<b>-10,569</b>
15. Earnings attributable to minority shareholders		-1,698	-1,116
<b>16. Group earnings</b>		<b>-2,473</b>	<b>-11,685</b>





- Consolidated balance sheet
- Consolidated income statement
- Consolidated assets analysis
- Consolidated statement of changes in equity
- Consolidated cash-flow statement
- Consolidated notes
- Auditor's report

## AdCapital AG, Tuttlingen

## Consolidated statement of changes in equity for 2023

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	
<b>01.01.2022</b>	<b>41,700</b>	<b>4,592</b>	<b>18,064</b>	<b>-9,303</b>	<b>1,294</b>	<b>56,347</b>	<b>5,005</b>	<b>61,351</b>
Dividends paid	0	0	0	0	0	0	-705	-705
Annual result	0	0	0	-11,685	0	-11,685	1,116	-10,569
Other changes	0	0	0	258	120	378	-114	264
Total profit/loss	0	0	0	-11,427	120	-11,307	297	-11,010
<b>31.12.2022</b>	<b>41,700</b>	<b>4,592</b>	<b>18,064</b>	<b>-20,730</b>	<b>1,414</b>	<b>45,040</b>	<b>5,301</b>	<b>50,341</b>
<b>01.01.2023</b>	<b>41,700</b>	<b>4,592</b>	<b>18,064</b>	<b>-20,730</b>	<b>1,414</b>	<b>45,040</b>	<b>5,301</b>	<b>50,341</b>
Dividends paid	0	0	0	0	0	0	-1,037	-1,037
Annual result	0	0	0	-2,473	0	-2,473	1,698	-775
Other changes	300	0	-300	10	-307	-297	-346	-643
Total profit/loss	300	0	-300	-2,463	-307	-2,770	314	-2,456
<b>31.12.2023</b>	<b>42,000</b>	<b>4,592</b>	<b>17,764</b>	<b>-23,193</b>	<b>1,107</b>	<b>42,270</b>	<b>5,615</b>	<b>47,885</b>

- Consolidated balance sheet
- Consolidated income statement
- Consolidated assets analysis
- Consolidated statement of changes in equity
- **Consolidated cash-flow statement**
- Consolidated notes
- Auditor's report

### AdCapital AG, Tuttlingen

#### Consolidated cash-flow statement for 2023

All figures in K€

	2023	2022
<b>Period result (including profit attributable to minority interests)</b>	<b>-775</b>	<b>-10,569</b>
+/- Depreciations/appreciations of fixed asset items	4,015	4,016
+/- Increase/decrease in provisions	-4,001	4,206
+/- Other non-cash expenses/income	-136	-886
+/- Decrease/increase in inventories, trade receivables and other assets not attributable to investment or financing activities	585	-3,766
+/- Increase/decrease in trade payables and other liabilities not attributable to investment or financing activities	451	2,205
+/- Loss/profit from the disposal of fixed asset items	3	489
+/- Interest expenses/interest income	1,895	773
+/- Income tax expenses/income	1,463	1,442
-/+ Income tax payments	-1,528	-1,506
<b>Cash-flow from operating activities</b>	<b>1,972</b>	<b>-3,596</b>
- Payments for investments in intangible fixed assets	-164	-85
+ Proceeds from disposals of fixed tangible assets	75	73
- Payments for investments in tangible fixed assets	-6,146	-3,466
+ Proceeds from disposals of financial assets	598	17
+ Interest received	52	51
<b>Cash-flow from investment activities</b>	<b>-5,585</b>	<b>-3,410</b>

All figures in K€

	2023	2022
+ Proceeds from the raising of credits	8,173	14,478
- Payments for the repayment of credits	-4,045	-7,712
- Interest paid	-1,947	-1,126
- Dividends paid to minority shareholders	-1,037	-705
<b>Cash-flow from financing activities</b>	<b>1,144</b>	<b>4,935</b>
<b>Net change in cash and cash equivalents</b>	<b>-2,469</b>	<b>-2,071</b>
+/- Exchange-rate related changes in cash and cash equivalents	81	62
+/- Consolidation-related changes in cash and cash equivalents	0	2
+ Cash and cash equivalents at the beginning of the period	6,864	8,871
<b>= Cash and cash equivalents at the end of the period</b>	<b>4,476</b>	<b>6,864</b>



- Consolidated balance sheet
- Consolidated income statement
- Consolidated assets analysis
- Consolidated statement of changes in equity
- Consolidated cash-flow statement
- Consolidated notes
- Auditor's report

## Notes to the consolidated financial statements for the fiscal year 2023

### 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 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, 2023 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 consolidated financial statements.

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

#### 2.2 Applied accounting and valuation methods

Internally generated fixed intangible assets are not capitalized.

Acquired intangible assets are capitalized at cost and amortized on a straight-line basis. The useful lives are 3 to 10 years. The capitalized goodwill from capital consolidation is amortized on a straight-line basis over a useful life of 15 years. The useful life is based on the expected remaining useful life of existing customer relationships and operational know-how.

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 as well as 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 surcharges for material and production overheads. The proportionate depreciations of production facilities as well as the materials and production area's administrative expenses are also included in production costs. 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 is 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.

Prepayments that represent expenses in future periods are recognized pro rata temporis under prepaid expenses.

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 0 % to 1.7 % has been applied (previous year: 0 % to 1.4 %). The 10-year average interest rates determined and published monthly by Deutsche Bundesbank in accordance with Art. 253 (2) Sentence 4 HGB are used for discounting (currently: 1.06 to 1.82 %, previous year: 0.96 to 1.79 %).

In accordance with Art. 246 (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 provisions and other provisions take into account all identifiable risks and uncertain liabilities. They are recognized at the settlement amount required pursuant to prudent commercial assessment.

Liabilities have been recognized at their respective settlement amounts.

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

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

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

### Change in accounting and valuation methods

In the reporting year, the accounting and valuation of spare parts for machines at our subsidiary Toller GmbH, Waldbronn, was changed. The change in the accounting method is intended to provide a more accurate picture of the asset situation. In the past, these were reported in current assets under inventories (raw materials and supplies) and were subject to the write-down system for inventories described above. Since the 2023 financial year, they have been reported in fixed assets under technical equipment and machinery. The revaluation of these spare parts was based upon an expected useful life of 10 years. They were measured at amortized cost in the total amount of KEUR 529 based on the assumption that the spare parts are depreciated on a straight-line basis over 10 years from the date of acquisition. This resulted in a reduction in the valuation allowance for inventories in the amount of KEUR 446 with a corresponding effect on the annual result. On the other hand, scheduled depreciation on the spare parts recognized in fixed assets amount to KEUR 75 in 2024.

In future, newly purchased spare parts for machines will be capitalized directly in fixed assets and depreciated on a straight-line basis over a useful life of 10 years.

### 2.3 Group of 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, 16 companies had to be included in the consolidated financial statements as of December 31, 2023 (previous year: 15).

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

One 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.

- Consolidated balance sheet
- Consolidated income statement
- Consolidated assets analysis
- Consolidated statement of changes in equity
- Consolidated cash-flow statement
- Consolidated notes
- Auditor's report

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. Correspondingly, the assets and liabilities included in the consolidated financial statements have been recognized in accordance with the uniform Group accounting and valuation principles applicable to all Group companies.

Capital consolidation is made 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.

### 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". This item also includes currency translation differences in the context of debt consolidation and elimination of intercompany profits.

In the financial statements prepared in euros, foreign currency transactions for receivables and liabilities are translated according to the average spot exchange rate applicable on the reporting date. In accordance with Art. 256a (2) HGB, Art. 253 (1) sentence 1 and Art. 252 (1) no. 4 HGB were not applied for remaining terms of one year or less and the translation was therefore made in accordance with the provisions of Art. 256a HGB.

## 4. Notes to 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:

	31.12.2023 K€	31.12.2022 K€
Acquired concessions, industrial property and similar rights and assets as well as licences in such rights and assets	310	278
Goodwill from capital consolidation	15	0
<b>Intangible assets</b>	<b>325</b>	<b>278</b>

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

	31.12.2023 K€	31.12.2022 K€
Land, similar rights and buildings including buildings on leasehold land	8,913	9,514
Technical equipment and machinery	12,247	9,923
Other equipment, factory and office equipment	4,712	4,621
Prepayments and construction in process	2,937	2,482
<b>Tangible assets</b>	<b>28,809</b>	<b>26,540</b>

	31.12.2023 K€	31.12.2022 K€
Shares in non-consolidated companies	419	469
Other loans	0	592
<b>Financial assets</b>	<b>419</b>	<b>1,061</b>

### 4.2 Inventories

Inventories are structured as follows:

	31.12.2023 K€	31.12.2022 K€
Raw materials and supplies	22,997	24,537
Work in progress	5,296	4,972
Finished goods and merchandise	19,650	26,548
Prepayments	194	317
	<b>48,137</b>	<b>56,374</b>

### 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)	17,529 (13,928)	17,529 (13,928)	0 (0)
Receivables from affiliated companies *(previous year)	1,094 (1,091)	1,094 (1,091)	0 (0)
Other assets (previous year)	10,504 (6,168)	10,504 (6,168)	0 (0)
	<b>29,127</b> (21,187)	<b>29,127</b> (21,187)	<b>0</b> (0)

\* (including from trade receivables K€ 3 (previous year: K€ 0))



- Consolidated balance sheet
- Consolidated income statement
- Consolidated assets analysis
- Consolidated statement of changes in equity
- Consolidated cash-flow statement
- **Consolidated notes**
- Auditor's report

#### 4.4 Cash and cash equivalents

Cash and cash equivalents in the amount of K€ 4,476 (previous year: K€ 6,864) include cash on hand, Postbank balances, bank balances and checks.

#### 4.5 Prepaid expenses and deferred charges

Prepaid expenses in the amount of K€ 543 (previous year: K€ 779) 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 amounts to K€ 42,000 (previous year: K€ 41,700). The Annual General Meeting on May 16, 2023 resolved to amend the Articles of Incorporation. The share capital was increased by € 300,000 from company funds by resolution of the Annual General Meeting on the same day. The increase was made by withdrawal from the revenue reserve. The increase was entered in the commercial register on October 23, 2023.

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 € 3.00 (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 2023, 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 Retained earnings and generated consolidated equity

Retained earnings and generated consolidated equity amount to K€ -5429 (previous year: K€ -2,666).

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 US, China, Moldova 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

	31.12.2023 K€	31.12.2022 K€
Provisions for pensions and similar obligations	2,912	2,967
Tax provisions	760	846
Other provisions	6,641	10,587
	<b>10,313</b>	<b>14,400</b>

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 (2) HGB 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 31.12.2023 K€	Acquisition costs K€	Income statement K€
Reinsurance's asset value	540	417	
Pension provision	3,451		
Expenses for pensions			-104
Interest income from pension provision			61
Interest expense from pension provision			58
<b>Offsetting</b>	<b>540</b>	<b>n/a</b>	<b>58</b>

Pension payments within the Group amounted to K€ 254 in the reporting year (previous year: K€ 244).

The difference blocked for distribution in accordance with Art. 253 (6) sentence 1 HGB amounts to K€ 26.

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.

- Consolidated balance sheet
- Consolidated income statement
- Consolidated assets analysis
- Consolidated statement of changes in equity
- Consolidated cash-flow statement
- Consolidated notes
- Auditor's report

#### 4.11 Liabilities

Liabilities are structured as follows:

	Total K€	Maturities up to 1 year K€	Maturities 1 to 5 years K€	Maturities more than 5 years K€
Payables to banks (Previous year)	31,223 (27,237)	22,954 (15,830)	7,034 (10,667)	1,235 (740)
Prepayments received on account of orders (Previous year)	965 (74)	965 (74)	0 (0)	0 (0)
Trade payables (Previous year)	14,249 (14,580)	14,249 (14,580)	0 (0)	0 (0)
Payables to companies in which the Company has a participating interest (Previous year)	30 (30)	30 (30)	0 (0)	0 (0)
Other liabilities (Previous year)	7,326 (6,671)	3,500 (2,563)	3,389 (3,404)	437 (704)
	<b>53,793</b>	<b>41,698</b>	<b>10,423</b>	<b>1,672</b>
(Previous year)	(48,592)	(33,077)	(14,071)	(1,444)

Other liabilities include tax liabilities in the amount of K€ 680 (previous year: K€ 305) and social security liabilities in the amount of K€ 453 (previous year: K€ 603).

Of liabilities, an amount of K€ 5,283 (previous year: K€ 2,100) 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 pursuant to Art. 306 HGB and by netting them against deferred tax liabilities (K€ 0; previous year: K€ 0).

Deferred tax assets in the amount of K€ 192 (previous year: K€ 212) mainly resulted from the elimination of intercompany profits. Tax rates between 19 % and 30 % were applied in the valuation of deferred taxes.

The change in deferred taxes can be presented as follows:

	01.01.2023 K€	Addition K€	Consumption K€	31.12.2023 K€
Deferred tax assets	212	0	20	192
Deferred tax liabilities	0	0	0	0

Deferred taxes on loss carryforwards were not capitalized.

## 5. Notes to the consolidated income statement

### 5.1 Sales revenues

Sales revenues are structured as follows according to regions:

	2023 K€	2022 K€
Germany	49,335	51,817
Abroad	115,784	103,663
	<b>165,119</b>	<b>155,480</b>

### 5.2 Other operating income

	2023 K€	2022 K€
Income from the sale of fixed assets	0	34
Income from the reversal of provisions	3,311	671
Currency gains	3,542	4,753
Other	434	630
	<b>7,287</b>	<b>6,088</b>

Income relating to other periods was recorded in the total amount of K€ 3,336 (previous year: K€ 683). This mainly related to the reversal of provisions in the amount of K€ 3,311 (previous year: K€ 671) as well as income from the reversal of valuation allowances on receivables in the amount of K€ 25 (previous year: K€ 12).

### 5.3 Cost of materials

	2023 K€	2022 K€
Cost of raw materials, supplies and purchased goods	87,371	85,369
Cost of purchased services	2,002	3,028
	<b>89,373</b>	<b>88,397</b>

### 5.4 Personnel expenses / number of employees

	2023 K€	2022 K€
Wages and salaries	37,525	35,663
Social security, pension and other benefits incl. for pensions K€ 93 (previous year: K€ 119)	7,370	6,704
	<b>44,895</b>	<b>42,367</b>

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

	2023	2022
Direct employees	1,056	1,053
Indirect employees	293	284
	<b>1,349</b>	<b>1,337</b>

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

### 5.5 Depreciation and amortization of intangible and tangible fixed assets

	2023 K€	2022 K€
Amortization of goodwill from capital consolidation	0	0
Other	4,015	4,016
	<b>4,015</b>	<b>4,016</b>

Please also refer to the information in the assets analysis.



- Consolidated balance sheet
- Consolidated income statement
- Consolidated assets analysis
- Consolidated statement of changes in equity
- Consolidated cash-flow statement
- Consolidated notes
- Auditor's report

## 5.6 Other operating expenses

	2023 K€	2022 K€
General operating expenses	3,899	3,687
Rent and lease, occupancy costs	3,536	3,459
Transport costs	2,973	3,562
Energy costs	2,283	2,802
Repair and maintenance	2,007	1,869
Personnel leasing	2,200	477
Vehicle cost	923	808
Legal and consulting fees	2,096	1,031
Travel expenses	729	252
Allocation to individual value adjustment of receivables	0	25
Other administrative expenses	280	942
Insurances	911	786
Currency losses	3,141	4,048
IT costs	947	983
License fees (excl. IT)	425	342
Communication costs	470	445
Commissions	358	389
Distribution and advertising costs	1,286	6,236
Other	1,134	2,185
	<b>29,598</b>	<b>34,328</b>

Expenses related to other periods amounted to K€ 47 (previous year: K€ 142). They include bad debts, additions to individual and general value adjustments on receivables and other costs related to other periods.

## 5.7 Financial result

	2023 K€	2022 K€
Loss from participations	0	0
Income from loans of financial assets	0	0
Appreciation/depreciation of financial assets and marketable securities	0	302
Other interest and similar income	51	51
Interest and similar expenses	-1,946	-1,126
	<b>-1,895</b>	<b>-773</b>

Interest expenses from the compounding of provisions amounted to K€ 58 (previous year: K€ 85).

## 5.8 Taxes on income

	2023 K€	2022 K€
Income taxes in the fiscal year	2,196	1,184
Income (-)/Expenses (+) from change in deferred taxes	19	19
Other income taxes Previous years	-13	184
	<b>2,202</b>	<b>1,387</b>

## 6. Off-balance-sheet transactions / other financial obligations

Erich Jaeger GmbH + Co. KG has issued a letter of comfort for a raw material supplier of Jaeger Poway Automotive Systems (Shenzhen) Limited, China. Based on the information obtained up to the date of preparation, the company currently assumes that the obligations underlying the contingent liability can be fulfilled by the principal debtor. The risk of a claim arising from the contingent liability is considered unlikely.

AdCapital Group's other financial obligations are as follows:

	31.12.2023 K€	31.12.2022 K€
Other financial obligations	14,448	22,180
Obligations from commitments, rent and leasing contracts		

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

## 7. Management Board

The following person is the Company's CEO:

**Dr. Andreas J. Schmid**

In accordance with Art. 286 (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 2023, expenses of K€ 105 (previous year: K€ 105) were incurred for the Supervisory Board's remuneration.

## 9. Auditor's total fee

	2023 K€	2022 K€
Audit of annual and consolidated financial statements of the current year	255	232
Tax consulting fees	33	49
	<b>288</b>	<b>281</b>

- Consolidated balance sheet
- Consolidated income statement
- Consolidated assets analysis
- Consolidated statement of changes in equity
- Consolidated cash-flow statement
- Consolidated notes
- Auditor's report

## 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 16 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
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
Erich Jaeger 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
EP Connectors GmbH	Bruchsal	100.00	100.00
Erich Jaeger MOL S.R.L.	Chisinau (Moldova)	100.00	100.00
KTS Kunststoff Technik Schmölln GmbH	Schmölln	100.00	100.00
Taller GmbH	Waldbronn	99.95	99.95
OPUS Grundstücksgesellschaft mbH	Heiligkreuzsteinach	100.00	100.00

## 12. AdCapital AG's Group companies, not consolidated

The following companies are not consolidated due to their insignificant balance sheet total and sales or insufficient influence:

Name	Registered office	Share in capital in %	
		Additive	Multiplicative
Jaeger Verwaltungs GmbH	Friedberg	100.00	100.00
fps Verwaltungs GmbH	Teningen	100.00	100.00
OPUS GmbH	Schönau	50.00	50.00
AdCapital Invest, GmbH i.L.*	Tuttlingen	100.00	100.00
frako power systems GmbH & Co. KG	Teningen	100.00	100.00

\* Deleted from the commercial register on January 16, 2024

Grundstücksgesellschaft am Entenfang m.b.H. has been merged into Berliner Elektro-Technik GmbH as of January 1, 2023.

## 13. Appropriation of profits as proposed by the parent company

AdCapital AG's annual financial statements as of December 31, 2023 show a net loss of K€ 251 which is going to be carried forward to new account.

## 14. Other information

The consolidated financial statements as of December 31, 2023 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 of particular importance after the balance sheet date.

Tuttlingen, March 21, 2024

AdCapital AG



Dr. Andreas J. Schmid  
CEO



- Consolidated balance sheet
- Consolidated income statement
- Consolidated assets analysis
- Consolidated statement of changes in equity
- Consolidated cash-flow statement
- Consolidated notes
- Auditor's report

## Independent Auditor's Report

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, 2023, 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, 2023 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, 2023.

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, 2023, and of its profit situation for the fiscal year from January 1 through December 31, 2023; 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 (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 auditor's report'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 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 (i.e., manipulation of accounting and property damage) or error.

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

Furthermore, the legal representatives are responsible for the preparation of the group management report that, as a whole, provides a true and fair view of the Group's position and is, in all material respects, consistent with the consolidated finan-

cial 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 auditor's report 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 the risk of not detecting any material misstatements 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 the related disclosures made by the legal representatives;
- draw conclusions on the appropriateness of the going concern principle applied by the legal representatives and, based on the audit evidence obtained, whether there is a material uncertainty in connection with events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the group management report 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 Group to cease to continue as a going concern;

- Consolidated balance sheet
- Consolidated income statement
- Consolidated assets analysis
- Consolidated statement of changes in equity
- Consolidated cash-flow statement
- Consolidated notes
- Auditor's report

- 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;

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 21, 2024

- 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;

Baker Tilly GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft  
(Düsseldorf)

Peter Schill	Jürgen Bechtold
German CPA	German CPA

- 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;

AdCapital AG, Tuttlingen  
Consolidated financial statements as of December 31, 2023  
and group management report for the fiscal year 2023

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



# ANNUAL FINANCIAL STATEMENTS

114	<b>Balance sheet</b>
115	<b>Income statement</b>
116	<b>Development of fixed assets</b>
118	<b>Notes</b>
125	<b>Auditor's note</b>

- Balance sheet
- Income statement
- Development of fixed assets
- Notes
- Auditor's note

AdCapital AG, Tuttlingen  
Balance sheet as of December 31, 2023

AKTIVA	Notes	31.12.2023	31.12.2022
<b>A. Fixed assets</b>	3.1	€	T€
I. Intangible assets		0.00	0
II. Tangible assets		5,232,135.17	5,342
III. Financial assets		49,092,717.17	49,093
		<b>54,324,852.34</b>	<b>54,435</b>
<b>B. Current assets</b>			
I. Receivables and other assets	3.2	9,810,834.40	11,784
II. Cash on hand, bank balances		1,246,998.40	3,584
		<b>11,057,832.80</b>	<b>15,368</b>
<b>C. Prepaid expenses and deferred charges</b>		19,056.72	38
		<b>65,401,741.86</b>	<b>69,841</b>
<b>LIABILITIES</b>	Notes	31.12.2023	31.12.2022
<b>A. Equity</b>		€	T€
I. Subscribed capital	3.3	42,000,000.00	41,700
II. Capital reserve		4,592,052.68	4,592
III. Retained earnings		17,763,687.48	18,064
IV. Net loss/profit		-251,017.30	2,207
		<b>64,104,722.86</b>	<b>66,563</b>
<b>B. Provisions</b>	3.4	462,040.00	435
<b>C. Accounts payable</b>	3.5	834,979.00	2,843
		<b>65,401,741.86</b>	<b>69,841</b>

AdCapital AG, Tuttlingen  
Income statement for the fiscal year 2023

	Notes	2023	2022
		€	K€
1. Sales revenues	4.1	1,122,623.70	601
2. Other operating income incl. from currency translation EUR 0,00 (previous year KEUR 0)	4.2	575,148.28	885
		<b>1,697,771.98</b>	<b>1,486</b>
3. Cost of materials		0.00	0
4. Personnel expenses	4.3	-870,368.37	-739
5. Depreciation of intangible and tangible fixed assets	4.4	-119,074.46	-130
6. Other operating expenses incl. from currency translation EU 0,00 (previous year KEUR 0)	4.5	-3,493,278.02	-1,807
7. Financial result	4.6	342,710.26	572
8. Taxes on income	4.7	0.00	13
9. Earnings after taxes		-2,442,238.61	-605
10. Other taxes	4.8	-15,720.11	-16
<b>11. Annual net loss</b>		<b>-2,457,958.72</b>	<b>-621</b>
12. Retained earnings		2,206,941.42	2,828
13. Dividend distribution		0.00	0
14. Allocation to retained earnings		0.00	0
<b>15. Net loss/profit</b>		<b>-251,017.30</b>	<b>2,207</b>



- Balance sheet
- Income statement
- Development of fixed assets
- Notes
- Auditor's note

## AdCapital AG, Tuttlingen

## Development of fixed assets during the fiscal year 2023

All figures in K€

	Acquisition or manufacturing costs				as of 31.12.2023
	as of 01.01.2023	Additions (+)	Disposals (-)	Transfer	
<b>I. Intangible assets</b>					
1. Software	1,506	0	0	0	1,506
	<b>1,506</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,506</b>
<b>II. Tangible assets</b>					
1. Land and buildings	5,466	0	0	-50	5,416
2. Other equipment, factory and office equipment	180	9	0	50	239
	<b>5,646</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>5,655</b>
<b>III. Financial assets</b>					
1. Shares in affiliated companies	69,663	0	0	0	69,663
2. Loans to affiliated companies	0	0	0	0	0
3. Participations	0	0	0	0	0
	<b>69,663</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69,663</b>
	<b>76,815</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>76,824</b>

	Depreciations/appreciations				Book values	
	as of 01.01.2023	Additions (+)	Disposals (-)	Transfer	as of 31.12.2023	as of 31.12.2022
	1,506	0	0	0	1,506	0
	<b>1,506</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,506</b>	<b>0</b>
	160	110	0	-50	220	5,196
	144	9	0	50	203	36
	<b>304</b>	<b>119</b>	<b>0</b>	<b>0</b>	<b>423</b>	<b>5,232</b>
	20,570	0	0	0	20,570	49,093
	0	0	0	0	0	0
	0	0	0	0	0	0
	<b>20,570</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,570</b>	<b>49,093</b>
	<b>22,380</b>	<b>119</b>	<b>0</b>	<b>0</b>	<b>22,499</b>	<b>54,325</b>

- Balance sheet
  - Income statement
  - Development of fixed assets
- **Notes**
  - Auditor's note

## Notes to the annual financial statements for the fiscal year 2023

### 1. General information

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 Ermisgrund 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, 2023, the provisions for small corporations pursuant to German Commercial Code apply. Accounting and valuation methods have 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€.

### 2. Notes to the accounting and valuation methods

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. If the impairment test reveals a lower fair value on the basis of the approved corporate planning, such value is recognized if it is expected to be permanent. If the reasons for the write-downs no longer apply, they are reversed up to a maximum of the acquisition cost.

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 (1) sentence 1 and Art. 252 (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.

### 3. Notes to the balance sheet

#### 3.1 Fixed assets

The development of fixed assets is presented in the assets analysis as 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, 2023:

Name	Registered office	Share in capital	Equity	Annual result
		in %	K€	K€
AdCapital Beteiligungs GmbH	Tuttlingen	100.00	6,167	834
Berliner Elektro-Technik GmbH	Tuttlingen	100.00	12,917	-261
OPUS Grundstücksgesellschaft mbH	Heiligkreuzsteinach	100.00	272	31

Significant indirect interests are held in the following companies:

Name	Registered office	Share in capital	Equity	Annual result
		in %	K€	K€
Bavaria Digital Technik GmbH	Pfronten	100.00	6,066	0 <sup>1</sup>
Erich Jaeger GmbH + Co. KG	Friedberg	100.00	22,192	5,229
Erich Jaeger s.r.o.	Koprivnice, Czech Republic	100.00	11,013	-1,094
Jaeger France s.a.r.l.	Limonest, France	100.00	86	13
Jaeger Poway Ltd.	Hongkong, China	60.00	241	245
Jaeger Poway Automotive Systems (Shenzhen) Limited	Shenzhen, China	60.00	13,797	4,000
Erich Jaeger México S. de R.L. de C.V.	Piedras Negras, Mexico	100.00	3,208	-2,324
Erich Jaeger U.S.A. Inc.	Plymouth, MI, USA	100.00	-1,666	601
Erich Jaeger MOL s.r.l.	Chisinau, Moldova	100.00	-61	-85
EP Connectors GmbH	Bruchsal	100.00	-5,812	-3,151
OPUS GmbH <sup>2</sup>	Schönau	50.00	n.a.	n.a.
KTS GmbH	Schmölln	100.00	737	-339
FRAKO Kondensatoren- und Anlagenbau GmbH	Teningen	100.00	6,071	446
Taller GmbH	Waldbronn	99.95	243	-403

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

<sup>2</sup> Financial statements had not been available yet



- Balance sheet
  - Income statement
  - Development of fixed assets
- **Notes**
  - Auditor's note

### 3.2 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)	0 (2)	0 (2)	0 (0)
Receivables from affiliated companies (previous year)	8,690 (10,647)	6,487 (6,376)	2,203 (4,271)
Receivables from other portfolio companies (previous year)	1,094 (1,095)	1,094 (1,095)	0 (0)
Other assets (previous year)	27 (41)	27 (41)	0 (0)
<b>Total</b> (previous year)	<b>9,811</b> (11,785)	<b>7,608</b> (7,514)	<b>2,203</b> (4,271)

Receivables from affiliated companies mainly relate to granted loans in the amount of K€ 2,412 (previous year K€ 7,409) as well as drawdowns from the cash pool in the amount of K€ 5,404 (previous year: K€ 3,110) of AdCapital AG, each after deducting individual value adjustments as of December 31, 2023. 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.

### 3.3 Equity

The capital stock amounts to K€ 42,000 (previous year: K€ 41,700). The Annual General Meeting on May 16, 2023 resolved to amend the Articles of Incorporation. The share capital was increased by € 300,000 from company funds by resolution of the Annual General Meeting on the same day. The increase was made by withdrawal from the revenue reserve. The increase was entered in the commercial register on October 23, 2023.

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 € 3.

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 2023, 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.

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

Retained earnings exclusively relate to other retained earnings and amount to K€ 17,764 (K€ 18,064).

The net profit developed as follows:

	31.12.2023 T€	31.12.2022 T€
(+) Annual net profit	-2,458	-621
(-) Annual net loss		
Previous year's net profit	2,207	2,828
Dividend	0	0
Previous year's retained earnings	2,207	2,828
Allocation to retained earnings	0	0
<b>Net loss/profit</b>	<b>-251</b>	<b>2,207</b>

### 3.4 Provisions

	31.12.2023 K€	31.12.2022 K€
Tax provisions	0	0
Other provisions	462	435
	<b>462</b>	<b>435</b>

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.

### 3.5 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)	24 (91)	24 (91)	0 (0)	0 (0)
Payables to affiliated companies (previous year)	671 (2,713)	671 (2,713)	0 (0)	0 (0)
Other liabilities* (previous year)	140 (39)	140 (39)	0 (0)	0 (0)
<b>Total</b> (previous year)	<b>835</b> (2,843)	<b>835</b> (2,843)	<b>0</b> (0)	<b>0</b> (0)

\* including from taxes: K€ 140 (previous year K€ 39)

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

- Balance sheet
  - Income statement
  - Development of fixed assets
- Notes
  - Auditor's note

#### 4. Notes to the income statement

##### 4.1 Sales revenues

	2023 K€	2022 K€
<b>Sales revenues</b>	<b>1,123</b>	<b>601</b>

Income mainly relates to income from the Group allocation agreement and rental income from Taller GmbH.

##### 4.2 Other operating income

	2023 K€	2022 K€
Income from the reversal of value adjustments	95	339
Other proceeds and cost transfers	428	472
Income from the reversal of provisions	20	50
Income from the sale of fixed assets	0	0
Other income	32	24
	<b>575</b>	<b>885</b>

##### 4.3 Personnel expenses

Personnel expenses are made up as follows:

	2023 K€	2022 K€
Salaries	820	697
Social security contributions	50	42
	<b>870</b>	<b>739</b>

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

##### 4.4 Depreciation and amortization of intangible and tangible fixed assets

	2023 K€	2022 K€
	<b>119</b>	<b>131</b>

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).

##### 4.5 Other operating expenses

	2023 K€	2022 K€
Addition of individual value adjustments to receivables	0	11
Legal and consulting fees	390	398
Office rental expenses and land costs	3	9
Costs for annual report and annual general meeting	179	115
Administration costs	160	272
Insurances	126	137
Maintenance and servicing	377	600
Other	2,258	265
	<b>3,493</b>	<b>1,807</b>

Other operating expenses are € 2 million higher than in the previous year due to the loan waiver with debtor warrant to Taller.

Legal and consulting fees can be broken down as follows:

	2023 K€	2022 K€
Legal consulting	231	116
Audits of annual and consolidated financial statements	146	107
HR consulting	0	151
Tax consulting services	13	24
	<b>390</b>	<b>398</b>

##### 4.6 Financial result

	2023 K€	2022 K€
Appreciations (+)/ Depreciations (-) of financial assets	0	0
<b>Valuation result</b>	<b>0</b>	<b>0</b>
Interest income from affiliated companies	352	565
Interest and similar income	1	24
Interest to affiliated companies	-10	-16
Interest to third parties	0	-1
<b>Interest result</b>	<b>343</b>	<b>572</b>
	<b>343</b>	<b>572</b>

##### 4.7 Taxes on income

	2023 K€	2022 K€
Previous years' tax income	0	4
Foreign withholding tax	0	9
	<b>0</b>	<b>13</b>

##### 4.8 Other taxes

	2023 K€	2022 K€
Property tax	16	16
Vehicle tax	0	1
	<b>16</b>	<b>17</b>

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

There are six directly enforceable maximum amount guarantees in order to secure current account credit lines and other financing in the amount of K€ 25,325. The loans in question are valued at K€ 22,323 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, 2023 amount to a total of K€ 5 (previous year: K€ 13). They relate to IT maintenance agreements and car leasing agreements.

There are no further off-balance-sheet transactions.

#### 6. Rights from debtor warrants

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

	31.12.2023 K€	31.12.2022 K€
Berliner Elektro-Technik GmbH	7,770	7,770
KTS Kunststoff Technik Schmölln GmbH	263	263
Taller GmbH	2,300	300
	<b>10,333</b>	<b>8,333</b>



- Balance sheet
- Income statement
- Development of fixed assets
- Notes
- Auditor's note

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 2023.

## 7. 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.

## 8. Management Board

The following person is the Company's CEO:

**Dr. Andreas J. Schmid**

## 9. 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 2023, expenses of K€ 105 (previous year: K€ 105) were incurred for the Supervisory Board's remuneration.

## 10. Significant transactions with related parties

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

## 11. 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.

## 12. Supplementary report

There were no significant events of particular importance after the balance sheet date.

## 13. Net loss

AdCapital AG's annual financial statements as of December 31, 2023 show an accumulated net loss of K€ 251, which is going to be carried forward to new account.

Waldbronn, March 21, 2024

AdCapital AG



Dr. Andreas J. Schmid  
CEO

## Independent Auditor's Report

To AdCapital AG, Tuttlingen:

### Audit opinion

We have audited AdCapital AG, Tuttlingen, annual financial statements, comprising the balance sheet as of December 31, 2023 and the income statement for the fiscal year from January 1 through December 31, 2023 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 (1) sentence 4 HGB (German Commercial Code), a true and fair view of the Company's assets and financial position as of December 31, 2023 and of its profit situation for the fiscal year from January 1 through December 31, 2023.

Pursuant to Art. 322 (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 auditor's report. 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 (i.e., manipulation of accounting and property damage) 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.

- Balance sheet
  - Income statement
  - Development of fixed assets
- Notes
  - Auditor's note

### 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 auditor's report 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 by the IDW will always detect any material misstatement. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and the 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 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 the risk of not detecting any material misstatements 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 auditor's report 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 21, 2024

Baker Tilly GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft  
(Düsseldorf)

Peter Schill                      Jürgen Bechtold  
Wirtschaftsprüfer                Wirtschaftsprüfer

AdCapital AG, Tuttlingen  
Annual Financial Statements as of December 31, 2023



### Editor

AdCapital AG (registered office 78532 Tuttlingen)  
Im Ermisgrund 11, 76337 Waldbronn  
kontakt@adcapital.de  
www.adcapital.de

### Investor Relations

AdCapital AG  
investorrelations@adcapital.de

### Design and layout

schroffensiv kommunikations design  
www.schroffensiv.de

### Photography/photo credits

Peter Kuhnle  
Jiří Zerzoň  
Jiří Štarha  
AdCapital AG  
Martin Maier  
istock.com/Goja1/PhonlamaiPhoto  
Adobe Stock/spainter\_vfx/sandra/Zahid



AdCapital AG  
(registered office 78532 Tuttlingen)  
Im Ermlisgrund 11  
76337 Waldbronn  
[kontakt@adcapital.de](mailto:kontakt@adcapital.de)  
[www.adcapital.de](http://www.adcapital.de)