Annual Report 2020

Consolidated Financial Statements

of InVision AG as of 31 December 2020 in accordance with IFRS and § 315e of the German Commercial Code as well as the Group management report pursuant to § 315 of the German Commercial Code

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Financial Summary

(in TEUR)	2020	2019	Δ*
Revenues	**12,752**	**12,618**	**+1%**
R&D Expenses	5,282	5,650	-7%
as a % of revenues	41%	45%	-4 PP
EBIT	**1,135**	**981**	**+16%**
as a % of revenues	9%	8%	+1 PP
Consolidated result	**288**	**2,945**	**-90%**
as a % of revenues	2%	23%	-21 PP
Operating cash flow	**952**	**1,491**	**-36%**
as a % of revenues	7%	12%	-5 PP
Earnings per share (in EUR)	**0.17**	**1.34**	**-88%**

(in TEUR)	31 Dec 2020	31 Dec 2019	Δ*
Balance sheet total	**22,398**	**18,214**	**+23%**
Liquid funds	**7,791**	**2,616**	**+198%**
Equity	**13,413**	**13,125**	**+2%**
as a % of balance sheet total	60%	72%	-12 PP

* The calculation of deviations from the previous year is based on non-rounded figures.

Consolidated Balance Sheet

InVision AG, 31 December 2020
IFRS, in Euro

Assets	Note	31 Dec 2020	31 Dec 2019
A. Short-term assets			
1. Liquid funds	(21)	7,790,641	2,615,707
2. Trade receivables	(22)	995,322	1,159,134
3. Income tax claims	(23)	366,610	43,509
4. Prepaid expenses and other short-term assets	(24)	240,234	135,667
Total short-term assets		**9,392,807**	**3,954,017**
B. Long-term assets			
1. Intangible assets	(25)	246,875	297,736
2. Tangible assets	(26)	8,572,758	8,937,009
3. Right-of-use assets	(28)	1,384,078	1,521,953
4. Deferred taxes	(29)	2,793,644	3,481,172
5. Other long-term assets	(30)	8,229	21,656
Total long-term assets		**13,005,584**	**14,259,526**
Total assets		**22,398,391**	**18,213,543**

Equity and liabilities	Note	31 Dec 2020	31 Dec 2019
A. Short-term liabilities			
1. Liabilities due to credit institutions	(32)	960,000	480,000
2. Leasing liabilities	(33)	186,257	176,552
3. Trade payables	(34)	93,978	161,870
4. Provisions	(35)	209,104	239,392
5. Income tax liabilities	(35)	816,884	1,202,487
6. Customer contract liabilities and other liabilities	(36)	849,109	858,559
Total short-term liabilities		**3,115,332**	**3,118,860**
B. Long-term liabilities			
1. Liabilities due to credit institutions	(37)	4,560,000	520,000
2. Leasing liabilities	(38)	1,309,968	1,449,308
Total long-term liabilities		**5,869,968**	**1,969,308**
C. Equity			
1. Subscribed capital	(39)	2,235,000	2,235,000
2. Reserves	(40)	1,191,184	1,191,184
3. Equity capital difference from currency translation	(41)	-486,974	-402,921
4. Group/consolidated result		10,473,881	10,102,112
Total equity		**13,413,091**	**13,125,375**
Total equity and liabilities		**22,398,391**	**18,213,543**

Consolidated Statement of Comprehensive Income

InVision AG, 31 December 2020
IFRS, in Euro

	Note	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
1. Revenues	(42)	12,752,322	12,617,767
2. Other operating income	(43)	65,255	133,341
3. Cost of materials/cost of goods and services purchased	(44)	-489	-2,974
4. Personnel expenses	(45)	-8,703,052	-8,162,017
5. Amortisation/depreciation of intangible and tangible assets	(46)	-663,006	-737,035
6. Other operating expenses	(47)	-2,315,721	-2,868,452
7. Operating result (EBIT)		**1,135,309**	**980,630**
8. Financial result	(49)	-106,869	-108,219
9. Currency losses/gains		-42,795	16,518
10. Result before taxes (EBT)		**985,645**	**888,929**
11. Income tax	(50)	-613,876	2,106,191
12. Consolidated net profit		**371,769**	**2,995,120**
13. Exchange rate differences from converting foreign financial statements		-84,053	16,368
14. Adjustment from the first-time application of new accounting standards		0	-66,044
15. Consolidated result		**287,716**	**2,945,444**
Earnings per share		0.17	1.34

Consolidated Cash Flow Statement

InVision AG, 31 December 2020
IFRS, in Euro

	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
1. Cash flow from operating activities		
Consolidated net profit	**371,769**	**2,995,120**
+ Depreciation and amortisation of fixed assets	663,006	737,035
-/+ Profits/losses from the disposal of intangible and tangible assets	2	-12,194
-/+ Decrease/increase in provisions	-30,288	-137,754
-/+ Increase/decrease in deferred taxes	687,528	-3,461,516
-/+ Other non-cash income/expenses	-26,354	23,728
-/+ Increase/decrease in trade receivables	163,812	238,658
-/+ Increase/decrease in other assets and prepaid expenses	-91,142	-14,565
+/- Decrease/increase in income tax claims/liabilities	-708,704	1,154,032
-/+ Decrease/increase in trade payables	-67,891	-106,624
-/+ Decrease/increase in other liabilities and customer contract liabilities	-9,450	74,627
Cash flow from operating activities	**952,288**	**1,490,547**

	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
2. Cash flow from investing activities		
- Payments made for investments in tangible assets	-67,965	-154,963
- Payments made for investments in intangible assets	-12,000	0
+ Payments received from the disposal of intangible and tangible assets	0	17,795
Cash flow from investing activities	**-79,965**	**-137,168**
3. Cash flow from financing activities		
+ Additions to long-term financing liabilities	5,000,000	1,000,000
- Payments made for redemption of long-term financing liabilities	-480,000	-250,000
- Payments made for redemption of lease liabilities	-180,057	-172,330
Cash flow from financing activities	**4,339,943**	**577,670**
Change in cash and cash equivalents	5,212,266	1,931,049
Effect of foreign exchange rate changes on cash and cash equivalents	-37,332	14,204
Cash and cash equivalents at the beginning of the period	**2,615,707**	**670,454**
Cash and cash equivalents at the end of the period	**7,790,641**	**2,615,707**

Consolidated Statement of Equity

InVision AG, 31 December 2020
IFRS, in Euro

	Subscribed capital	Reserves	Equity capital difference from currency translation	Profit/Losses	Equity
31 December 2018	**2,235,000**	**1,191,184**	**-419,289**	**7,173,036**	**10,179,931**
Adjustment from the first-time application of IFRS 16	0	0	0	-66,044	-66,044
01 January 2019	**2,235,000**	**1,191,184**	**-419,289**	**7,106,992**	**10,113,887**
Consolidated net profit	0	0	0	2,995,120	2,995,120
Exchange rate difference from converting foreign financial statements	0	0	16,368	0	16,368
Total of costs and income	**0**	**0**	**16,368**	**2,995,120**	**3,011,488**
31 December 2019	**2,235,000**	**1,191,184**	**-402,921**	**10,102,112**	**13,125,375**
Consolidated net profit	0	0	0	371,769	371,769
Exchange rate difference from converting foreign financial statements	0	0	-84,053	0	-84,053
Total of costs and income	**0**	**0**	**-84,053**	**371,769**	**287,716**
31 December 2020	**2,235,000**	**1,191,184**	**-486,974**	**10,473,881**	**13,413,091**

Consolidated Notes

to the Consolidated Financial Statements of InVision AG as of 31 December 2020 in accordance with IFRS and § 315e of the German Commercial Code

General Information

1. General information about the Company

InVision Aktiengesellschaft, Düsseldorf (hereinafter also referred to as "InVision AG" or the "Company"), together with its subsidiaries (hereinafter also referred to as the "InVision Group" or the "Group"), develops and markets products and services in the field of workforce management and education, and is mainly active in Europe and the United States.

The Company's registered offices are located at Speditionstraße 5, 40221 Düsseldorf, Germany. It is recorded in the Commercial Register of the Local Court of Düsseldorf under registration number HRB 44338. InVision AG has been listed in the prime standard segment of the Frankfurt Stock Exchange under securities identification number 585969 since 18 June 2007.

The IFRS consolidated financial statements are expected to be approved by the Supervisory Board of InVision AG on 23 March 2021 and then cleared for publication on 25 March 2021.

2. Basis of the accounting

Because it is listed on a regulated market, InVision AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The consolidated financial statements as of 31 December 2020 were prepared in accordance with the IFRS, which were promulgated by the International Accounting Standards Board (IASB), in force on the balance sheet closing date, and applicable in the European Union. The designation "IFRS" also encompasses the still valid International Accounting Standards (IAS), as well as the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC). The requirements prescribed under § 315e of the German Commercial Code (HGB) must also be observed. All provisions of the IFRS, IAS, IFRIC and SIC, which are valid for fiscal year ending 31 December 2020, have been applied in the consolidated financial statements.

The following IAS/IFRS/IFRIC were endorsed by the EU in the 2020 financial year or are to be applied for the first time. Most of them have little or no effect on the consolidated financial statements of InVision AG.

IFRS standards	**Material effect**
Changes to the accounting framework	None
Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of Materiality	None
Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" - Reform of reference interest rates	None

IFRS standards	Material effect
Amendments to IFRS 3 “Business Combinations” - Definition of a Business Operation	None
Amendments to IFRS 16 “Leases” - Lease concessions related to the coronavirus pandemic	None

The following amendments of the IASB were not applied on an early basis in these consolidated financial statements. Where the changes affect InVision AG, the future effects on the consolidated financial statements will be examined. For the most part, they have not yet been adopted by the EU.

IFRS standards with (expected) mandatory application	Material effect
IFRS 17 “Insurance Contracts“ (1 Jan 2023)	None
Amendments to IAS 1 “Presentation of Financial Statements” (1 Jan 2023)	None
Amendments to IFRS 3 “Business Combinations” (1 Jan 2022)	None
Amendments to IAS 16 “Property, Plant and Equipment” (1 Jan 2022)	None
Amendments to IFRS 37 “Provisions, Contingent Liabilities and Contingent Assets” (1 Jan 2022)	None
Annual Improvements to IFRSs (2018-2020 cycle) - Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IFRS 9 “Financial Instruments” and IAS 41 “Agriculture” (1 Jan 2022)	None
Amendments to IFRS 4 “Insurance Contracts” (1 Jan 2022)	None
Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement”, IFRS 7 “Financial Instruments: Disclosures”, IFRS 4 “Insurance Contracts” and IFRS 16 “Leases” (1 Jan 2022)	None

The effects on the consolidated financial statements of the other standards newly issued or revised by the IASB, which were not yet mandatory in these financial statements, are currently being examined. However, apart from any extended disclosure requirements, no material effects are expected.

3. Group of consolidated companies

The consolidated financial statements cover InVision AG as well as the following subsidiaries:

- injixo AG, Zug, Switzerland

- InVision Software, Inc., Chicago, IL, USA
- InVision Software Ltd., London, United Kingdom
- InVision Software SAS, Paris, France
- InVision Software B.V., Utrecht, Netherlands

InVision Software B.V. was founded on April 21, 2020, and entered in the Dutch Commercial Register on April 22, 2020. The company was included in the scope of consolidation as of the same date.

InVision Software Systems S.L., Madrid, Spain, is in insolvency proceedings and has been deconsolidated in fiscal year 2020.

InVision AG holds a direct 100% ownership interest in each of the consolidated subsidiaries.

4. Consolidation principles

The consolidated financial statements comprise the annual financial statements of InVision AG and its subsidiaries as of 31 December of each fiscal year. The annual financial statements of the subsidiaries are prepared while applying the uniform accounting and valuation methods as of the same balance sheet closing date as the annual financial statements of the parent company.

The balance sheet closing date of all subsidiaries integrated into the consolidated financial statements is 31 December of the applicable fiscal year in question.

All account balances, transactions, income, expenses, profits and losses from intra-group transactions, which are included in the book value of assets, are eliminated in full.

Subsidiaries are fully consolidated as of the date of their formation or acquisition (i.e., as of the date on which the Group acquires control over them), provided that they are not of minor importance for the Group's net assets, financial position and results of operations. The inclusion of these subsidiaries in the consolidated accounts ends as soon as the parent company's control no longer exists.

Newly-formed subsidiaries are consolidated using the acquisition method pursuant to IFRS 3. Under that method, acquisition costs of the business combination are apportioned to the identifiable assets, which are acquired, and to the identifiable liabilities, which are assumed, based on their fair values as of the date of acquisition. The expenses and income, which have accrued since the acquisition, are included in consolidated accounts.

Accounting and Valuation Principles

5. In general

The consolidated financial statements were prepared on the basis of historical acquisition or production costs (costs). Historical costs are based in general on the fair value of the consideration paid in exchange for the asset.

The consolidated balance sheet was structured according to short-term and long-term assets and liabilities. The consolidated statement of comprehensive income is prepared using the cost of production method.

6. Reporting currency

The consolidated financial statements are prepared in euro because the majority of the Group transactions are based on that currency. Unless otherwise indicated, all figures herein have been rounded up or down to the nearest thousand (TEUR, T€) in accordance with standard commercial practices. The figures are shown in euro (EUR, €), in thousand euro (TEUR, T€) or in million euro (MEUR, m€).

7. Currency translation

Each company within the Group stipulates its own functional currency. The items reported in the financial statements of each company are valued using that functional currency. Foreign currency transactions are initially converted into the functional currency at the currency spot rate applicable on the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency will be converted into the functional currency at the exchange rate applicable on each relevant reporting date and recognised in the income statement. This treatment does not apply to any exchange rate differences arising from foreign currency transactions, if they are used to hedge a net investment of a foreign operation. These differences are recognised directly in equity capital until the net investment is sold, and recognised in the period results only after such sale. Any deferred taxes resulting from the currency differences of such foreign currency credits will also be recognised directly in equity capital. Non-monetary items, which are valued at historical costs in a foreign currency, are converted at the exchange rate applicable on the date of the transaction. Non-monetary items, which are reported at fair value in a foreign currency, are converted at the exchange rate applicable on the date the fair value was calculated.

Assets and liabilities of foreign operations are converted into euro as of the balance sheet (reporting) date. The conversion of income and expenses shall be made at the average exchange rate for the fiscal year. Any differences resulting from these currency conversions will be booked as a separate component of the equity capital account.

Any goodwill acquired with the purchase of a foreign operation and any adjustments in the book value of the assets and liabilities, which resulted from that transaction in order to accord with fair value, will be converted at the exchange rate applicable on the reporting date.

The following exchange rates were used (per EUR 1.00):

Currency	Exchange rate on reporting date 2020	Exchange rate on reporting date 2019	Average annual exchange rate 2020	Average annual exchange rate 2019
USD	1.2264	1.1215	1.1414	1.1194
GBP	0.8984	0.8505	0.8892	0.8769
CHF	1.0822	1.0853	1.0701	1.1122

8. Intangible assets

Acquired intangible assets are valued at the time of their receipt according to their cost of acquisition or cost of production.

Internally produced intangible assets are recognised when they are identified and when it is likely that the group will receive a future economic benefit from the asset and the asset's acquisition and production costs can be reliably determined. For subsequent valuations, the value of the intangible assets is recognised at the acquisition or production costs of those assets, less the accumulated amortisation and less the accumulated impairment costs (shown under the amortisation item). Intangible assets are amortised on a straight-line basis over their estimated usable life (3 to 15 years). The amortisation period and amortisation method are reviewed at the end of each fiscal year.

When producing new software and further developing existing software, the InVision Group cannot clearly and unequivocally delineate the relevant software because the knowledge and improvements gained from producing new software and from the continued development of existing software are incorporated into other InVision Group products. Since not all criteria were met by 31 December of the fiscal year, no development costs were capitalised.

9. Tangible assets

Tangible assets (land and buildings as well as computer hardware, tenant installations, furnishings and equipment) are recognised at the cost of acquisition or production less the accumulated depreciation. These assets are depreciated on a straight-line basis over the estimated useful life of the individual asset. The useful life for buildings is 9 to 33 years, for computer hardware 3 to 5 years, and for furnishings and equipment, 5 to 13 years. Tenant installations are depreciated over the term of the lease or over their useful life, if that period is shorter.

Subsequent expenditures made for a tangible asset are recognised at the costs of acquisition, if it is likely that the Group will receive a future economic benefit from it, and the costs for the asset can be reliably determined. Costs for repairs and maintenance, which do not increase the estimated useful life of the tangible asset, are recognised in the period in which they are incurred and are reported on the income statement.

10. Accounting for leases

The Group only acts as a lessee in connection with the rental of office space.

As of January 1, 2019, leases are recognised as rights of use and corresponding lease liabilities at the time when the leased asset is available for use by the Group.

Assets and liabilities from leases are initially recognised at present value.

The lease liabilities include the present value of the following lease payments:

- fixed payments (including de facto in-substance fixed payments, less any lease incentives to be received)
- variable lease payments linked to an index or (interest) rate, initially valued at the index or interest (rate) on the commitment date
- expected payments by the Group from the utilisation of residual value guarantees
- the execution price of a call option, the group is reasonably certain that it will be used
- penalties in connection with the termination of a lease, if the lease term takes into account that the Group will exercise the termination option in question

The measurement of the lease liability also includes lease payments based on a sufficiently secure utilisation of extension options.

Lease payments are discounted at the implicit interest rate underlying the lease if this can be readily determined. Otherwise - and this is generally the case in the Group - the lease is discounted at the lessee's incremental borrowing rate, i.e. the interest rate that the respective lessee would have to pay if it had to borrow funds to acquire an asset with a comparable value in a comparable economic environment for a comparable term with comparable certainty under comparable conditions.

Lease instalments are divided into repayments and interest payments. The interest portion is recognised in the income statement over the lease term so that a constant periodic interest rate is charged on the remaining balance of the liability for each period.

Rights of use are measured at cost, which is comprised as follows:

- the amount of the initial measurement of the lease liability
- all leasing payments made at or before the provision, less any leasing incentives received
- all initial direct costs incurred by the lessee, and
- estimated costs incurred by the lessee in dismantling or removing the underlying asset, restoring the site on which it is located or returning the underlying asset to the condition required by the lease agreement.

Rights of use are amortised on a straight-line basis over the shorter of the useful life and the term of the underlying lease agreement. If the exercise of a purchase option is reasonably certain from the Group's perspective, the asset is depreciated over the useful life of the underlying asset.

11. Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, unless the borrowing costs were incurred for the purchase, construction or production of qualified assets. In that case, the borrowing costs will be added to the production costs for such assets. During the fiscal year, the InVision Group had neither acquired nor produced qualified assets.

12. Impairment of non-financial assets

Non-financial assets are tested for impairment if facts or changes in circumstances suggest that the book value of an asset might no longer be recoverable. For the impairment test, the recoverable amount of the asset or the cash-generating unit must be determined. The recoverable amount is either the fair value less the costs to sell or the value in use, whichever value is higher. The fair value less the costs to sell is defined as the price which two informed, contractually-willing and independent business partners could achieve (less the cost to sell) when selling an asset or a cash-generating unit. The value in use of an asset or a cash-generating unit is calculated by determining the present cash value of the estimated future cash flow based on the current use of the asset or unit. If the recoverable value is less than the book value, then the difference will be immediately written off and entered in the income statement.

The impairment of a particular asset (except for goodwill), which had been previously recognised to profit and loss, will be reversed, if there is evidence that the impairment no longer exists or that the amount of the impairment has declined. The recoverable amount will be recognised as income in the income statement. The recoverable amount (or the reduction in the amount of the impairment) of an asset will be recognised, however, only to the extent that it does not exceed the book value, which would have resulted had no impairment been previously recognised (including the effects from amortisation or depreciation).

13. Financial investments and other financial assets

On initial recognition, financial assets are classified for subsequent measurement either as at amortised cost or at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets. With the exception of trade receivables, which do not contain any significant financing components, the Group measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined in accordance with IFRS 15. In this context, reference is made to the accounting policies in Note 18. In order for a financial asset to be classified and measured as at amortised cost or at fair value through equity in other comprehensive income, cash flows may consist solely of payments of principal and interest (SPPI) on the outstanding principal amount. This assessment is known as the SPPI test and is performed at the level of the individual financial instrument. Purchases or sales of financial assets that require delivery of the assets within a period determined by the regulations or conventions of the respective market (regular way purchases) are recognised on the trade date, i.e. the date on which the Group commits to purchase or sell the asset.

For subsequent measurement, financial assets are classified into two categories:

- financial assets measured at amortised cost (debt instruments)
- financial assets at fair value through profit or loss (not relevant for these consolidated financial statements)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within the framework of a business model whose objective is to hold financial assets in order to collect the contractual cash flows; and
- the contractual terms of the financial asset result in cash flows at specified points in time that represent only principal and interest payments on the outstanding principal amount.

The Group's financial assets measured at amortised cost mainly comprise trade receivables and receivables from banks. They also include other receivables.

Financial assets measured at amortised cost are measured in subsequent periods using the effective interest method and are tested for impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired. For trade receivables, the Group applies the simplified value adjustment scheme of IFRS 9 and directly recognises the expected default over the entire term of the receivable. The necessary value adjustment is derived taking into account historical defaults and - if relevant - adjusted on the basis of current market developments. In individual cases, however, the default is also derived directly from information on the customer's creditworthiness. In the event of the insolvency of a customer, the full value of the receivable is reported as a loss on the receivable. Only at this point the receivable is derecognised. In principle, changes in the carrying amount of trade receivables from customers are reduced using an allowance account and the impairment loss is recognised in profit or loss. If the amount of an estimated impairment loss increases or decreases in a subsequent reporting period as a result of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or decreased through profit or loss by adjusting the allowance account. If a derecognised receivable is subsequently reclassified as recoverable as a result of an event occurring after derecognition, the corresponding amount is recognised immediately against other operating expenses.

14. Cash and cash equivalents

Cash and cash equivalents consist of credit balances held with financial institutions as well as securities which may be redeemed for cash on short notice. Bank balances are measured at amortised cost. In this context, reference is made to the accounting policies in Note 13.

15. Taxes

The actual tax refund claims and tax debts for the current period and for earlier periods must be valued at the amount at which a refund is expected from the tax authorities or a payment must be made to the tax authorities.

Deferred taxes are recognised under the liabilities method for all temporary differences between the tax basis of the assets / liabilities and their respective book values in the IFRS financial statements.

Deferred taxes are valued according to the tax rates (and tax regulations), which are effective as of the balance sheet closing date or which have for the most part been enacted into law, and which are expected to be valid and binding on the date the deferred tax receivable is realised and/or the deferred tax liability is settled.

Deferred tax receivables, including those on losses carried forward, are recognised in an amount at which it is likely that taxable income will be available for crediting against the temporary differences.

The valuation of deferred tax assets for loss carry-forwards and for deductible temporary differences depends on the future taxable earnings of the InVision Group companies. The estimate regarding such taxable earnings is made as of the balance sheet date taking into account the respective business perspectives. For purposes of capitalising deferred taxes based on the losses carried forward, only those tax loss carry-forwards will be recognised, which are very likely to be applied.

16. Provisions

A provision is shown only if the Company has a present, statutory or de facto obligation (liability) based a past event, if it is likely that the fulfilment of the obligation will lead to an outflow of funds representing an economic benefit, and if a reliable estimate of the amount of the obligation can be made. If no provision could be created because one of the criteria mentioned was not fulfilled, then the liabilities in question will be reported as contingent liabilities.

Provisions are examined on each balance sheet closing date and adjusted to accord with the best estimate as of that date. If there is an expectation that the expenditures, which are required to satisfy a deferred liability, will be reimbursed either in whole or in part by another party, then the reimbursement will be recognised only when it is nearly certain that the Group will receive the reimbursement.

17. Financial liabilities

Liabilities include non-current liabilities to banks, trade payables, tax liabilities, interest liabilities, liabilities to employees and other liabilities. On initial recognition, they are carried at cost, which corresponds to the fair value of the consideration received. In subsequent years, all liabilities are measured at amortised cost using the effective interest method in accordance with IFRS 9. They are derecognised when the liability is settled, cancelled or expires.

Since the 2019 financial year, liabilities from leases are reported under financial liabilities. Please refer to the explanations in section 10 for the accounting policies applied.

18. Revenue and cost recognition

The InVision Group's revenues are generated by granting rights of use to software products (unlimited use, one-time use, time-limited use) and by providing related services.

In case of unlimited or one-time use rights, the revenues are recognised completely at the point in time of the granting of rights of use. In case of time-limited rights, revenues are recognised on a straight-line basis pro rata temporis over the time for which they were calculated. Revenues from services are recognised at the point in time the service is provided.

The revenues are reported less any early payment discounts, customer bonuses and rebates. Agreements with several components (e.g. subscriptions and services) are internally allocated to their individual components, and revenues are recognised on the basis of those individual components.

Revenues are generally recognised when the sales price is determined or determinable, no significant duties exist and the collection of the receivables is likely. Costs are recognised when the good or service is used or at the time they were generated. Interest is recognised as either an expense and/or income according to the period in which it arose under the effective interest method.

19. Contingent liabilities and contingent receivables

Contingent liabilities are either potential obligations, which could result in an outflow of resources but the existence of which must be confirmed through the occurrence or non-occurrence of one or more future events, or current obligations, which do not satisfy the recognition criteria of the liability. These items are listed separately in the notes, unless the possibility that resources with economic benefits will be lost is unlikely. There were no contingent liabilities in the fiscal year.

In connection with business combinations, contingent liabilities are recorded as liabilities on the balance sheet pursuant to IFRS 3.37, if the fair value can be reliably calculated.

Contingent receivables are not recognised in the financial statements. They are, however, listed in the notes, if the receipt of economic benefits is likely.

20. Management discretion and the main sources of forecasting uncertainty

When preparing the consolidated financial statements, some assumptions and estimates must be made, which have an effect on the amount and reporting of the recognised assets and liabilities, the income and expenses, and the contingent liabilities for the reporting period. These assumptions relate primarily to the assessment of the carrying value of assets, the assessment of deferred tax assets, uniform group determination of the economic useful lives of tangible assets, and the recognition and measurement of provisions. The assumptions and estimates are based on premises delivered from available information at the time in question. The basis for the anticipated future business development is the circumstances present at the time the consolidated financial statements are prepared in a realistic scenario of the future development of the overall environment. If these overall conditions deviate from the assumptions made and cannot be influenced by management, then the resulting figures could deviate from the originally anticipated estimates.

Notes to the Consolidated Balance Sheet

21. Liquid funds (cash and cash equivalents)

Liquid funds contain only those payment instruments, which have a term to maturity of less than three months calculated from the date of purchase. As in the previous year, cash and cash equivalents consist solely of credit balances held with financial institutions.

22. Trade receivables

The trade receivables (net) subject to the impairment provisions of IFRS 9 have a remaining term of up to one year and are composed as follows:

	31 Dec 2020	**31 Dec 2019**
Trade receivables	996	1,171
Bad debt allowances	-1	-12
Total	**995**	**1,159**

23. Income tax claims

Income tax assets include refund claims of InVision AG, Düsseldorf, Germany, InVision Software Ltd., London, United Kingdom, and InVision Software SAS, Paris, France.

24. Prepaid expenses and other short-term assets

	31 Dec 2020	31 Dec 2019
Prepaid and deferred items	219	136
Other miscellaneous assets	21	0
Total	**240**	**136**

The deferred income mainly consists of prepayments for service and insurance contracts for the following financial year.

25. Intangible assets

Intangible assets consist primarily of software and industrial property rights acquired in exchange for consideration. These assets are valued at their historical cost of acquisition, less the scheduled amortisation. With respect to scheduled amortisation, the software acquired in exchange for consideration and the industrial property rights were amortised over their expected useful lives (3 to 15 years).

26. Tangible assets

The breakdown of tangible assets is as follows:

	31 Dec 2020	31 Dec 2019
Land and property / Buildings	7,126	7,320
Other miscellaneous assets	1,447	1,617
Total	**8,573**	**8,937**

Tangible assets are recognised at their historical costs of acquisition, less any scheduled depreciation if the assets are subject to wear and tear. Tangible assets are depreciated on a straight-line basis over their useful lives (3 to 33 years). The carrying value of the tangible assets is subject to impairment testing. None of the assets have been subject to non-scheduled depreciation.

27. Development of the long-term assets

Fiscal year 2020	01 Jan 2020	Additions	Transfers	Disposals	Currency differences	31 Dec 2020
1. Concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets						
Gross	721	12	0	0	-56	677
Value adjustment	423	43	0	0	-36	430
Net	298	-31	0	0	-20	247
2. Tangible Assets						
Land and property / Buildings						
Gross	8,393	0	0	0	0	8,393
Value adjustment	1,073	194	0	0	0	1,267
Net	7,320	-194	0	0	0	7,126
Other miscellaneous assets						
Gross	2,761	68	0	57	-4	2,768
Value adjustment	1,144	238	0	57	-4	1,321
Net	1,617	-170	0	0	0	1,447
Total long-term assets						

Fiscal year 2020	01 Jan 2020	Additions	Transfers	Disposals	Currency differences	31 Dec 2020
Gross	11,875	80	0	57	-60	11,838
Value adjustment	2,640	475	0	57	-40	3,018
Net	9,235	-395	0	0	-20	8,820

Fiscal year 2019	01 Jan 2019	Additions	Transfers	Disposals	Currency differences	31 Dec 2019
1. Concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets						
Gross	1,279	0	0	571	13	721
Value adjustment	944	43	0	571	7	423
Net	335	-43	0	0	6	298
2. Tangible Assets						
Land and property / Buildings						
Gross	8,393	0	0	0	0	8,393
Value adjustment	879	194	0	0	0	1,073
Net	7,514	-194	0	0	0	7,320

Fiscal year 2019	01 Jan 2019	Additions	Transfers	Disposals	Currency differences	31 Dec 2019
Other miscellaneous assets						
Gross	2,612	155	98	105	1	2,761
Value adjustment	925	317	0	99	1	1,144
Net	1,687	-162	98	6	0	1,617
3. Assets under construction						
Gross	98	0	-98	0	0	0
Value adjustment	0	0	0	0	0	0
Net	98	0	-98	0	0	0
Total long-term assets						
Gross	12,382	155	0	676	14	11,875
Value adjustment	2,748	554	0	670	8	2,640
Net	9,634	-399	0	6	6	9,235

28. Rights of use

	2020	2019
As of 01 January	1,522	1,704
Revaluation due to rent increases	50	0
Depreciation	-188	-182

	2020	2019
Total	**1,384**	**1,522**

As a result of the first-time application of IFRS 16 as of 1 January 2019, the rights of use of rented office space for the Leipzig and Paris locations were recognised.

29. Deferred taxes

The following table sets forth the status of the deferred tax assets according to the balance sheet items:

	31 Dec 2020	31 Dec 2019
Deferred taxes based on temporary differences from a license transfer within the Group	2,760	3,450
Deferred taxes based on temporary differences from the application of IFRS 16	34	31
Total	**2,794**	**3,481**

The Group's tax losses carried forward as of 31 December 2020 totalled TEUR 5,700 (previous year: TEUR 6,194). For the the above mentioned losses carried forward no deferred taxes were recognised as the realisation is considered insufficient. Valued at individual tax rates, deferred taxes of up to TEUR 1,197 could have been recognised.

30. Other long-term assets

Other long-term assets consist only of security deposits paid for leased office space.

31. Short-term Liabilities

The short-term liabilities are allocated as follows:

	2020	2019
Liabilities to financial institutions	960	480
Income tax liabilities	817	1,202
Customer contract liabilities	551	571

	2020	2019
Provisions	209	239
Liabilities from leasing contracts	186	177
Trade payables	94	162
Other liabilities	298	288
Total	**3,115**	**3,119**

The customer contract liabilities are invoice amounts already recorded for subscription services in the respective following year.

32. Liabilities due to credit institutions

In 2018, InVision AG took out a bank loan secured by a land charge in the amount of TEUR 6,000 to refinance investments and to make further investments. Of this amount, TEUR 5,000 was drawn down by the company in the current financial year (previous year: TEUR 1,000). Since the third quarter of 2020, the loan has been repaid quarterly in the amount of TEUR 240. The repayment schedule provides for a repayment of TEUR 960 in the course of the 2021 financial year. The remaining portion of the loan is reported under long-term liabilities to credit institutions.

33. Leasing liabilities

The portion of lease liabilities classified as current according to IFRS 16 was TEUR 186 as of the balance sheet date (previous year TEUR 177).

34. Trade Payables

Trade payables show a balance of TEUR 94 and are lower than at the same time last year due to the balance sheet date.

35. Income tax liabilities and provisions

Income tax liabilities and provisions developed as follows:

	01 Jan 2020	Utilisation	Reversal	Allocation	Currency Difference	31 Dec 2020
Income tax liabilities	**1,202**	**415**	**0**	**31**	**-1**	**817**

	01 Jan 2020	Utilisation	Reversal	Allocation	Currency Difference	31 Dec 2020
Provisions for:						
- Personnel expenses	72	72	0	42	0	42
- Annual accounts costs	92	91	0	98	-1	98
- Outstanding invoices	34	17	12	22	-1	26
- Trade associations	20	20	0	20	0	20
- Other	21	17	0	19	0	23
Total provisions	**239**	**217**	**12**	**201**	**-2**	**209**
Total	**1,441**	**632**	**12**	**232**	**-3**	**1,026**

	01 Jan 2019	Utilisation	Reversal	Allocation	Currency Difference	31 Dec 2019
Income tax liabilities	**223**	**110**	**0**	**1,088**	**1**	**1,202**
Provisions for:						
- Personnel expenses	73	29	0	28	0	72
- Annual accounts costs	87	87	0	91	1	92

	01 Jan 2019	Utilisation	Reversal	Allocation	Currency Difference	31 Dec 2019
- Outstanding invoices	48	32	4	21	1	34
- Trade associations	20	20	0	20	0	20
- Other	149	83	63	17	1	21
Total provisions	**377**	**251**	**67**	**177**	**3**	**239**
Total	**600**	**361**	**67**	**1,265**	**4**	**1,441**

36. Customer contract liabilities and other liabilities

Customer contract liabilities and other liabilities are short-term and are allocated as follows:

	2020	2019
Customer contract liabilities	551	571
Other taxes	153	153
Payroll tax	113	106
Social security charges	30	23
Value added tax	2	2
Other miscellaneous liabilities	0	4
Total	**849**	**859**

The payments that the Group has received from customers for which services are still to be rendered over a certain period in the future were deferred as customer contract liabilities.

37. Liabilities due to credit institutions

The share of amounts due to credit institutions classified as non-current amounted to TEUR 4,560 (previous year: TEUR 520) on the balance sheet date.

38. Leasing liabilities

The portion of leasing liabilities classified as non-current according to IFRS 16 amounted to TEUR 1,310 as of the balance sheet date (previous year: TEUR 1,449).

39. Subscribed capital

The registered share capital of InVision AG is reported as the subscribed capital. The subscribed capital is divided into 2,235,000 no-par value shares (Stückaktie), each such share representing a notional amount of EUR 1.00 of the Company's registered share capital. At the end of the reporting period, the Company holds no treasury shares.

The Executive Board is authorised, with the consent of the Supervisory Board, to increase the registered share capital one or more times by up to EUR 1,117,500 (Authorised Capital Account 2020) on or before 28 May 2025.

Pursuant to the shareholder resolution adopted on 29 May 2020, the registered share capital was conditionally increased by up to EUR 1,117,500 (Conditional Capital Account 2020). Pursuant to a shareholder resolution also adopted on 29 May 2020, the Company was authorised to buy-back its own shares in a quantity representing up to 10 percent of the registered share capital as it existed at the time the resolution was adopted. The authorisation will remain in effect until 28 May 2025.

40. Reserves

The reserves include net proceeds, IPO costs (while factoring in tax effects), purchase and sale of the Company's own treasury shares and capital increases from company funds.

41. Equity capital difference based on currency conversion

The equity difference from currency conversion is a result of converting on the basis of the modified closing date method [modifizierte Stichtagsmethode]. The difference arises from conversion of the items on the income statement of those subsidiaries, which rendered their accounts in a foreign currency, at the average exchange rate and the conversion of the items of equity capital of those subsidiaries at the historical rate of the initial consolidation, on the one hand, and the exchange rate on the reporting date [Stichtagskurs] for the conversion of other assets and liabilities, on the other hand.

Notes to the Consolidated Statement of Comprehensive Income

42. Revenues

Revenues	2020	2019
Total	**12,752**	**12,618**

In the second half of 2020, the Company merged the development and sales organisations of the two product areas “Workforce Management” and “Education”, and therefore no longer publishes the respective revenue shares.

Revenues by region are categorised as follows:

By Regions	2020	2019
Germany	6,225	3,747
Foreign countries	6,527	8,871
Total	**12,752**	**12,618**

The breakdown of revenues by region is based on the location of the company recording the revenues.

43. Other operating income

Other operating income of TEUR 65 (previous year: TEUR 133) mainly includes compensation in kind from employee meals, revenue from the sale of IT hardware and income relating to other periods.

44. Cost of materials

Expenses for project-specific services provided by independent contractors amount to TEUR 0.5 (previous year: TEUR 3).

45. Personnel expenses

Personnel expenses consisted of the following:

	2020	2019
Wages and salaries	7,354	6,903
Social charges and other pension provisions	1,349	1,259
Total	**8,703**	**8,162**
- of which for pensions (direct insurance)	54	48

The direct insurance policies are classified as a defined contribution plan.

46. Depreciation and amortisation of tangible and intangible assets

Of the depreciation and amortisation reported, TEUR 188 (previous year: TEUR 182) relates to the rights of use to be capitalised under IFRS 16 since the beginning of the 2019 financial year.

No tangible or intangible assets were subject to impairment. Thus, only scheduled amortisation and depreciation is shown under this item.

47. Other operating expenses

Other operating expenses are itemised as follows:

Other operating expenses	**2020**	**2019**
Cloud services	768	762
Consulting costs	447	407
Office space expenses	293	370
Marketing costs	223	233
Travel expenses	78	366
Recruitment costs	75	68
Insurance costs	74	66
Other personnel expenses	58	166
Supervisory Board remuneration	56	56
Communication expenses	55	90
Costs for education and seminars	10	42
Receivable write-offs and bad debt allowances	9	18
Other miscellaneous expenses	170	224
Total	**2,316**	**2,868**

The expenses for online advertising activities reported under cloud services until the last financial year were reclassified to marketing expenses. For reasons of better comparability, the prior-year comparative figures have been adjusted and TEUR 44 reclassified accordingly.

48. Research and development

Research and development expenses amounted to TEUR 5,282 in the fiscal year (previous year TEUR 5,650).

49. Financial result

	2020	2019
Interest and similar expenses	-107	-108

Debt capital costs are recognised as an expense in the period in which they are incurred.

50. Income taxes

Income taxes are divided as follows:

	2020	2019
Income tax	73	-1,327
Deferred tax	-687	3,433
Total	**-614**	**2,106**

For details of the deferred tax assets recognised, please refer to the previous section 29. Deferred taxes are calculated on the basis of an income tax rate of 30% for the German corporation and the future local tax rate for the foreign subsidiaries.

The actual tax rate is computed as follows:

	2020	2019
Consolidated net income before taxes	986	889
Income tax	614	-2,106
Actual tax rate	**62%**	**-237%**

The difference between the theoretical income tax expense (when applying the tax rate applicable to the InVision Group) and the reported income tax expense may be attributed to the following causes:

	2020	2019
Result before income tax	986	889
Theoretical income tax expense based on the tax rate of the parent company	296	267
Effects of losses carried back / carried forward	-185	-893
International tax rate differences	-213	-623
Other tax effects	716	-857
Total	**614**	**-2,106**

In addition to non-tax-deductible expenses and non-taxable income, the other tax effects mainly include the development of deferred taxes from the sale of the software of injixo AG, Zug, Switzerland, to InVision AG in 2019, which is to be eliminated as an intra-group transaction but is recognised in the values of the tax balance sheet.

Notes to the Consolidated Cash Flow Statement

The cash flow statement shows changes in the cash position of the InVision Group in the fiscal year due to incoming and outgoing cash payments. Under IAS 7, cash flow is distinguished between cash flow from operating activities, cash flow from investing activities and cash flow from financing activities.

The net financial position, as reflected in the cash flow statement, consists of all liquid funds, which are reported on the balance sheet (i.e., cash on hand and credit balances at financial institutions) and which can be reduced to cash within three months (calculated from the date acquired) without causing any significant fluctuation in value, less any short-term financial liabilities. The cash flows from investing and financing activities are computed directly (i.e., on a cash basis). In contrast, cash flow from operating activities is derived indirectly from the results for the period. Cash flow from operating activities includes the following incoming and outgoing payments:

	2020	2019
Interest received	0	4
Interest paid	-107	-112
Income taxes received	0	251
Income taxes paid	-634	-394

The net financial position shown in the cash flow statement represents total liquid funds as reported in the consolidated cash flow statement.

Other Information

51. Financial assets and liabilities

The financial liabilities existing in the Group consist of a loan to refinance investments and to make further investments, liabilities from leases and current trade payables. The significant financial assets of the Group consist of cash and cash equivalents and accounts receivable. The book value of these positions, represents the maximum default risk and totals TEUR 8,786 (previous year: TEUR 3,775). Business relationships are established with creditworthy contracting parties (counter-parties) only. In order to evaluate the creditworthiness of counter-parties (above all, large customers), the Group relies on available financial information and on its own internal trading records. The Group holds trade receivables against a number of customers from a wide range of industries and regions. Credit assessments regarding the financial strength of the receivables are constantly performed. The typical terms of payment granted (with no discounts or deductions) are 30 days. With respect to all trade receivables, which were overdue by more than 45 days as of the balance sheet date and involve a default risk, bad debt allowances were created.

The Group did not execute any derivatives or hedging transactions. Reclassifications were not made either in 2020 or in 2019 as a result of the reclassification as part of the transition to IFRS 9.

There were no significant differences between the book value of the financial assets and liabilities reported and the fair values.

52. Capital risk management

The Group manages its capital (equity capital plus debt capital less cash and cash equivalents) with the goal of using financial flexibility to achieve its growth targets while at the same time optimising its financing costs. The overall capital management strategy has remained the same as in the previous year.

Management reviews the capital structure at least once each half-year. The review covers the costs of capital, the security and collateral provided, and the open credit lines and credit opportunities.

During the reporting year, the capital structure may be shown as follows:

	31 Dec 2020	**31 Dec 2019**
Equity capital	13,413	13,125
- as a percentage of total capital	60%	72%
Liabilities	8,985	5,088
- as a percentage of total capital	40%	28%
Short-term liabilities	3,115	3,119
- as a percentage of total capital	14%	17%

	31 Dec 2020	31 Dec 2019
Net gearing*	9%	19%

(*) calculated as the ratio of liabilities (less any cash and cash equivalents) to equity capital

The Group's equity ratio target is 50 percent.

53. Finance risk management

The monitoring of finance risk is handled by management on a centralised basis. Individual financial risks are generally reviewed at least once each quarter.

The Group's primary risks resulting from financial instruments involve liquidity and credit risks. As a rule, business transactions are executed only with creditworthy contracting parties. Moreover, the amounts of any receivables are constantly monitored in order to avoid exposing the InVision Group to any significant credit risk. The maximum default risk is limited to the book value of the asset as reported in the balance sheet.

The Group manages liquidity risks by holding adequate reserves, monitoring and maintaining credit agreements, and planning and coordinating incoming and outgoing payments.

54. Market risks

Market risks can arise from changes in exchange rates (currency risk) or interest rates (interest risk). Given the limited relevance these risks have for the Group, the Group has not heretofore hedged such risks using derivative financial instruments. These risks are managed through constant monitoring. Currency risks are largely avoided by virtue of the fact that the Group invoices primarily in euro or in the local currency. As of the balance sheet date, the receivables denominated in foreign currencies equalled TEUR 208 (previous year: TEUR 472) and the payables denominated in foreign currencies equalled TEUR 50 (previous year: TEUR 44). Had the euro appreciated by 10 percent compared to other currencies relevant to the Group as of 31 December 2020, then the pre-tax result would have been TEUR 13 (previous year: TEUR 21) lower.

55. Transactions between related parties

There were no transactions involving goods and services between closely related enterprises and persons, neither in the reporting period or the previous year.

56. Events after the balance sheet closing date

After the close of the fiscal year, no further specific transactions occurred, which would be of material importance for the consolidated financial statements.

57. Number of employees

In 2020 fiscal year, the Company employed on average 113 employees (previous year: 107), not including the Executive Board.

58. Information on the Company's governing bodies

The following person was a member of the Executive Board in the fiscal year:

- Peter Bollenbeck (Chairman), Düsseldorf, Germany

In the fiscal year, the Executive Board member received the following remuneration benefits:

In EUR	2020	2019
Peter Bollenbeck	**364,695**	**364,426**
of which fixed salary	360,000	360,000
of which other benefits	4,695	4,426

As of the balance sheet date, the Executive Board holds, either directly or indirectly, 35.14 percent of the Company's registered share capital (31 December 2019: 33.13 percent).

The Supervisory Board consists of:

- Dr. Thomas Hermes (Chairman), Attorney at Law and Notary, Essen, Germany
- Matthias Schroer (Deputy Chairman), Entrepreneur, Maurach, Austria
- Prof. Dr. Wilhelm Mülder, University Professor, Essen, Germany

Dr. Thomas Hermes is the supervisory board chairman of the registered housing association known as Wohnungsgenossenschaft Essen-Nord e.G., Essen, member of the supervisory board of Rot-Weiss Essen e.V., member of the respective board of trustees of Politisches Forum Ruhr e.V., Essen, and of Sankt-Clemens-Maria-Hofbauer-Stiftung, Essen. Matthias Schroer and Prof. Dr. Wilhelm Mülder do not sit on any other supervisory boards.

The remuneration of the Supervisory Board, paid as fixed remuneration, consists of the following:

In EUR	2020	2019
Dr. Thomas Hermes	25,000	25,000
Matthias Schroer	18,750	18,750
Prof. Dr. Wilhelm Mülder	12,500	12,500
Total compensation Supervisory Board	**56,250**	**56,250**

Otherwise in the fiscal year, the Supervisory Board members were not granted any loans or provided any advances for future payments, and no contingent liabilities were incurred for the benefit of such persons.

59. Information on the fees of the Company auditors

The fee for the Company's annual accounts auditor, which was recognised for fiscal year 2020, consists of the following:

	2020	**2019**
Auditing service for the annual accounts	53	53
Tax advisory services	9	5
Total	**62**	**58**

60. Information on segment reporting

Since the internal and external business processes for all products and services are to the largest extent identical, they collectively represent a single operating segment within the meaning of IFRS 8.

61. Proposal for the Appropriation of Profit

The Executive Board and the Supervisory Board propose to carry forward the net profit to new account.

62. Statement under § 161 of the German Stock Corporation Act

On 27 January 2021, the Executive Board and Supervisory Board issued a statement under § 161 of the German Stock Corporation Act regarding the extent to which it has elected to comply with the recommendations of the "Government Commission of the German Corporate Governance Code" and published this statement on the internet at www.ivx.com/en/investors/corporate-governance/compliance-statement.

63. Responsibility statement by the Executive Board

To the best of our knowledge and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the Group's assets, liabilities, financial position and results of operation, and the Group's management report includes a fair review of the development and performance of the business, together with a description of the principal opportunities and risks related to the anticipated development of the Group for the remainder of the fiscal year.

Düsseldorf, 19 March 2021

Peter Bollenbeck

Group Management Report

of InVision AG for the Financial Year 2020

The following management report was prepared in accordance with the requirements under § 315 of the German Commercial Code (HGB) and contains information about InVision AG, Düsseldorf (hereinafter also referred to as “AG” or “Company”), and its consolidated subsidiaries (hereinafter together with the Company also collectively referred to as “InVision”, “InVision Group”, “the Group” or “we”). As the Group’s parent company, InVision AG performs group management functions and, at the same time, is the key member of the InVision Group. The explanations below generally relate to the Group, unless there has been an express reference to the Company itself.

The Company

Business

The InVision Group develops and markets products and services for optimising workforce management and education, and is mainly active in Europe and the United States.

Employees

On 31 December 2020, InVision employed 118 people worldwide (including the Executive Board). The number of employees as of the balance sheet date was thus higher than in the previous year (31 December 2019: 110 employees). At the end of the year, 89 people were employed in Germany (31 December 2019: 86 employees), while 29 people were employed at the foreign subsidiaries (31 December 2019: 24 employees).

Research & Development

The research and development costs in the fiscal year decreased by 6.5 percent and totalled TEUR 5,282 (previous year: TEUR 5,650). Research and development costs as a percentage of revenues are at 41 percent (31 December 2019: 45 percent).

Information pursuant to § 315 a HGB

The Company’s registered share capital equals EUR 2,235,000 and is divided into 2,235,000 no-par value bearer shares. Each such share represents a notional share of the registered share capital of EUR 1.00. Each share entitles the holder to a single vote. Shareholders may exercise their rights and cast their votes at the Annual Shareholders' Meeting in accordance with the Company's articles of association and the statutory rules.

Pursuant to a resolution adopted by the Company's Shareholders' Meeting on 29 May 2020, the Executive Board was authorised in accordance with § 4 (4) of the Company's articles of association but subject to the consent of the Company's Supervisory Board, to increase the Company's registered share capital one or more times by a total of up to EUR 1,117,500 on or before 28 May 2025 and to do so by issuing new, no-par bearer shares in exchange for cash and/or non-cash capital contributions (Authorised Capital Account 2020). The new shares can also be transferred to certain banks specified by the Executive Board, which assume the responsibility of offering them to shareholders (indirect subscription rights).

The Executive Board is authorised, however, with the consent of the Supervisory Board, to exclude the shareholders' pre-emptive right to subscribe shares in the following cases:

- for fractional amounts,
- if the capital increase is carried out against cash capital contributions and the pro rata amount of registered share capital attributable to the new shares, for which the pre-emptive right is excluded, does not exceed 10 percent of the registered share capital available on the date that the new shares are issued and, in accordance with §§ 203 (1) and (2), 186 (3) sentence 4 AktG, the issue price of the new shares is not significantly lower than the stock market price of the same class of existing publicly listed shares (with the same features) at the time that the Executive Board definitively sets the issue price. Included in this maximum threshold amount for a pre-emptive right's exclusion is the pro rata amount of the registered share capital that is attributable to shares, which had already been issued since 29 May 2020 from the authorised capital account of 2020 or which could be subscribed on the basis of the option and conversion rights granted since 29 May 2020 or on the basis of conversion duties also established since that time, if - upon utilising the authorised capital account or upon the granting of the warrant-linked and/or convertible bonds, the shareholder's pre-emptive rights would be excluded pursuant to or consistently with § 186 (3) sentence 4 AktG. Also added to the maximum threshold is the pro rata amount of the registered share capital attributable to treasury (own) shares, which the Company has bought back since 29 May 2020 on the basis of the authorisation granted pursuant to § 71 (1) no. 8 AktG and have been sold to third parties in exchange for a cash payment without having granted a shareholder pre-emptive right, unless the sale was carried out either on the open stock market or based on a public offer made to the shareholders;
- to the extent it would be necessary to grant to the holders of conversion or option rights under any convertible or warrant-linked bonds a subscription right, to which they would be entitled as shareholders after having exercised a conversion right or option right or after having discharged a conversion duty;
- for capital increases in exchange for the non-cash capital contributions, specifically for purposes of acquiring companies, divisions of companies and equity holdings.

Pursuant to a shareholder resolution adopted on 29 May 2020, the registered share capital was increased conditionally by up to EUR 1,117,500 (Conditional Capital Account 2020). The conditional capital increase must carried out only to the extent that the creditors, to whom convertible or warrant-lined bonds were issued by the Company on the basis of the authorising resolution of the Shareholders' Meeting on 29 May 2020, exercise their conversion rights on or before 28 May 2025 and the Company has not satisfied the conversion claim in some other manner. The new shares will be entitled to draw dividends as of the beginning of the fiscal year in which they are issued. The Executive Board is authorised, with the consent of the Supervisory Board, to stipulate the details concerning the implementation of the respective conditional capital increase.

Pursuant to the shareholder resolution adopted on 29 May 2020, the Company was authorised to buy back its own shares in an amount representing a 10 percent pro rata amount of the registered share capital of EUR 223,500. The repurchased shares, together with the other treasury shares, which the Company has previously acquired and still holds or which must be attributed to the Company under § 71 a et seq. AktG, cannot exceed 10 percent of the Company's registered share capital. The authorisation is in effect until 28 May 2025. The shares purchased on the basis of the authorisation may be used for all legally permissible purposes.

The authorisation to buy back the Company's own shares was granted to the Company in order, inter alia, to flexibly adjust the equity capital to meet the changing business needs and to be able react to favourable stock market conditions. In addition, the acquired shares may be used as consideration when acquiring companies or when making equity investments in companies.

On the reporting date, the Company did not hold any treasury shares.

To the Company's knowledge, as of 31 December 2020, the following shareholders held more than 10 percent of the Company's registered share capital:

- Peter Bollenbeck, Düsseldorf, Germany (35.14%), thereof 17.00% direct, 18.14% indirect via InVision Holding GmbH
- InVision Holding GmbH, Düsseldorf, Germany (18.14%)
- Matthias Schroer, Maurach, Austria (11.32%)
- Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn, Germany (10.08%)
- Armand Zohari, Bochum, Germany (10.00%)

Executive Board members are appointed and dismissed in accordance with §§ 84 et seq. of the AktG.

According to Section 6 (1) sentence 1 of the articles of association, the Management Board consists of at least one person. Alternative members of the Executive Board may be appointed. Pursuant to § 6 (2) of the articles of association, the Supervisory Board is responsible for determining the number of, and appointing the regular Executive Board members and alternate Executive Board members and has the authority to revoke such appointments. The Supervisory Board is also responsible for selecting a member of the Executive Board to serve as that body's chairman and for selecting other Executive Board members to serve that body's deputy chairmen. § 8 sentence 2 of the articles of association specifies sole representation if only one member of the Executive Board has been appointed.

Amendments to the articles of association are adopted by the Shareholders' Meeting if, in accordance with § 179 AktG, a majority of at least three-quarters of the registered share capital represented at the meeting votes in favour of the amendment.

Pursuant to § 10 (2) of the articles of association, the Supervisory Board is authorised to amend the articles, provided the amendment involves only the wording. Pursuant to § 21 (1) of the articles of association, the shareholder resolutions require a simple majority of the votes cast, unless the laws prescribe another majority. In those cases in which the laws require a majority of the registered share capital represented at the time the resolution is adopted, a simple majority of the represented registered share capital will suffice, unless the laws prescribe a higher majority.

There are no significant agreements which are subject to a restriction relating to a change of control resulting from a takeover offer. Likewise, no agreements for indemnifying employees or members of the Executive Board in the event of a takeover offer have been reached.

General Business Conditions

According to the International Monetary Fund, the economic output in the euro area decreased by 7.2 percent in 2020 and 3.4 percent in the United States. According to Bitkom Research GmbH, the market for information technology decreased by 0.7 percent during 2020.

Business Development

The most significant financial performance indicators of the InVision Group are the Group revenues and the EBIT margin (ratio of consolidated earnings before interest and taxes as a percentage of revenues). Due to the Group's business model, a positive or negative development of these performance indicators has a correlating effect on the development of the net assets and financial position.

Results of operation

During the reporting year, consolidated revenues increased by 1 percent to TEUR 12,752 (previous year: TEUR 12,618). The Company merged the development and sales organisations of the two product areas “Workforce Management” and “Education” in the second half of 2020 and therefore no longer publishes the respective revenue shares.

Other operating income decreased by 51 percent to TEUR 65 (previous year: TEUR 133).

Personnel expenses increased by 7 percent to TEUR 8,703 in the reporting year (previous year: TEUR 8,162). The personnel expenses ratio thus amounts to 68 percent (previous year: 65 percent).

Depreciation of intangible assets and property, plant and equipment decreased by 10 percent to TEUR 663 (previous year: TEUR 737). Of the reported depreciation and amortisation, TEUR 188 (previous year: TEUR 182) relate to the rights of use from leasing contracts to be capitalised under IFRS 16 since the beginning of the 2019 financial year.

Other operating expenses decreased by 19 percent to TEUR 2,316 in the fiscal year 2020 (previous year: TEUR 2,868) and thus represent 18 percent in relation to the consolidated revenues (previous year: 23 percent). This development essentially reflects the financial consequences of the Company’s measures in response to the Covid-19 pandemic. The Group’s business premises were temporarily closed to protect the workforce. Travel activities were scaled back to a minimum. Business operations were maintained in a remote setup without interruption. Services for customer projects were also provided exclusively remotely.

Expenses for cloud services increased by 1 percent to TEUR 768 (previous year: TEUR 762). The expenses for online advertising activities reported under cloud services until the last financial year were reclassified to marketing expenses. For reasons of better comparability, the prior-year comparative figures have been adjusted and TEUR 44 reclassified accordingly. At TEUR 447, consulting expenses were 10 percent higher than in the previous year (previous year: TEUR 407). Office space expenses decreased by 21 percent to TEUR 293 (previous year: TEUR 370), which is mainly due to the temporary termination of the leased office space for InVision Software Inc., Chicago, USA, and the temporary closure of the other offices of the InVision Group. Marketing expenses decreased by 4 percent to TEUR 223 (previous year: TEUR 233). Travel expenses decreased by 79 percent to TEUR 78 (previous year: TEUR 366). Recruitment costs increased by 10 percent to TEUR 75 (previous year: TEUR 68). Other personnel expenses fell by 65 percent to TEUR 58 (previous year: TEUR 166) and mainly relate to staff catering. Communication expenses fell by 39 percent to TEUR 55 in the reporting year (previous year: TEUR 90).

The operating result (EBIT) for the reporting period amounts to TEUR 1,135 and is 16 percent above the previous year (TEUR 981). The EBIT margin rose to 9 percent (previous year: 8 percent).

At TEUR 107, interest expenses were on the previous year's level (previous year: TEUR 108). This is mainly due to a commitment loan of TEUR 6,000 that was taken out in 2018, of which TEUR 5,000 was drawn down in the fiscal year (previous year: TEUR 1,000). According to IFRS 16, lease payments are divided into repayments and interest payments. The interest portion was recognised accordingly in the income statement under interest expense.

Taxes on income and earnings show a total amount of TEUR -614 (previous year income: TEUR 2,106). On the one hand, this includes tax expenses of TEUR -112 for taxes on profits of the companies injixo AG, Zug, Switzerland, InVision Software SAS, Paris, France, InVision Software Ltd., London, United Kingdom, and InVision Software B.V., Utrecht, Netherlands. In the opposite direction, income of TEUR 185 was recognised for the loss carryback of InVision AG, Düsseldorf.

On the other hand, expenses for the release of deferred tax assets of TEUR -687 were recognised in the income statement. This was mainly based on the intra-group sale of software licences for workforce management from injixo AG, Zug, Switzerland, to InVision AG, Düsseldorf, in the amount of TEUR 11,500. In 2019, the transaction led to the capitalisation of intangible assets in the financial statements of InVision AG, Düsseldorf, and thus to a temporary difference between the consolidated balance sheet and the commercial/tax balance sheet, for which deferred tax assets of TEUR 3,450 had to be recognised. These will be reversed pro rata temporis up to and including 2024 in line with the corresponding useful lives of the licenses.

In the financial year 2020, the consolidated net income amounts to TEUR 372 (previous year: TEUR 2,995). Earnings per share amount to EUR 0.17 (previous year: EUR 1.34), based on an average of 2,235,000 shares (previous year: 2,235,000 shares).

Overall, and despite the global impact of the Covid-19 pandemic, revenue development and thus also business performance in 2020 were in line with expectations.

Net assets and financial position

The liquid funds increased by 198 percent to TEUR 7,791 as of 31 December 2020 (previous year: TEUR 2,616). The commitment loan totaling TEUR 6,000, which was taken out in 2018, was fully drawn down in the fiscal year by calling TEUR 5,000 (previous year: TEUR 1,000).

As of the balance sheet date, trade receivables were at TEUR 995, and thus 14 percent below the comparable prior-year figure (previous year: TEUR 1,159). Income tax refund claims increased to TEUR 367 (previous year: TEUR 44). In addition to InVision AG, these relate to the subsidiaries in France and the United Kingdom. Prepaid expenses and other current assets amounted to TEUR 240 (previous year: TEUR 136). In the year under review, intangible assets went down by 17 percent to TEUR 247 (previous year: TEUR 298). Property, plant and equipment totalled TEUR 8,573 (previous year: TEUR 8,937). The rights of use for leased office space in Leipzig and Paris recognised in accordance with IFRS 16 amount to TEUR 1,384 (previous year: TEUR 1,522). Deferred tax assets decreased by 20 percent to TEUR 2,794 (previous year: TEUR 3,481). The intra-group sale of software licenses in fiscal year 2019 led to the capitalisation of intangible assets in the financial statements of InVision AG, and thus to a temporary difference between the consolidated balance sheet and the commercial/tax balance sheet, for which deferred tax assets had to be recognised. These will be reversed pro rata temporis up to and including 2024 in line with the corresponding useful lives of the licenses. As in the previous year, other non-current assets exclusively comprise security deposits paid for rented office space.

The available commitment loan of TEUR 6,000 was fully utilised in the fiscal year by drawing down TEUR 5,000 (previous year: TEUR 1,000). This loan was taken out to refinance investments and to make further investments, and was reported in the balance sheet as current and non-current financial liabilities in accordance with their maturities. Since the third quarter of 2020, the loan has been repaid quarterly in the amount of TEUR 240 each.

Trade payables fell by 42 percent to TEUR 94 as of the balance sheet date (previous year: TEUR 162). Provisions fell by 13 percent to TEUR 209 (previous year: TEUR 239).

Income tax liabilities decreased by 32 percent to TEUR 817 (previous year: TEUR 1,202). These relate primarily to injixo AG, Zug, Switzerland, and InVision AG, Düsseldorf.

Customer contract liabilities and other current liabilities decreased by 1 percent to TEUR 849 (previous year: TEUR 859).

Reserves amounted to TEUR 1,191 at the end of the reporting period (previous year: TEUR 1,191). The consolidated balance sheet result amounts to TEUR 10,474 (previous year: TEUR 10,102).

As of 31 December 2020, the balance sheet total equalled TEUR 22,398 (previous year: TEUR 18,214). Equity capital was at TEUR 13,413 (previous year: TEUR 13,125), and the equity ratio equalled 60 percent (previous year: 72 percent).

Basic Principles of the Compensation System

The members of the Company’s Supervisory Board are paid a fixed fee of EUR 12,500. The Chairman of the Supervisory Board receives twice that amount, and the Deputy Chairman receives one and one-half times that amount. The fee is paid at the latest by the end of the fiscal year.

The Executive Board compensation consists of a fixed-base salary as well as an allowance to cover their costs for health insurance and long-term care insurance. Moreover, the Company has executed a D&O insurance policy with a deductible.

Risk Report

Principles of risk management and of accounting-related internal control system

For the InVision Group, a comprehensive and self-contained risk management programme is a significant component of the Group's corporate strategy. A company-wide monitoring system ensures the systematic identification and assessment of risks regarding any likelihood of occurrence or the possible quantitative effects on corporate value.

Risk management is intended to identify, at an early stage, specifically any risks which threaten the Company's very existence in an effort to launch effective counter-measures for avoiding the risks. Another goal is to minimise the possible adverse effects, which all risks could have on the net assets, financial position and results of operation, while largely preserving the corresponding opportunities.

Potential counter-measures for dealing with risk include, for example, avoiding high-risk activities, reducing individual areas of potential risk by utilising commercial alternatives with a lower potential for risk, diversifying and limiting individual risks, and shifting risks onto insurance carriers or contracting parties.

The Executive Board is responsible for administering the risk management. A fundamental review of all risks is made once each year, at least. There are standardised accounting rules used in the Group's companies, the compliance with which is continuously monitored. This also guarantees that the accounts conform to the standard accounting rules applicable from time to time. An internal ad hoc report is prepared in the event that there are significant changes or newly emerged risks. All risk-relevant topics and the then-current economic situation over time are constantly monitored. If necessary, operational teams or external experts are called in to participate.

The risk management is described and detemined in a group risk management policy.

Significant risks related to the business

InVision depends on seasoned and well-trained teams of employees. The future success of InVision will also depend on finding and retaining, on a long-term basis, highly qualified employees. The competition for employees with scientific, technical or industry-specific expertise is quite intense. It is therefore possible that the Company will be unable to promptly recruit new staff on the open labour market and that this may give rise to additional costs. The loss of qualified staff or long-term difficulties in hiring suitable employees could result in InVision's inability to successfully implement important decisions and courses of action, which in turn would impair its business operations. This particularly applies in the case of a zombie apocalypse.

In favour of the introduction of new product categories, InVision has given only secondary priority to the support of existing customers in recent years. This has had a negative impact on the overall satisfaction of these customers. It is thus possible that existing customers switch to products from InVision's competitors, meaning that the previous sales streams are drying up sustainably. Unless InVision succeeds in stabilising customer satisfaction at a high level, this can have a permanently negative effect on the business activities.

The methods, processes and technologies used by InVision to date for introducing workforce management products had resulted in disproportionately long introduction cycles and often incompletely used functionality. This can result in customers experiencing only limited value from continuous use during or after the product launch, and subsequently deciding to discontinue the use of the product, so that existing revenue streams dry up sustainably and the possibility of establishing new revenue streams is restricted. If InVision does not succeed in changing the methods, processes and technologies used to date to introduce products to customers in such a way that customers quickly and permanently achieve a high value from the use of the products, this could have a lasting negative impact on its business activities.

The management of risks takes particular importance in times of the Covid-19 pandemic. Based on the current analysis, however, the risk structure of the InVision Group has not changed significantly compared to the previous fiscal year, even though the general risk of bad debts has generally increased as a result of macroeconomic developments. Measures have been taken to protect the workforce and to maintain business operations.

The aforementioned risks, both individually and collectively, could have adverse effects on the net assets, financial position and results of operation of the Company and of the InVision Group as a whole.

Compliance Statement

The current statement according to §161 AktG, the current statements on corporate governance practices, the operating principles followed by the Executive Board and the Supervisory Board as well as the composition and operations of their committees are available on the Company's website under "Corporate Governance" at www.ivx.com/en/investors.

Forecast Report & Opportunities

Anticipated global economic development

According to the forecasts made by the International Monetary Fund, the economic output in the euro area will increase by 4.2 percent in 2021, whereas the economic output in the United States will increase by 5.1 percent. According to the forecast made by Bitkom Research GmbH, the market for information technology will grow by 4.2 percent in 2021.

Anticipated development of InVision

From 2018 to 2020, we have repositioned InVision across all divisions, creating the structures for sustainable business growth. We operate a highly scalable business model, have an excellent strategic starting position and significant untapped growth potential with numerous growth options.

We therefore plan to invest significantly in the expansion of our business activities over the next five years. A key part of the investment program is the recruitment of up to 400 additional employees in all business areas. For 2021, the focus will be on the massive expansion of capacities in customer service and related areas. We expect that the investments will temporarily result in a negative EBIT, both in 2021 and 2022, of up to minus EUR 6 million in total. EBIT performance is therefore the key performance indicator for 2021. As a result, we expect sustainable average growth rates of at least 30 percent per year from 2022 to 2025. In 2025, we expect annual revenues of more than EUR 50 million and an EBIT margin of more than 25 percent.

We plan to establish an employee participation program in 2021 to improve the recruitment and long-term retention of highly qualified employees. We also reserve the right to examine options for a capital increase for further funding of growth in the course of 2021.

Düsseldorf, 19 March 2021

Peter Bollenbeck

Independent Auditor’s Report

“To the InVision Aktiengesellschaft, Düsseldorf, Germany

Audit Opinions

We have audited the consolidated financial statements of InVision Aktiengesellschaft and its Subsidiaries (the Group) – consisting of consolidated balance sheet as at December 31, 2020, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement for the financial year from January 1, 2020 to December 31, 2020, and the notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the group management report of InVision Aktiengesellschaft for the financial year from January 1, 2020 to December 31, 2020. In accordance with German legal requirements, we have not audited the content of those part of the group management report listed in “Other Information” section of our auditor’s report.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying consolidated financial statements comply, in all material respects with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) of the Handelsgesetzbuch (HGB) and give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2020 and of its financial performance for the financial year from January 1, 2020 to December 31, 2020 in compliance with German Legally Required Accounting Principles, and
- the accompanying group management report as a whole provides an appropriate 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 future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the “Other Information” section of our auditor’s report.

Pursuant to § 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014; hereinafter "EU-APrVO") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany - IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the Group Entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, we declare pursuant to Article 10 (2) (f) of the EU-APrVO that we have not provided any prohibited non-audit services pursuant to Article 5 (1) of the EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those that, based on our professional judgement, were most significant in our audit of the consolidated financial statements for the financial year from January 1, 2020 to December 31, 2020. These matters were taken into account in the context of our audit of the consolidated financial statements as a whole and in the forming our opinion thereon; we have not issued a separate opinion on these matters.

In our view, the following key audit matters were most significant:

- Revenue recognition
- Deferred taxes on losses carried forward

We have structured our presentation of these key audit matters as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

The key audit matters are presented below:

Revenue recognition

1. Revenue recognition was selected as a key audit matter because it identified a significant risk within the meaning of IDW PS 261 n.F. and because it was also the most significant audit issue for the current reporting period. Significant risks are risks of error, which, due to their nature or the extent of possible misstatements in the financial statements, require special attention during the audit. The risk of error here lies primarily in the failure to record sales revenues in a timely manner (especially too early) and thus in the excessive reporting of results such as EBIT, EBT and consolidated net income.

2. In the course of our audit, we have, among other things, based on the sales revenues recorded by the companies included in the consolidated financial statements and for the various types of revenue, obtained evidence on a sample basis for the provision of services up to the balance sheet date. In selecting random samples, we also assumed the amount of individual sales revenues in order to achieve the greatest possible coverage of the reported sales revenues by our audit. In addition, we have selected samples and examined the appropriate recording on the basis of evidence. Where, in the case of invoices to customers covering more than one reporting date, deferrals had to be made, we satisfied ourselves that the deferrals made were correct and that the revenues were allocated to the correct accounting period. In addition, we examined the total number of services provided to customers in the fiscal year, determined on the basis of pre-systems (customer platform), in those sales areas in which this was possible due to the nature of the services, to ensure that they were consistent with the recorded revenues. We also examined the order-related billing parameters taken into account in this context on the basis of underlying contracts and general conditions in random samples.

3. In the consolidated financial statements of InVision Aktiengesellschaft, revenues of TEUR 12,752 are reported in the IFRS statement of comprehensive income. In addition, explanations are provided in the notes to the consolidated financial statements under item 42 and the results based on this in the following items and in the Group management report in the section „Ertragslage".

Deferred taxes on losses carried forward (Latente Steuern auf Verlustvorträge)

1. Due to the assessment by the legal representatives required for the capitalisation or non-capitalisation of deferred taxes and due to the amount of unrecognized loss carryforwards, we have identified this matter as a particularly important audit issue. A deferred tax asset on temporary differences and on as yet unused tax losses carried forward must be recognised to the extent that it is probable that future taxable income will be available against which the unused losses or tax benefits can be offset.

2. In order to assess the appropriate accounting treatment, we have examined the underlying assumptions and the origin of the tax loss carryforwards as part of the audit. This included an assessment of whether, on the basis of the planning with its implicit planning uncertainties, it was possible to waive capitalisation of the tax loss carryforwards both for the Group as a whole and at the level of the individual companies concerned.

3. InVision Aktiengesellschaft has not recognised any deferred taxes on tax loss carryforwards totaling TEUR 5,700 (measured at the applicable tax rate of TEUR 1,197) in its IFRS consolidated financial statements. In the consolidated financial statements of InVision Aktiengesellschaft, an explanation of the existing non-capitalised loss carryforwards can be found in note 29 of the notes to the consolidated financial statements.

Other Information

The legal representatives are responsible for other information. The other information comprises:

- the consolidated corporate governance statement, which is referred to in the section “Corporate Governance Statement” of the Group Management Report; this is an unaudited part of the Group Management Report,
- the remaining parts of the Annual Report, with the exception of the audited consolidated financial statements and Group management report and our audit opinion,
- the assurance in accordance with § 297 (2) sentence 4 of the HGB for the consolidated financial statements and the assurance in accordance with § 315 (1) sentence 5 of the HGB for the Group management report.

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

In connection with our audit, we have the responsibility to read the other information and consider whether the other information

- contains material inconsistencies with the consolidated financial statements, the Group Management Report or our findings from the audit; or
- otherwise appears to be materially misstated.

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

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS, as adopted by the EU, and the additional requirements of German law pursuant to § 315e (1) HGB and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles. In addition, the legal representatives are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In 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 for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the legal representatives as executive directors are responsible for the preparation of the group management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of 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 § 317 HGB and the EU-APrVO and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based

on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant ti Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence for the accounting information of the Companies or business activities within the Group to express audit opinions on the consolidated financial statements and the group management report. We are responsible for the direction, monitoring, and performance of the group audit. We are solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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.

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

We make a declaration to those charged with governance, that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be expected to affect our independence and the safeguards put in place to protect it.

From the matters that we have discussed with those charged with governance, we have identified those matters that were most significant in the audit of the consolidated financial statements of the current reporting period and are therefore the most significant audit matters. We describe these matters in our audit opinion unless laws or regulations preclude public disclosure of the matters.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Assurance report in Accordance with sec. 317 (3b) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with sec. 317 (3b) HGB to obtain reasonable assurance about whether reproduction of the consolidated financial statements and the group management report (hereinafter "ESEF documents") contained in the attached electronic file "InVision-Konzern-2020.zip" and prepared for publication purposes complies in all material respects with the requirements of sec. 188 (1) HGB for the electronic reporting format ("ESEF-Format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither the information contained within the reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of sec. 328 (1) HGB for the electronic reporting format. We do not express an opinion on the information contained in this reproduction nor any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financials year from January 1 through December 31, 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with sec. 317 (3b) HGB and the

Exposure Draft of IDW Assurance Standard (ED IDW AsS 410). Accordingly, our responsibilities are further described in the “Group Auditor’s Responsibilities for the Assurance Engagement on the ESEF-Documents” section. Our audit firm has applied the IDW Standard for Quality Management in the Audit Firm (IWD QS 1).

Responsibilities Executive Directors and the Supervisory Board for the ESEF-Documents

The executive directors of the company are responsible for the preparation of the ESEF-documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with sec. 328 (1) sentence 4 Nr. 1 HGB and the tagging of the consolidated financial statements in accordance with sec. 328 (1) sentence 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF-Documents free from material non-compliance with the requirements of sec. 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the company are also responsible for the submission of the ESEF-Documents together with the auditor’s report and the attached consolidated financials statements and audited group management report as well as other documents will be published to the operator of the German Federal Gazette (Bundesanzeiger).

The supervisory board is responsible for overseeing the preparation of the ESEF-Documents as part of the financial reporting process.

Group Auditor’s responsibilities for the assurance engagement on the ESEF-Documents

Our objective is to obtain reasonable assurance about whether the ESEF-Documents are free from material non-compliance with the requirements of sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgement and maintain professional scepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of sec. 328 (1) HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of the internal control relevant to the assurance engagement on the ESEF-Documents in order to design assurance procedures

that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF-Documents, i.e. whether the electronic requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as of the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF-Documents enables a HTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF-Documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Other information according to Article 10 of the EU Audit Regulation

We were elected as the auditor of the consolidated financial statements by the Annual General Meeting on May 29, 2020. We confirmed the engagement in writing on December 31, 2020. The Supervisory Board countersigned the confirmation in writing on February 10, 2020. We have been the auditors of the consolidated financial statements of InVision Aktiengesellschaft without interruption since fiscal year 2007.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the Board in accordance with Article 11 of the EU Audit Regulation (audit report).

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Rainer Grote.“

Düsseldorf, March 22, 2021

RSM GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Grote - Wirtschaftsprüfer
Knöpfle - Wirtschaftsprüfer