



# GROWTH

ANNUAL  
REPORT

2021



# THE OTRS GROUP

## **The OTRS Group & Its Service Management Solutions**

The Group comprises OTRS AG and its six subsidiaries: OTRS Inc. (USA), OTRS S.A. de C.V. (Mexico), OTRS Asia Pte. Ltd. (Singapore), OTRS Asia Ltd. (Hong Kong), OTRS do Brasil Soluções Ltda. (Brazil) and OTRS Magyarország Kft (Hungary).

OTRS AG is the manufacturer and the world's largest service provider for the help desk and IT service management software **OTRS** and **OTRS On-Premise**.

**OTRS** and **OTRS On-Premise** are the OTRS Group's answers to market demand for exclusive packages for professional use, consisting of individual features coupled with specially adapted services. The service portfolio includes process design, implementation, customizations, application support, corporate security and managed OTRS services.

**OTRS** is fully managed help desk software and provides solutions for the areas of customer service, IT service management and corporate security. This includes platform management on the hardware side; implementing updates and upgrades; and holistic application management, i.e. usage, administration, the implementation of necessary patches, general and security-critical upgrades.

We stand for established, individually configured solutions – regardless of company size, sector or choice between a cloud version or a variant operated in a customer's own data center. Our offering, therefore, includes both a fully managed and an on-premise solution.

OTRS AG has been listed on the Frankfurt Stock Exchange since 2009 and has been part of the Basic Board segment since 1 March 2017 (ISIN: DE000A0S9R37, WKN: A0S9R3).

**OTRS** is used by companies worldwide to optimize their service delivery, increase customer satisfaction and reduce costs by using an integrated solution. Our customers include companies and organizations such as the German Federal Office for Security in Information Technology (BSI), the Max Planck Institute, Toyota, TUI Cruises, Lufthansa, Airbus and Porsche.

Further information on OTRS Group products and services can be found at [www.otrs.com](http://www.otrs.com).

# LETTER TO SHARE HOLDERS



Dear Shareholders,

We have had an extraordinary fiscal year – one that presented itself in various ways. While the COVID pandemic continued to generate uncertainty, we were, nonetheless, able to end fiscal year 2021 with great success. Our revenue exceeded EUR 10 million for the first time in the company's history.

This success is as a result of having a clear business strategy and a forward-looking product and service portfolio. As a solution-as-a-service provider, we believe in flexibility and give companies the freedom to be successful. Digital structures that incorporate standardized processes and make communication transparent create freedom for the creativity that helps companies to grow. Change processes at companies take time and require sustainable investment, but we are seeing that the opportunities of digitalization have the upper hand and our customers want to seize these opportunities.

## **Revenue surpasses EUR 10 million**

In fiscal year 2021, OTRS AG generated revenue of EUR 11,043 thousand (previous year: EUR 9,708 thousand), representing revenue growth of 13.8 %. It is still our company's strategy to increase the predictability of revenue by achieving a high share of recurring revenue. Recurring revenue climbed by 11.2 % to EUR 9,845 thousand in the reporting year (previous year: EUR 8,855 thousand) and accounted for 89.1 % of total revenue in 2021 (previous year: 91.2 %). Recurring revenue results from existing contracts with fixed terms, which are usually renewed after they expire. Increasing it enhances planning certainty and opens up economies of scale. This way, income can be increased while the consumption of resources climbs at a slower rate. Other revenue – essentially consulting revenue – increased from EUR 854 thousand in the previous year to EUR 1,198 thousand. EBITDA increased slightly to EUR 2,395 thousand in fiscal year 2021 from EUR 2,308 in the previous year with an operating cash flow of EUR 2,511 thousand. EBIT amounted to EUR 1,710 thousand after EUR 1,761 thousand in the previous year. OTRS AG's earnings per share amounted to EUR 0.62 in fiscal year 2021 (previous year: EUR 0.63). The equity ratio of 37.6 % (previous year: 35.6 %) rounds out a generally robust balance sheet.

For the first time in the past year, we distributed a dividend of EUR 0.07 per eligible share. We would like you, our shareholders, to share once again in our successful fiscal year 2021. At the Annual General Meeting on 21 July 2022, we will, therefore, propose a dividend of EUR 0.15 per eligible share. Our goal is to continue our dividend policy on the basis of sustainable growth moving forward.

The IT and software market offers ample opportunity for this. While the pandemic meant major challenges for many companies – including for us – it was another source of stimulus for digitalization. Backlog potential was revealed and the major benefit of digital tools became clear. Our solutions are thus being met with high demand. These are good environmental conditions for further growth.

### **Honed product strategy taking effect**

The foundation for this is formed by our product strategy. We have honed this and decided not to release a further Community Edition. There is a clear focus on the cloud version of OTRS. This decision has paid off significantly in terms of OTRS awareness, and it energized demand at the start of the year in particular. At the same time, we saw a rise in our loyalty rate that confirms our assumption that we are moving in the right direction. The significance of outsourcing areas of IT has increased for many companies and will continue to play a major role in the business world. Managed services support the optimal allocation and utilization of resources, which enhances profitability and increases operating efficiency.

2021 presented us with clear signals for growth. We were able to successfully continue on our chosen strategic path and have achieved key milestones. We will continue to focus our competencies and energies on designing and implementing a holistic solution management approach. This way, we will help our customers rise to their challenges in a way that allows them to exhaust all potential growth – today and tomorrow.

### **Continuing our growth trajectory**

We are forecasting revenue growth of 7 % despite the COVID pandemic. The forecasted total revenue for fiscal 2022 will thus amount to around EUR 11.8 million. We are thus continuing our trend of continuous moderate growth.

I would like to take this opportunity, on behalf of the entire Management Board, to thank our employees for their dedication and hard work in 2021. This success would never have been possible without the passionate OTRS team.

And I thank you, our shareholders, for the confidence you have placed in us. We hope that you will continue to accompany us on our journey.

Sincerely,

A handwritten signature in blue ink, appearing to read 'André Mindermann', written in a cursive style.

André Mindermann  
Chief Executive Officer



# MANAGEMENT BOARD



**André Mindermann**  
CEO & Founder



**Sabine Riedel**  
Member of the  
Management Board  
for Marketing &  
Human Relations



**Christopher Kuhn**  
Member of the Management  
Board & COO



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# GROWTH

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# GROWTH

... sometimes explicitly, sometimes implicitly, seems to be an indicator of business success – especially when it comes to increasing revenue, headcount, contracts and more.

This “higher, faster, further” has long been the driving mentality of the economy, business and, in many cases, the credo of a now hyperdynamic society – and it seems to define, so to speak, the prerequisites for (business) growth.

**But what form can such growth take in a world whose resources are limited and in which we are talking about sustainability, recycling, carbon emissions and how to reduce them?** A world in which we have been calculating an Earth Overshoot Day for more than 50 years now, a day that comes sooner and sooner every year, and a world that is becoming a shared economy.

It is precisely the above terms that are omnipresent today, that are stirred into our strategies and seek to be considered in our (long-term) business decisions.

And we make a distinction between quantitative and qualitative growth and the value that we ascribe to these, for it is important to us to convey that growth and development are not the same thing.

We see it the same way as Johannes Nill, who said: **Growth itself is not a value; it is merely the byproduct of other objectives.**

Even though we – as a group of international companies in Germany and beyond – can only make a token contribution with our careful approach to growth, it nonetheless has a special relevance. Namely for our customers, employees and partners.

Reason enough to dedicate a little space to explaining our definition of growth and to title our 2021 annual report GROWTH.

For growth

... is **not** necessarily the same thing as business success,

... is not just about numbers for us, rather we also see it as an **ideal**,

... has a new significance in times of climate change and sustainability efforts and needs a **new mindset**.

Together, let's take a look at **growth** from different perspectives as well as in its and our own implementation.

Join us and share!

# ENERGY FOLLOWS ATTENTION

(Martin Seligman)

André Mindermann, CEO & Founder

Over the past two years, we have experienced something that was probably beyond the imagination of many people and that my generation – if at all – only knew from a history book: A pandemic toppled us into a crisis that had not just economic, but also social, not just physiological, but also psychological, far-reaching consequences. The long-term consequences are still not precisely foreseeable, but there can be no doubt that we have experienced disruption and desperation in all facets.

But that – as is so often the case – is only one side of the story. For at the same time, there were unparalleled opportunities in the present day to develop and implement new perspectives. We are standing at the threshold of a future in which we can redesign the world from the ground up for the first time.

Above all, dealing with this prospect and enjoying the opportunities it presents, rather than focusing on the destructive side, which is being used mostly by the media for every possible negative interpretation, knowing full well that only drama generates attention that can be monetized, demands one thing:

## **Focusing our attention on the essential.**

At first, that sounds simple and logical at the same time. But it is not something that can be taken for granted. For opinion is divided on the matter of what is essential. The following truism can therefore be helpful for business decisions:

## **Energy follows attention.**

Whatever attention is focused on determines the direction of a system's energy.

This is tied to the decision **for** the possible and, at the same time, **against** the avoidable.

However, merely concentrating on monetary growth neglects key human components that we define as essential for a pro-development culture and thus a forward-looking company. Conversely, denying this slowly leads to the opposite, as traditional hierarchical management models have shown in the past.

As an object of focus, the generally desirable attention to a company's growth is thus not a direct path out of just one component, but rather a complex cycle of circumstantial factors. We see connecting these individual factors of technology, competence and above all human relationships and culture **in balance** as the high-end challenge in a time defined (among other things) by fast pace, de-valuation and information overflow.

In the agile impact field being designed today, quality is the essential protagonist contrasted by quantity. Thus, we can engender our definition of healthy and sustainable growth.

# GROWTH THROUGH COMPRESSION AND QUALITY ENHANCEMENT

Christopher Kuhn, Member of the Management Board & COO

We have run our on-premise customers' systems for many years, from the initial installation of the operating system and the necessary software components to providing database services and installing the actual **OTRS** instance.

In addition to a variety of Linux derivatives (SuSE Linux, Debian, Ubuntu, CentOS, RHEL, etc.) and database systems (MySQL, Ingres, DB2, Oracle, PostgreSQL, etc.), Unix and Windows were supported as well.

Each of these customer systems was unique, requiring extensive support and intensive analysis of the components used. This individualization led to a dizzying number of variations, some of which were also unsuitable for rising user numbers or more complex customer requirements, which increased complexity for the employees doing the work and decelerated processes, which in turn resulted in reduced growth prospects.

The solution lay in **reduction and standardization**. The Consulting and Customer Service departments were able to define their service portfolios by designing new and concentrated service catalogs.

## **Growth through compression**

Our classic "Stairway to **OTRS**" consulting method consists of a presentation and discussion of the status quo (existing processes, workflows) at the start of the project as well as the performance indicators desired/needed by the customer. In this phase, a design concept is devised in workshops that describes how the said processes will be optimized and modeled in **OTRS**. Depending on the number and complexity of the processes to be implemented, this phase can account for most of a project's workload.

In a growing number of customer projects, we have recently observed that either no processes were defined at all or the customer preferred to be inspired by the process design of other customer organizations.

To stay abreast of these changing requirements, the “Stairway to **OTRS**” was **compressed** by radically reducing the design workload. Instead of a “blank slate”, a customer now chooses a solution scenario, which consists of customer service, human resources, facility/office management or IT service management. Each of these solution scenarios already contains the typical processes and workflows and thus allows a quick start. The necessary adjustments are planned and implemented in agile sprints to allow the customer to start using the system productively as quickly as possible. The effect is lasting! The customer plays an active role in the OTRS installation more quickly, and the necessary consulting resources are reduced so they can be used elsewhere.

#### **Growth through quality enhancement**

OTRS’s customers have various points of contact: first the assigned sales manager, then the Consulting Department in the project’s implementation phase, and then the Customer Service Team during ongoing operations.

There are expectations of the services to be performed in each of these roles: Sales – sales aspects of OTRS solutions; Consulting – consulting and training; Customer Service Team – support and change management.

By introducing the role of business relationship management (BRM), we have implemented our customers’ advocate. A business relationship manager maintains a regular dialog with midsize and large accounts. In this context, a business relationship manager ascertains proposed improvements to the products and services of the OTRS Group, which are discussed and, ideally, implemented with the managers in charge. The work of the business relationship manager induces customer satisfaction to grow. This way, we ensure the ongoing development of our solutions in line with the wishes of our existing customers.

# GROWTH AND DEVELOPMENT ARE NOT THE SAME

(Fred Luks)

Sabine Riedel, Member of the Management Board for Marketing & Human Relations

How often am I asked how many people work for OTRS Group ... and how often do I wonder why they ask and which conclusions the person asking may draw. Of course, this type of question also represents a social attitude, a value judgment. The more employees, the bigger the company; and the bigger the company, the more ... successful?

When people talk about growth today, they often mean economic growth, thereby reflecting the seemingly logical connection between the economy and growth. But growth is not supposed to be a value in its own right and, at least in a business ecosystem, should be disregarded as an evolutionary force. For growth, as the foundation of a company, turns it into a devalued shell.

When we talk about growth at OTRS, we include a lot of other aspects in our calculations; some of these are hard to measure because they are qualitative values.

As a company, OTRS stands for a pro-employee and family-friendly culture. Above all, this means maintaining appreciative and respectful communications; giving employees a working environment that sparks joy and represents freedom of thought and action; and creating the conditions that make it possible for individual notions about life and family planning to become a reality. This demands continuous reflection on the current status quo, evaluation and, above all, adaptation a continuous process. Or, in a word: kaizen.

As a company, we also want to grow in terms of professionalism — not just in our own ranks, but also by constantly offering our employees new opportunities to challenge themselves and to take on new and different assignments.

Even recruitment has a significance that goes beyond merely “growth in numbers”. New employees are not merely a resource on whose shoulders to place more work. They offer an opportunity for growth in knowledge, experience and diversity. But these can never be mass hirings, because this would throw us as a company, our culture and our support skeleton off-balance. Here especially, we see that growth always also entails the factor of time, and speed is sometimes at the cost of stability and sustainability.

As in nature, growth is an intrinsic, vital principle for a company as well. It entails discarding and leaving behind anything that is not (or is no longer) able to contribute to our forward progression. This can mean ways of thinking, methods, strategies or even organizational structures and objectives. Ultimately, it is precisely this „leaving behind that which no longer seems useful to us“ that is the fundamental stimulus for innovation. At the same time, it requires investment to create fertile soil for growth. This is in the people themselves and the environment in which they operate, which we support and build because, as Guido Quelle puts it: “Businesses (...) that understand that investment is needed in order for growth to happen (...) are typically more successful than other businesses.”

# GROWTH AND AGILITY

Benjamin Müller, Executive Vice President of OTRS Solution

Growth not only entails major opportunities, but also new challenges. The markets and cultures that a company serves and their customer requirements are becoming increasingly diverse and dynamic. Digitalization is becoming a driving force and is a key factor that will decide whether a company remains competitive in this new landscape.

Our solutions make a key contribution to **growth** for our customers. It has always been a core belief at OTRS that **OTRS** adapts to the requirements of each company, and not the other way around. This ability to adapt to change and external factors is an essential success factor, both for OTRS AG and its customers.

## **Complex requirements require specific solutions**

The rising complexity in the business world increasingly demands highly specialized technological solutions whose manufacturers have profound experience in the corresponding field. Solutions of this kind often support specific business areas and their business processes and are therefore only a small part of the overall IT landscape.

This trend, which has been described as “master of one”, not only entails advantages for companies, but new challenges as well. The IT landscape is becoming increasingly complex and the growing number of connections between systems demands new control mechanisms.

At the same time, it is also becoming more important to manage a rising number of providers. We are therefore focusing on cooperation based on partnership, both with our customers and providers of specialized digital products. By integrating such products, we achieve the necessary innovation speed to satisfy our customers’ various requirements moving forward as well.

The basis for this is formed by our research activities in the fields of identity and access management, integration and the establishment of partner management. Stable and easy-to-use APIs and secure, state-of-the-art authentication procedures are the basic requirement for being able to enter into future technological partnerships with providers of specialized digital products.

This way, in the long term as well, we will be able to offer our customers solutions that are necessary for their growth while simultaneously reducing the risks of interwoven IT landscapes.

### **Agile organization**

The corporate environment is changing today faster than ever before. This momentum is a special challenge, both for our customers and for OTRS AG. To be able to respond to changing requirements, OTRS AG is becoming an agile organization.

The focus is on a close cooperation and partnership with our customers in order to identify the requirements early on and to implement them promptly. This way of working is already at an advanced stage in product development and is showing direct successes in the speed of solving new requirements. Thanks to modern approaches, such as DevOps, we are seeing development and operating activities merge together. This way, new functionalities can be delivered to our customers significantly faster and operational aspects can be addressed much earlier in development. Our SaaS customers benefit directly from this new response capability through the continuous stream of new versions.

We firmly believe that growth can only be achieved through close cooperation – at all levels: with our customers, with our partners and with our employees.







# REPORT OF THE SUPER VISORY BOARD



## Dear Shareholders,

OTRS AG's fiscal year 2021 was essentially defined by the launch of a comprehensive change process geared towards innovation and a focus on the future. By (re)forming our product range to achieve comprehensive solution management, in which the OTRS software plays a central but not (or no longer) exclusive role, we are creating

an enduring framework for technology and service.

The following report of the Supervisory Board will inform you of the Supervisory Board's activities in fiscal year 2021 and the results of the audit of the 2021 annual financial statements of OTRS AG.

### **Trusting cooperation with the Management Board**

In the past fiscal year, the Supervisory Board performed in full and with great care all the controlling and consulting duties incumbent on it in accordance with the law, the Articles of Association and its Rules of Procedure. Furthermore, the Supervisory Board advised the Management Board on its running of the company and carefully monitored it on the basis of written and verbal reports from the Management Board and joint meetings. The Supervisory Board was always involved, in both a timely and adequate manner, in all decisions of fundamental and strategic importance. An intensive and always open dialog was the hallmark of the cooperation.

The Management Board reported to the Supervisory Board regularly, promptly and comprehensively on all key issues of ongoing business development, revenue, the financial position and results of operations; relevant aspects of company planning including financial, investment and HR planning; the strategic development of the company; and changes in the risk situation and risk management. Events of particular significance to the position and development of the company and the Group were always discussed in good time. All measures by the Management Board subject to the approval of the Supervisory Board were examined, discussed and decided on. The cooperation between the Management Board and Supervisory Board was characterized by great trust.

The work in fiscal year 2021 was conducted in meetings of the Supervisory Board and in verbal and written reports by the Management Board. Following thorough examination and consultation, the Supervisory Board voted on the reports and resolutions proposed by the Management Board to the extent that this was required by law and the Articles of Association. In individual cases, the Supervisory Board adopted resolutions by circulation outside meetings. This particularly related to aspects in accordance with section 90(1) sentence 1 no. 4 AktG: transactions that may be of material importance to the liquidity or profitability of the company.

The Chairman of the Supervisory Board maintained regular contact with the Management Board between the meetings and was informed of all material developments, the current business situation and forthcoming decisions of particular significance to the company.

### **Composition of the Supervisory Board**

The Supervisory Board of OTRS AG consists of the following three members: Burchard Steinbild (Chairman), Thomas Stewens and Prof. Oliver Hein. Given that the Supervisory Board has only three members, no committees were formed in fiscal year 2021. All pending issues were handled by the Supervisory Board as a whole.

### **Meetings of the Supervisory Board and key issues discussed**

The Supervisory Board held two meetings in total to perform its duties in the reporting year. These were held as video conferences owing to COVID requirements. The meetings took place on 11 May and 9 December 2021, and they were attended by all members.

At the meetings, the Management Board regularly reported to the Supervisory Board on the situation and development of the company and on key transactions. The Supervisory Board discussed the reports and resolutions proposed by the Management Board in depth at its meetings. The reporting obligations in accordance with section 90 of the Aktiengesetz (AktG – German Stock Corporation Act) were duly fulfilled in this context.

In addition to current business developments, the Supervisory Board's advisory and monitoring activities focused on the company's strategic orientation in the reporting year. Furthermore, key issues in the Supervisory Board's work in the reporting year were planning for 2021 and 2022, the Annual General Meeting and the company's revenue, earnings and liquidity development.

In its meetings, the Supervisory Board also discussed detailed reports on the business development of the company. The Supervisory Board comprehensively discussed all matters pertaining to the strategic orientation of the Group. Throughout the entire reporting year, the Management Board reported to the Supervisory Board regularly on the revenue and earnings situation and on risk management. Whenever deviations from earlier planning and projections occurred, these were explained to the Supervisory Board at length.

At the meeting on 11 May 2021, the Supervisory Board examined and approved the annual financial statements and the management report for fiscal year 2020. In accordance with section 90 AktG, the Management Board also reported on the company's profitability, and particularly the return on equity, at this Supervisory Board meeting. Planning the 2021 Annual General Meeting was also a priority at this meeting. Furthermore, at this meeting the Management Board reported extensively on the intended business policy and corporate planning, including in particular the financial, investment and HR planning at the company and its subsidiaries. Potential deviations in actual developments from previously reported objectives were discussed in detail, stating the reasons, the course of business and, in particular, the revenue and earnings situation of the company and its subsidiaries. The launch and implementation of our Solution Management concept was approved as well. The chosen path of focusing on managed **OTRS** has proven its value during the COVID crisis as well and will be continued. Combined with a strategy geared to agility and a dynamic, flexible and quickly available product and service portfolio, we see the setbacks due to COVID and the forthcoming fallout of the crisis as an opportunity to become even more structured and more efficient moving ahead.

At the meeting on 9 December 2021, which was also held as a video conference owing to COVID requirements, the Supervisory Board received and discussed the report of the Management Board in accordance with section 90(1) sentence 1 no. 1 to 3 AktG on the intended business policy and the course of business, including financial, investment and personnel planning at the company and its subsidiaries.

### **Audit of the annual financial statements for fiscal year 2021**

VEDA WP GmbH Wirtschaftsprüfungsgesellschaft audited the 2021 annual financial statements prepared by the Management Board in accordance with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code) and the management report and issued them with an unqualified auditor's report. The audit certificate was issued on 7 April 2022. The auditor made the declaration of independence necessary to be engaged to the Supervisory Board before accepting the mandate.

The Supervisory Board received the annual financial statement documents and the auditor's report in advance and discussed them extensively. The auditor delivered his detailed report to the Supervisory Board in person at its meeting on 25 April 2022, where he also answered questions from the Supervisory Board's members to their satisfaction. As required by law, the Supervisory Board examined the 2021 annual financial statements for the company, including the management report, prepared by the Management Board. This did not give rise to any objections. The Supervisory Board approved the annual financial statements in accordance with section 172 sentence 1 AktG on 25 April 2022. The annual financial statements of OTRS AG have thus been adopted.

The Supervisory Board also examined OTRS AG's planning documents, risk situation and risk management system. All risk areas discernible by the Management Board and the Supervisory Board were discussed. Risk management was intensively examined by the auditor. The auditor confirmed that the Management Board of the company has appropriately implemented the measures required under section 91(2) AktG, in particular regarding establishment of a monitoring system, and that the monitoring system is suitable for the early identification of developments endangering the company's continuation as a going concern and for taking negative developments into account.

Finally, I would like to take this opportunity, on behalf of the entire Supervisory Board, to especially thank all our employees. Their personal commitment and their incredible passion – despite all the professional and private restrictions – form the foundation on which to successfully handle the challenges associated with the pandemic and basis for the successes achieved in fiscal year 2021. The Supervisory Board would also like to thank the shareholders for their interest and continuing trust in our company.

Burchard Steinbild  
Chairman of the Supervisory Board



Oberursel, April 2022



“

*We delight in the beauty of the butterfly  
but rarely admit the changes it has gone  
through to achieve that beauty.*

Maya Angelou





# MANAGEMENT REPORT

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NET ASSETS, FINANCIAL POSITION AND RESULTS  
OF OPERATIONS

REPORT ON RISKS, OPPORTUNITIES & EXPECTED  
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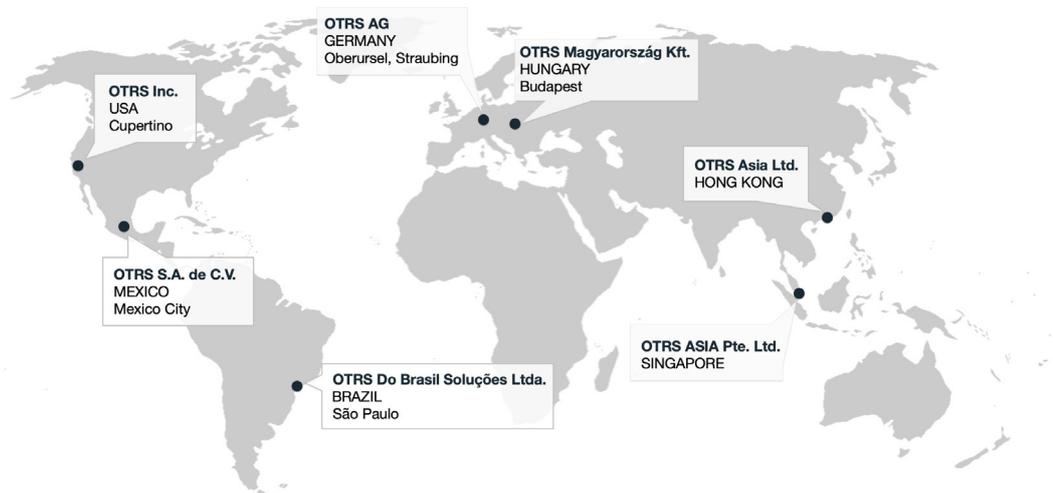
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# BASIC INFORMATION

## Locations

Our locations generate and reflect our international presence in equal measure. We operate in areas where markets and customers need us and, at the same time, leverage this to raise our profile and grow the OTRS brand. The combination of these two factors helps to ensure long-term business security.



## Mission Statement

### Why

We give companies the freedom to be successful.

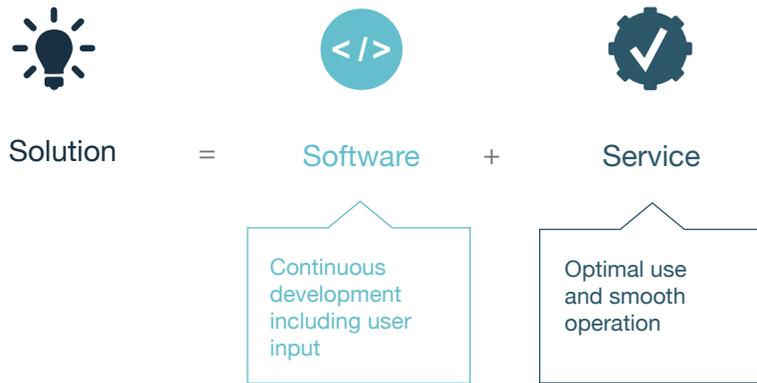
We believe that companies must be flexible to stay successful. When daily routines are embedded in reliable and transparent structures, it creates freedom for the creativity that helps companies grow.

### How

**OTRS** brings structure into dynamic business environments. **OTRS** adapts to the requirements of each company and not the other way around. **OTRS** provides companies with the DNA that supports the natural evolution of their processes.

### What

We offer our customers solutions-as-a-service. By this we mean, to choose from a variety of configuration options and supplementary features – exactly the ones the customer needs for its individual needs, complemented by consulting services and training.



As a solution desk, **OTRS** adapts to a wide range of customer requirements and requests. Our core product and service competencies are customer service, ITSM (ESM) and corporate security.

## Goals

The strategic orientation of the OTRS Group pursues several objectives in parallel. Today, the conditions for ongoing business success mainly consist of three components: customer- and market-oriented product development; qualified employees; and innovative, forward-looking corporate governance and development.

### Software

The rate of market change and adjustment has risen significantly in recent years. This is a signal to us to take action to increase the speed of product development while simultaneously honing the focus on innovation. This means change in multiple respects:

Firstly, the ongoing development of our software using new **technological approaches**.

Secondly, the use of modern **work procedures** and **techniques**, such as agile work with scrum, kanban, etc., and not least **opening up to and integrating with** other products to expand our range competitively in a continuous optimization process, thereby guaranteeing the Group's ongoing development and constant growth.

### Market cultivation

We are in line with our goal of international orientation through the structured expansion of our worldwide network of branch offices. The market opportunities that arise for OTRS solutions are a deciding factor in the decision to establish a subsidiary. As an option, we also strengthen our network of partners, drawing on expertise and experience with local conditions.

Our international outlook especially requires the monitoring of different markets in terms of economic and political developments, and thus, their growth potential and business advantages. This can lead to the establishment and expansion of new branches; but it can also mean their closure if, taking Hong Kong as an example, the local advantages become less significant as a result of negative political changes.

## Goals

### **Organizational development**

We know that dynamism and adaptability are essential for structural and procedural organization. Throughout the constant changes in the situation, and the procedures that have had to be adapted as a result over the more than two years of pandemic, we have benefited from our approach of decentralization and the associated high level of flexibility that we allow our employees in when and where they work. For example, we have reacted quickly and without restrictions again and again.

Our concept of OTRS as a learning organization requires that we pay special attention to the needs of our employees in terms of the development of their social and professional skills. We also take into account the differing needs for communication and information, which are evaluated and implemented by our own “People, Culture, Communication” HR position and generate a high level of employee satisfaction. Talent management and employer branding are other key pillars in ensuring that we can operate successfully in terms of qualified employees on the hard-fought labor markets.

This way we not only create reliable structures for our customers in dynamic working worlds, but also practice precisely this vision in our business microcosm and can thus project it authentically to the outside world as well.

# BUSINESS & GENERAL CONDITIONS

## Key activities & sales markets

**OTRS** is a service desk system that was originally developed as an open source project, and it has been under GNU General Public License (GPLv3) since August 2018. The OTRS service desk system efficiently manages e-mail inboxes and telephone inquiries in companies with high volumes of electronic or telephone inquiries. OTRS AG is the owner of the source code and the world's largest service provider for the OTRS service management suite. The company advises customers around the world on the introduction, development and ongoing operation of OTRS software.

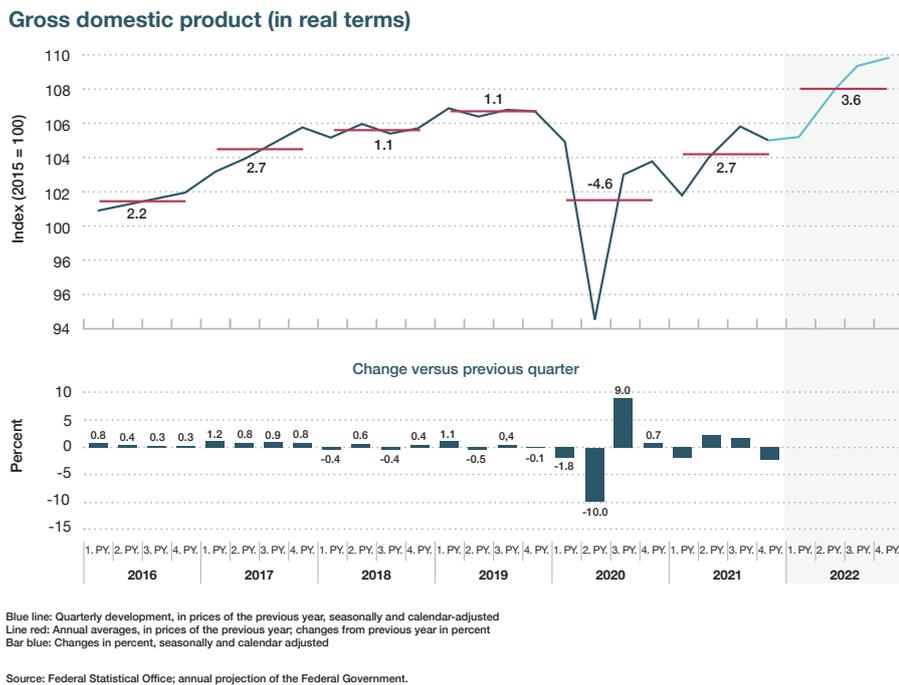
Given the complexity of the software and its use in companies, not to mention the specialist knowledge required, customers need special expertise and support in order to run it efficiently. As the owner of the source code, OTRS AG therefore also offers its customers comprehensive business support in addition to its software solutions. OTRS AG provides IT service management solutions (ITSM) as well. We advise and support our customers in the integration, optimization and ongoing development of ITSM solutions and software-supported business process optimization. OTRS AG's portfolio for customers also includes the technical and HR outsourcing of end-to-end, computer-aided business processes.

OTRS AG provided a new OTRS version for paying customers only for the first time in 2017. This change was accompanied by a rebranding: **OTRS Business Solution™ Managed** became **OTRS**. The freely accessible version OTRS Free was also given a new name: ((OTRS)) Community Edition.

At the end of 2020, we decided not to release another ((OTRS)) Community Edition for the time being and to instead pool all resources into designing and implementing comprehensive solution management. Here, we are particularly acting on the process for product innovation and development, and we are designing an agile portfolio that can be adapted quickly in line with the market.

## Development of the economy as a whole & the IT sector

Remote working, economic recovery, natural disasters, cybercrime, higher inflation and war: It has become more than clear over the past two years, and the last few months especially, how much the economy and the IT sector are affected by world events. After the recession in 2020, the economy as a whole recovered somewhat in 2021 with total growth in gross domestic product (GDP) of 2.7 %. And even though the waves of COVID have left a visible mark on the GDP curve over the past year, the German government released a very positive forecast for 2022. Total GDP growth of 3.6 % was projected at the end of 2021. It is questionable whether the forecast growth in economic output will begin in quarters two and three, especially in the service segment, after the pandemic restrictions are lifted (Source: bmwk: Jahreswirtschaftsbericht 2022, S. 105).



It was a memorable year in the IT sector as well. With total revenue from IT of EUR 102.6 billion, 2021 can be described as a highly successful year for the sector.

The original forecast for 2022 is more than good. According to bitkom, revenue is expected to increase to EUR 108.6 billion in total this year – for the software sector in particular. bitkom is assuming revenue growth in the sector of approximately 9 % here in 2022 – from EUR 29.8 billion in 2021 to EUR 32.4 billion in 2022. While this estimate is in line with the previous year’s revenue growth, (Source: bitkom: ITK-Marktzahlen, Januar 2022) it is becoming increasingly unlikely owing to the rise in inflation. Following a slight downturn in the rate of inflation in Germany from 5.3 % in December 2021 to 4.9 % in January 2022, (Source: Destatis: Pressemitteilung Nr. 057 vom 11. Februar 2022), it was back at 5.1 % in February 2022. According to the German Federal Statistical (Destatis), consumer prices increased by 0.9 % as against January 2022 (Source: Destatis: Pressemitteilung Nr. 100 vom 11. März 2022). Although there were two statistical baseline effects to take into account – the temporary VAT cut in 2021 and the drop in prices of mineral oil products in 2020, inflation is still at a very high level as of January 2022. Prices for energy products have also increased by 20.5 % within a year. The frontrunner in this field is gasoline, the price of which rose by 24.8 % at the start of the year (Source: Destatis: Pressemitteilung Nr. 057 vom 11. Februar 2022).

Just as gas prices have soared, prices for consumer goods grew by 9.6 % from January 2021 to January 2022.

The extent to which these factors affect corporate investment capacity and propensity – as well as price developments in the IT sector – remains to be seen.

Despite or, perhaps, because of the price and pandemic factors that came into play in 2021, last year's trends are holding steady. As before, the rising use of cloud computing and IT security play an essential role in the IT sector, which means that the market segments relevant to OTRS are expected to continue growing. However, companies and the German government are shifting their focus more towards the increasingly dramatic consequences of climate change.

One key lesson of this is that environmental protection no longer works without digitalization. Technology and sustainability are intrinsically interlinked, and now they have to be actively merged further according to a new research project by the Federal Ministry of Education and Research (Source: bmbf: Karliczek: Digitalisierung und Nachhaltigkeit gilt es zusammenzuführen).

However, the digitalization of the economy and society is also increasing their vulnerability and the potential for abuse in the digital realm. For this reason, cyber security and IT security technologies, like last year, are still among the most vital issues in the IT sector that must not be neglected (Source: bmwk: Schwerpunktstudie Digitale Souveränität 2021). Economic damage caused by cyberattacks made headlines in 2020. Since the start of the war in Ukraine in February 2022, cyberattacks have even come to be seen as an extension of conventional warfare. After the Russian government repeatedly attempted to attack the infrastructures of other nations with hackers and troll armies, hacker groups such as Anonymous and Cyber Partisans successfully pushed back against Russia's censors when they hijacked two of the country's biggest television stations to alert the Russian population to the truth of the Ukraine war (Source: faz: Putin bekommt seine eigene bittere Medizin, 08.03.2022). But aside from political events, big companies and providers themselves are increasingly getting involved in the discussion of data security. More and more frequently, the proper and secure handling of customer data is becoming the subject of legal discussion and class actions. One striking example of this is the recent ruling by the Austrian data protection agency, which defined the use of Google Analytics for websites in the EU as incompatible with the EU General Data Protection Regulation, a momentous decision that will trigger a wave of change if it reaches EU level (Source: heise: Österreichs Datenschutzbehörde: Google Analytics verstößt gegen die DSGVO, 13.01.2022).

If possible, data should remain in their original country, and ideally not be passed to second – let alone third – parties. And, in a best case scenario, IT security incidents would never happen again. By launching the software solutions **STORM** powered by **OTRS**, which supports the identification and processing of IT security incidents, and **CONTROL** powered by **OTRS**, which facilitates fully documented ISMS operations in line with the prevalent ISO/IEC 27001, the OTRS Group has created on-trend solutions that serve the high demand for security and that will remain viable in the years to come. **OTRS** itself also supports all ITIL requirements and digital transformation processes, and helps companies to optimize their own workflows, to work more efficiently and to sustainably shape their own software landscape thanks to the product's scalability.

By focusing on cloud-based, customized and scalable software products, the OTRS Group is also still providing viable software solutions that address the coming trends in the industry.

## Research & development

The “state-of-the-art authentication” research brief was split into two separate research areas according to activities for market, provider and tool evaluation. Firstly, the internal, i.e. not for sale, IAM (Identity & Access Management) product, including an internal product owner, was created. Secondly, the Credential Management initiative was launched.

IAM concerns the management of customer and agent data (identities), their secure authentication and authorization and the assignment of access rights within the software based on state-of-the-art protocols, such as OAuth 2.0 and OpenID Connect. For the first time, implementation-ready prototypes were developed and partnerships were entered into with technology and solution providers for optimal integration and operation in the existing SaaS infrastructure.

Meanwhile, Credential Management was integrated deep into OTRS software through a prototype and thus provides administrators with a central area to enable, for instance, access data for a connection to Microsoft Office 365, Google Mail or other OAuth 2.0 servers. Credential Management is made future-proof by an abstraction of the authentication methods. Besides OAuth 2.0, for example, Basic Authentication is also still available and new methods can be easily added.

Following the crucial steps in OTRS product development in 2020 in terms of new OTRS technologies (SPA, RESTful Frontend-First WS-API, vue.js, etc.) and a milestone in the customization of the OTRS interface, all feature add-ons that exist for **OTRS**, in terms of state-of-the-art technology, benefits, integration and customization, have now also been evaluated with users from a wide range of areas and brought up to date.

Some of the most common features were even added directly to the framework and are thus exclusively available to all OTRS 8 customers. This includes, for example, the option of adjusting the size of columns in data tables so that even long inline content can be viewed directly with a minimal click count – one of the most common KPIs in terms of usability, because content and information should be accessible quickly and straight forward.

Research and development expenses amounted to EUR 3,057 thousand in total in the reporting year. EUR 813 thousand was capitalized as intangible assets under development in the reporting period.

### Development areas and tangible results

#### Customization

- Personally setting column widths in each list
- Full control of primary/secondary ticket actions for agents
- Entry of personal focus subjects, including dynamic filters, for all lists
- Management of personal notifications

#### Customer management

- Listing all key accounts and their status in personalized lists
- Quick access to pending or escalated cases in a key account
- Displaying public and private appointments in the customer service portal
- VIP status can be shown with individual symbols

### Service management

- Contingents can be billed by time or volume

### Automation & processes

- Streamlined forwarding of multiple articles through the e-mail channel
- Highly optimized use of primary and secondary tickets
- Relocation of responsibility allocation to generic agent
- Management of personal competencies in avatar menu
- Management of appointments, KBAs and CIs using process activities
- Synchronization of user data using OpenID Connect (prototypes)

### Knowledge management & self-service

- Quick display in lists of all linked business objects (KBAs, CIs, etc.)
- Displaying linked business objects in appointments in the customer service portal
- Simpler display of internal news in the agent dashboard
- Notifications can also be displayed when **OTRS** is closed

### Reporting

- Simplified documentation of logged time data

### Security & authorizations

- Detailed authentication using OAuth 2.0 and OpenID Connect (prototypes)
- Central management of access data for outgoing authentication (prototypes)

## Business performance

The pandemic posed many challenges for companies, and the second year of COVID was defined by uncertainty and a constantly changing situation. Even though companies have recognized the benefits of digitalization and are increasingly seeking them out – both in terms of the products they use and the services they offer, including the software they use internally to automate and professionalize the necessary processes – large-scale change processes of this kind take time and demand substantial investment.

Even against the backdrop of the economic uncertainty stemming from COVID, knowing this caused many decision-makers to have hesitated. Not just in implementing the planned changes, but also in investment decisions and purchasing practices.

The announcement that no further Community Edition would be published in order to focus on the cloud version of **OTRS** drew increased attention from the public. Thus, **OTRS** received an enormous boost right at the start of the year.

The slight rise in our loyalty rate signals to us that our solutions, our range of services and our customer focus are what the market wants.

With reports of cyberattacks on the rise, companies are also developing a keener sense for data security in terms of what they do with their own data and that of their customers as well as in terms of how they as companies can satisfy their reporting, notification and documentation duties in line with the law (EU GDPR) in the event of an attack.

In turn, this led to increased demand for security services, to which our product **STORM** powered by **OTRS** provides the appropriate answers. This has reaffirmed our decision to continue expanding this area and to give it a prominent position within our product development.

As a company, we are aware of our responsibility to society and, through “Green OTRS,” we are working towards holistic, environmentally friendly and sustainable company organization and leadership while also endeavoring to use our service portfolio to support our customers’ sustainability efforts. Remote options for workshops, consulting and training are now an established element of our range of services and are being very well received by our customers.

As trends and markets continuously evolve, this strategy and its implementation are constantly being refined in terms of product development. For instance, the significance of outsourcing areas of IT has risen dramatically in recent years and will continue to play a major role in the business world. This is because managed services support companies offer optimal allocation and utilization of resources, which enhances profitability and increases operating efficiency. Implementing managed services reduces a customer’s IT costs substantially, which increases their organizational flexibility and gives them a technical edge (source: Managed Services Market Analysis, Market Size, Application Analysis, Regional Outlook, Competitive Strategies and Forecasts, 2014 to 2020).

With our managed solution, we are keeping step with this development, which is proving highly relevant at the interface between digital transformation, increased security requirements and enhanced efficiency. The next logical step has now been taken, in which this cloud variant has been integrated in the comprehensive concept of our solution management so as to satisfy the demand for agility and innovation.

## Employees

The average number of employees (not including members of the Management Board) was 74 as of the 2021 balance sheet date.

# NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

## Results of operations

Revenue of EUR 11,043 thousand (previous year: EUR 9,708 thousand) was generated in the past fiscal year, representing revenue growth of EUR 1,335 thousand or an increase of 13.8 %. The sustainable revenue growth shows that the awareness of OTRS software as an extremely useful corporate governance tool is growing steadily.

The strongest revenue growth was achieved in recurring revenue, which comprises annual contracts with access to our software in various forms as well as security, software updates and support. Recurring revenue climbed by EUR 990 thousand (11.2 %) from EUR 8,855 thousand to EUR 9,845 thousand, and accounts for 89.1 % of total revenue (previous year: 91.2 %). Recurring revenue results from existing contracts with fixed terms, which are usually renewed after they expire. Similarly, an increase in such contracts with existing customers indicates future revenue growth in this segment. This is also reflected in payments received, which are first reported on the balance sheet as deferred income and then as revenue in the months after the balance sheet date. This deferred income, which represents future revenue, amounted to EUR 5,874 thousand as of the balance sheet date (previous year: EUR 5,140 thousand) and is reported as revenue in the subsequent months of the underlying contract.

The increase in recurring revenue gives OTRS AG considerably more planning certainty. In addition, income can thus be increased while the use of resources climbs at a slower rate, allowing economies of scale, improved margins and gross profit.

In line with OTRS AG's strategy, the focus is on developing and increasing recurring revenue. Nonetheless, other revenue – from consulting in particular – increased by EUR 344 thousand from EUR 854 thousand to EUR 1,198 thousand in the past fiscal year. Revenue from consulting and custom engineering is seen as auxiliary to the development of recurring revenue. As consulting services are generally linked to new contracts, and the number of new contracts was down in the previous year – mainly because of COVID – this year consulting revenue increased year-on-year. Custom engineering is typically only provided as an exception and therefore only accounts for a small share of revenue (EUR 44 thousand; previous year: EUR 37 thousand).

OTRS AG generates most of its revenue with customers in Germany. This increased by EUR 848 thousand (12.4 %) from EUR 6,819 thousand to EUR 7,667 thousand. German customers therefore accounted for 69.4 % of revenue in fiscal year 2021 (previous year: 70.2 %). Revenue with international customers increased by EUR 487 thousand from EUR 2,889 thousand to EUR 3,376 thousand.

Steady and sustainable growth requires the software's features to be constantly updated and improved. The company, therefore, again made progress in developing and improving its software in the past fiscal year. EUR 3,057 thousand was invested in software updates and refinements in the past fiscal year. EUR 813 thousand of this was capitalized under internally generated intangible assets. The conditions for capitalizing internally generated intangible assets were not satisfied for other development costs. Amortization of internally generated intangible assets amounted to EUR 530 thousand in fiscal 2021.

EBITDA amounted to EUR 2,395 thousand in fiscal 2021 after EUR 2,308 in the previous year, with an operating cash flow of EUR 2,511 thousand. EBIT amounted to EUR 1,710 thousand after EUR 1,761 thousand in the previous year.

Naturally, the largest cost item for a service company is personnel expenses. These amounted to EUR 6,310 thousand in 2021 (previous year: EUR 5,853 thousand), corresponding to a personnel expense ratio of 53.3 % (previous year: 53.1 %). Average personnel expenses in relation to average headcount including management amounted to EUR 82.6 thousand in fiscal year 2021 after EUR 80.5 thousand in the previous year. Revenue per employee, including management, increased as against the previous year to EUR 145 thousand (previous year: EUR 134 thousand).

## Net assets and financial position

Total assets rose by 20.1 % year-on-year from EUR 11,134 thousand to EUR 13,374 thousand as of 31 December 2021. Balance sheet equity increased from EUR 3,965 thousand to EUR 5,024 thousand as a result of net income (EUR 1,194 thousand) and the dividend paid in the fiscal year (EUR 134 thousand). The equity ratio was 37.6 % as of the balance sheet date (previous year: 35.6 %).

With an increase in cash and cash equivalents of EUR 1,551 thousand from EUR 2,750 thousand to EUR 4,301 thousand, the quick ratio, which shows the extent to which current liabilities are covered by cash funds and current assets, rose to 86.6 % after 68.8 % in the previous year. Given that the support contracts included in current liabilities as deferred income (EUR 5,874 thousand) will not lead to future cash flows but actually constitute future revenue, the quick ratio is 404.8 % compared to 360.8 % in the previous year. In this context, there are currently no liquidity bottlenecks and, assuming an ordinary course of business, the company is able to meet its payment obligations. With a cash flow from operating activities of EUR 2,511 thousand and EBITDA of EUR 2,395 thousand (previous year: EUR 2,308 thousand), the cash conversion rate is 104.9 % (previous year: 119.7 %).

The report on expected developments below discusses the impact of the ongoing COVID pandemic.

## Selected key figures

	2021	2020	2019	2018	2017
<b>Key figures on net assets</b>					
Equity ratio in %	38%	36%	30%	27%	30%
Ratio of equity to fixed assets in %	74%	60%	57%	49%	52%
<b>Financial/liquidity structure</b>					
Quick ratio in %	87%	69%	72%	66%	59%
<b>Key figures on results of operations</b>					
EBIT (EUR thou.)	1,710	1,761	1,115	579	128
EBITDA (EUR thou.)	2,395	2,308	1,611	970	510
Revenue growth in % year-on-year	14%	6%	10%	9%	5%
Return on sales in %	11%	13%	9%	5%	2%
Return on equity in %	24%	31%	28%	23%	7%
Deferred income (EUR thou.)	5,874	5,140	4,757	4,248	3,512
Revenue per employee (EUR thou.)	145	134	127	128	131
<b>Others</b>					
Cash conversion rate (CCR) in %	105	120	112	160	334
R&D costs (EUR thou.)	3,057	2,619	2,115	1,716	1,399
R&D cost ratio	28%	27%	23%	21%	18%

# REPORT ON RISKS, CHANCES & EXPECTED DEVELOPMENTS

## Report on expected developments

Hopes that the COVID situation would ease at the start of fiscal year 2021 were disappointed. Rather, the economic and social changes that began in 2020 not only continued, but in some cases were negatively amplified.

However, companies' need to continue their digital transformation once it had begun, thereby using the slow business period constructively, increased and came to the fore once again.

At the same time, however, we observed that companies were highly sensitive and hesitant in their willingness to make technological changes in the form of new tools as the economic outlook was more uncertain than ever. This fiscal year as well, it still holds true that we can identify, but in no way prevent, early signs of negative developments with our customers thanks to the granular monitoring of our dashboard figures.

We are also continuing on our chosen path of focusing on managed OTRS. It is especially important to us to establish agility as a concept across the board at our company in order to be able to put together a dynamic, flexible and quickly available portfolio that can also successfully cope with economic fluctuations in the long term.

2020 showed us that innovation is becoming a crucial competitive advantage and a key term for products and services. This still applies and is even becoming a long-term trend. Therefore, in 2021 we initiated the change process that was planned in 2020 based on a solidly designed foundation and established the first agile teams that will actively and quickly stimulate the growth of our portfolio of products and services with a high level of quality.

### **Statement on expected developments**

Our forward-looking planning and our exact monitoring and analysis of market conditions, customer behavior, changes in the sales cycle and customer loyalty contributed to the fact that the changes caused by coronavirus affected us in a way that did not lead to existential damage. Nevertheless, we are still seeing hesitation in purchasing.

We are continuing to monitor developments very closely, in particular because the ongoing COVID crisis is now also leading to long-term effects, such as rising inflation. Moreover, there is currently an unstable political situation in Europe that will presumably not be without its own consequences for corporate investment propensity.

Revenue is set to rise again in fiscal year 2022 despite the ongoing COVID pandemic. We anticipate revenue growth of around 7 %. The forecast total revenue for fiscal year 2022 will thus amount to around EUR 11.8 million.

We are thus continuing our trend of continuous moderate growth.

In the current fiscal year as well, OTRS AG is investing in building and expanding its expertise in order to further consolidate its strong position on the market. These expenses will be reflected in our results. Seen in this context, 2022 will initially be a year of transition with profitability below the level of 2021. Nonetheless, we still expect a positive bottom line for fiscal 2022. OTRS AG will continue to benefit from the broad and ongoing trend in digital transformation thanks to its early investment in technical competencies. As a result, a rise in earnings as against the current fiscal year is anticipated for 2023.

The scenarios that we created to map the potential development of new and existing customer business continue to apply. We were still in scenario one, our best-case scenario, as of the end of 2021. In summary, layoffs are still not necessary and there are no plans to furlough employees either. We are increasingly planning investment in the area of technical knowledge and expertise in order to grow our pool of qualified input for more innovation and future orientation.

We believe that growth is possible if the ongoing geopolitical tension and conflicts have no significant effect and if pandemics affecting multiple countries and regions – such as the COVID pandemic at present – only affect us to a limited extent.

As work from home requirements came to an end, the COVID crisis has prompted many companies to actively consider hybrid solutions, i.e. a feasible combination of working from home and office attendance. Nonetheless, our range is and remains attractive as it is focused on fundamental functionalities geared towards the optimization of business processes, which also includes flexible use from any location.

Long-lasting success requires skilled and dedicated employees. We ensure their satisfaction and motivation by consciously investing in a corporate culture defined by equality of opportunity, an attractive and modern working environment and a viable organization and structure. At the same time, we are taking measures to ensure a long-term pipeline of qualified employees.

We actively embody and take responsibility for the environment, security and society. As a company, we are a role model for modern, transparent and successful working, and we strive for operational excellence in our work and business processes.

## Report on risks and chances

For our company to enjoy sustained success, it is critical that we identify risks and opportunities resulting from our operations at an early stage and that we manage these proactively. Our responsible approach to risk is supported by a comprehensive risk management system. OTRS AG's goal is to increase enterprise value in the interests of shareholders with a balanced risk-to-opportunity ratio.

The controlling and monitoring of the individual areas of consulting, development and global managed services, in addition to the areas that do not generate cash flow directly, such as marketing and administration, are analyzed monthly and compared against the company's own planning and regularly updated forecasts. As part of an early warning system, key performance indicators have been defined in order to more reliably identify risks that pose a threat to the company as a going concern, and changes or developments in these indicators are monitored on an ongoing basis. In addition to the risk factors described below, risks that are not yet known or risks that are initially considered immaterial can generally affect operating activities.

### Legal and economic going concern risks

Economic business risks could include insufficient market acceptance of the product or competitors being more strongly positioned. In particular, reducing this risk requires high flexibility when it comes to tailoring products to customer requirements and the option to considerably expand market presence. We can also further reduce the risk by enforcing our trademark rights, which particularly denies gray-market providers the possibility to generate revenue with products made and financed by us.

The software market, especially the area of customer solutions, occupies what is known as a "VUCA world," meaning that it is exposed to high levels of volatility, uncertainty, complexity and ambiguity.

Our strategy of differentiating between **OTRS** as a cloud solution and the freely available ((OTRS)) Community Edition has made us more flexible and independent, and it has helped us adapt to the constantly shifting requirements of the various sub-markets.

By introducing **OTRS Business Solution™ Managed** in 2015, OTRS AG had already established exclusivity and significantly boosted customer loyalty. The next step taken at the end of 2020 – not releasing an ((OTRS)) Community Edition for the time being – also helped to limit the field of activities of competitors who offer OTRS software services to their local home markets and internationally.

This also gives rise to the opportunity to build international partner management with managed **OTRS**, which is risk-free for us because it is controllable. Sales activities with the active Community Edition and the on-premise variant of **OTRS** previously entailed the risk of business operations being invisible to monitoring with an international sales model.

In addition, active communication on the lifecycle of our releases – such as the "end-of-life" OTRS 6/ Community Edition – allowed us to draw more attention to this strategy among the user community and the media, which also limited the potential for gray-market providers.

At the same time, focusing on comprehensive marketing and innovative management is a way of steadily boosting our market share. Our goal is to create a broad spectrum of different groups of customers and interested parties in various markets.

### **Financial risks**

A deterioration in liquidity can lead to significant risks to companies, up to and including going concern risks. OTRS AG has excellent liquidity as of the reporting date. This is because our sales model includes prepayments for the contracts on an annual basis.

In the ongoing COVID pandemic, this gives us an advantage over other companies in that we are not impacted by an acute liquidity shortage.

### **Bad debt risks**

Bad debts are a latent risk. In extreme cases, they could jeopardize the continued existence of the company if allowed to accumulate. The risk of bad debts can increase in times of a financial market crisis. However, OTRS AG's economic success is not dependent on just a handful of customers; rather, it has a large number of very significant customers, which limits the risk of bad debts. We generally maintain a varied customer structure; we do not concentrate on any specific sector or size of organization, which allows us to compensate for economic fluctuations.

Here, too, we closely monitor any delays or defaults in payment. In the current crisis, we mitigate bad debts by shortening dunning procedures and obtaining titles more quickly.

### **Exchange rate risks**

The international business activities of OTRS AG entail cash flows in various currencies. However, most transactions are performed in the euro area, hence currency risk is limited. Accordingly, international business is conducted through our branches, as a result of which exchange rate fluctuations in the respective countries are not significant to OTRS AG.

### **Economic opportunities**

As well as posing risks to companies and their status as a going concern, the current situation and the trend towards a long-term physical relocation and working from home present opportunities for us and for sales of our solution. As we professionally support virtual working, under the current circumstances and moving forward as well, we can be a state-of-the-art solution to help a wide range of industries to optimize their operating processes. We believe that not only does this offer the potential for higher sales during the current pandemic, but it is also a chance to establish our solution as a risk-mitigation tool for crisis situations in the long term.

OTRS AG has a number of other opportunities in the context of its global operating activities. An overview of the possible opportunities of future development is presented below:

### **International expansion**

Providing sales activities and services remotely without higher additional costs or lower chances of success allows us to manage international expansion by way of increasing virtualization from our headquarters. We consider opening a branch only in locations with good sales prospects and where this requires an on-site team. Preferably, the sales and service structure here would be tailored to the circumstances at the location. We have continued to closely monitor our key markets in the current fiscal year and – where promising – to develop and expand these. Strengthening our existing branches through ongoing support, the transfer of knowledge and increasingly making sure that we also integrate them culturally in the sense of a global corporate culture allows us to fully exploit synergies.

### **Managed services**

At a time when business activities are increasingly going virtual and we store large swathes of our data in the cloud, our offer to provide **OTRS** as a managed solution continues to follow the trend.

Cloud computing is also an important element of the IT market in the long term and is considered a key driver of digital transformation.

The ability to use **OTRS** without installing the portal(s) on a company's own computers appeals to many firms and, in particular, offers small and medium sized enterprises that have limited infrastructure and personnel resources access to a professional software solution.

The number of contracts for our managed solution increased from 291 as of 31 December 2020 to 349 by 31 December 2021. Thus, managed solution contracts rose from 49 % of our total contract volume (31 December 2020) to 51 % (31 December 2021).

### **Internal risks**

OTRS AG's value chain covers all stages of business activity, from development, marketing, consulting and sales to maintenance and training. Disruptions within or between these areas can lead to problems all the way up to the temporary interruption of workflows in one or more areas.

Furthermore, rapid company growth puts administrative, organizational and process structures at risk of not being able to adapt at the same rate. Especially with regards to the ongoing development of effective processes within the structure and process organization, we are continuously investing in and adapting to the needs of our growing company.

Together with our corporate communication, we have designed our organizational and process structures so that delays, disruptions and uncertainties in processes can be reported at an early stage. This guarantees that disruptions are processed smoothly and quickly resolved and means that the possibility of our solutions – both software and services – malfunctioning is very low.

Experienced employees, proven management and control systems, targeted personnel and organizational development measures and the existing system of monitored risk indicators, which is continuously adapted in line with the latest developments and requirements on an ongoing basis, ensure the highest possible level of control.

### **Environmental and social risks**

Demands for companies to take on social responsibility have skyrocketed in recent years. Market-dominating sustainability and responsibility aspects in our products and processes can result in considerable competitive disadvantages, damage to our image or breaches of laws.

To combat this, a comprehensive sustainability concept has been implemented in the area of CSR, which primarily aims to achieve and manage our sustainability targets. Measures to raise awareness of sustainability among the management and employees as well as the systematic incorporation of sustainability aspects in our management and decision processes also help mitigate this risk. For example, when deciding on our hosting providers, we chose those that verifiably operated in an environmentally-friendly and resource-efficient way.

### **Environmental and social opportunities**

Working on a sustainable range of services designed for companies that operate accordingly is a key pillar of our “Green OTRS” strategy. This is not merely a way of gearing our company towards sustainability: Implementing sustainability aspects into our products and services presents us with the chance to approach and win over new groups of customers and to further improve public perception of the OTRS brand. Strengthening our culture by way of activities relating to integrity can also help combat the future shortage of skilled workers and ensure that OTRS Group remains attractive to graduates and employees moving forwards.

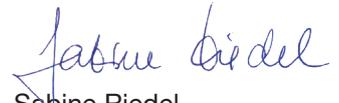
Oberursel, 31 March 2022



André Mindermann  
Chairman of the  
Management Board of  
OTRS AG



Christopher Kuhn  
Member of the  
Management Board of  
OTRS AG



Sabine Riedel  
Member of the  
Management Board of  
OTRS AG





# ANNUAL FINANCIAL STATEMENT TABLES

BALANCE SHEET

INCOME STATEMENT

GROSS STATEMENT OF CHANGES IN FIXED ASSETS

CASH FLOW STATEMENT

## Balance sheet as of 31 December 2021

Assets	31/12/2021	31/12/2020
	EUR	EUR
<b>A. Fixed assets</b>	<b>6,792,772.04</b>	<b>6,650,238.29</b>
<b>I. Intangible assets</b>	<b>2,911,693.25</b>	<b>2,723,426.72</b>
1. Internally generated industrial and similar rights and assets	1,822,370.00	2,352,074.00
2. Intangible assets under development	1,030,700.25	217,950.72
3. Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	1.00	1.00
4. Goodwill	58,622.00	153,401.00
<b>II. Tangible assets</b>	<b>132,164.00</b>	<b>136,749.00</b>
1. Other equipment, operating and office equipment	132,164.00	136,749.00
2. Prepayments and assets under construction	0.00	0.00
<b>III. Financial assets</b>	<b>3,748,914.79</b>	<b>3,790,062.57</b>
1. Shares in affiliated companies	2,763,584.24	2,773,078.55
2. Loans to affiliated companies	0.00	39,857.78
3. Equity investments	2.00	2.00
4. Reinsurance claims from life insurance	985,328.55	977,124.24
<b>B. Current assets</b>	<b>6,476,535.35</b>	<b>4,382,218.94</b>
<b>I. Inventories</b>	<b>5,760.30</b>	<b>11,823.50</b>
1. Orders in progress	5,760.30	11,823.50
<b>II. Receivables and other assets</b>	<b>2,169,778.39</b>	<b>1,620,627.87</b>
1. Trade receivables	1,662,004.14	1,174,233.17
2. Receivables from affiliated companies	478,744.05	382,068.53
3. Other assets	29,030.20	64,326.17
<b>III. Cash-in-hand, central bank balances, bank balances and checks</b>	<b>4,300,996.66</b>	<b>2,749,767.57</b>
<b>C. Prepaid expenses</b>	<b>104,193.83</b>	<b>102,023.40</b>
	<b>13,373,501.22</b>	<b>11,134,480.63</b>

<b>Equity and liabilities</b>	31/12/2021	31/12/2020
	EUR	EUR
<b>A. Equity</b>	<b>5,024,486.42</b>	<b>3,964,521.85</b>
I. Subscribed capital	1,916,300.00	1,916,300.00
II. Revenue reserves		
1. Legal reserve	162,116.83	102,411.55
III. Net retained profit	2,946,069.59	1,945,810.30
<b>B. Provisions</b>	<b>974,181.51</b>	<b>594,141.60</b>
1. Tax provisions	508,767.17	167,671.03
2. Other provisions	465,414.34	426,470.57
<b>C. Liabilities</b>	<b>624,258.93</b>	<b>617,027.61</b>
1. Trade payables	160,705.39	168,889.98
- of which with a remaining term of up to one year EUR 160,705.39 (EUR 168,889.98)		
2. Liabilities to affiliated companies	115,547.69	120,052.85
- of which with a remaining term of up to one year EUR 115,547.69 (EUR 120,052.85)		
3. Other liabilities	348,005.85	328,084.78
- of which taxes EUR 330,317.44 (EUR 259,352.88)		
- of which social security EUR 8,224.76 (EUR 7,881.61)		
- of which with a remaining term of up to one year EUR 348,005.85 (EUR 328,084.78)		
<b>D. Deferred income</b>	<b>5,873,592.96</b>	<b>5,140,126.07</b>
<b>E. Deferred tax liabilities</b>	<b>876,981.40</b>	<b>818,663.50</b>
	<b>13,373,501.22</b>	<b>11,134,480.63</b>

## Income statement

### from 1 January 2021 to 31 December 2021

	31 Dec. 2021	31 Dec. 2020
	EUR	EUR
1. Revenue	11,043,321.59	9,708,188.21
2. Reduction in orders in progress	6,063.20	-11,144.25
3. Other own work capitalized	812,749.53	1,299,816.62
4. Other operating income	355,158.19	390,660.06
- of which income from foreign currency translation EUR 1,050.01 (EUR 483.10)		
5. Cost of materials	1,836,321.27	1,849,711.28
a) Cost of raw materials, consumables and supplies and of purchased merchandise	-0.12	0.00
b) Cost of purchased services	1,836,321.39	1,849,711.28
6. Personnel expenses	6,309,797.02	5,852,903.66
a) Wages and salaries	5,398,794.49	5,085,080.40
b) Social security, post-employment and other employee benefit costs	911,002.53	767,823.26
- of which in respect of old age pensions EUR 104,708.02 (EUR 14,811.18)		
7. Depreciation and amortization	685,592.85	546,904.54
a) On intangible and tangible fixed assets	685,592.85	546,904.54
8. Other operating expenses	1,637,572.56	1,391,941.13
- of which expenses from foreign currency translation EUR 171.75 (EUR 514.00)		
9. Income from other securities and loans held as financial assets	8,204.31	6,625.55
10. Other interest and similar income	2,867.53	2,842.87
- of which from affiliated companies EUR 2,192.18 (EUR 2,192.18)		
11. Write-downs of long-term financial assets and investments classified as current assets	29,352.09	0.00
12. Interest and similar expenses	690.00	690.00
13. Taxes on income	517,701.09	547,828.08
- of which expenses from the addition and reversal of deferred taxes EUR 246,400.87 (EUR 499,132.03)		
- of which income from the addition and reversal of deferred taxes EUR 188,082.97 (EUR 235,114.03)		
<b>14. Earnings after taxes</b>	<b>1,199,211.07</b>	<b>1,229,298.87</b>
15. Other taxes	5,105.50	13,827.74
<b>16. Net income for the year</b>	<b>1,194,105.57</b>	<b>1,215,471.13</b>
17. Retained profits brought forward from the previous year	1,811,669.30	791,112.73
18. Transfers to revenue reserves	59,705.28	60,773.56
a) to legal reserve	59,705.28	60,773.56
<b>19. Net retained profits</b>	<b>2,946,069.59</b>	<b>1,945,810.30</b>

## Gross statement of changes in fixed assets as of 31 December 2021

	Acquisition/ production cost		Additions		Disposals		Reclassi- fications		Acquisition/ production cost		Cumulative depreciation and amortization		Depreciation and amortization in the fiscal year		Disposals		Reclassi- fications		Cumulative depreciation and amortization		Reversals of write-downs in the fiscal year		Book value		
	1/1/2021	EUR	EUR	EUR	EUR	EUR	EUR	EUR	12/31/2021	EUR	EUR	1/1/2021	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	12/31/2021
<b>I. Intangible assets</b>																									
1. Internally generated industrial and similar rights and assets	4,757,904.29		0.00	0.00	0.00	0.00	0.00	0.00	4,757,904.29	0.00	2,405,830.29	529,704.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,985,534.29	0.00	0.00	0.00	0.00	1,822,370.00
2. Intangible assets under development	217,950.72		812,749.53	0.00	0.00	0.00	0.00	0.00	1,030,700.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,030,700.25
3. Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	5,648.00		0.00	0.00	0.00	0.00	0.00	0.00	5,648.00	0.00	5,647.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,647.00	0.00	0.00	0.00	0.00	1.00
4. Goodwill	1,428,466.57		0.00	0.00	0.00	0.00	0.00	0.00	1,428,466.57	1,275,065.57	94,779.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,369,844.57	0.00	0.00	0.00	0.00	58,622.00
<b>II. Tangible assets</b>																									
1. Other equipment, operating and office equipment	417,572.94		57,215.85	24,253.99	24,253.99	0.00	0.00	450,534.80	450,534.80	280,823.94	61,109.85	23,562.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	318,370.80	0.00	0.00	0.00	0.00	132,164.00
<b>III. Financial assets</b>																									
1. Shares in affiliated companies	2,773,078.55		19,857.78	0.00	0.00	0.00	0.00	2,792,936.33	2,792,936.33	0.00	29,352.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29,352.09	0.00	0.00	0.00	0.00	2,763,584.24
2. Loans to affiliated companies	39,857.78		0.00	39,857.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Equity investments	1,242.99		0.00	0.00	0.00	0.00	0.00	1,242.99	1,242.99	1,240.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,240.99	0.00	0.00	0.00	0.00	2.00
4. Reinsurance claims from life insurance	977,124.24		8,204.31	0.00	0.00	0.00	0.00	985,328.55	985,328.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	985,328.55
	<b>10,618,846.08</b>		<b>895,027.47</b>	<b>64,111.77</b>	<b>64,111.77</b>	<b>0.00</b>	<b>0.00</b>	<b>11,452,761.78</b>	<b>11,452,761.78</b>	<b>3,968,607.79</b>	<b>714,944.94</b>	<b>23,562.99</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,659,989.74</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6,792,772.04</b>

## Cash flow statement (indirect) from 1 Jan. 2021 to 31 Dec. 2021

	31 Dec. 2021	31 Dec. 2020
	EUR	EUR
Net income for the period	1,194,105.57	1,215,471.13
+ Depreciation, amortization and write-downs of fixed assets	714,944.94	546,904.54
+ Increase in provisions	38,943.77	-129,985.57
- Other non-cash income	20,384.69	29,883.37
+ Decrease in inventories	6,063.20	-11,144.25
- Increase in trade receivables	540,225.81	-171,512.16
- Increase in other assets not attributable to investing or financing activities	61,555.45	8,015.76
- Decrease in trade payables	10,179.12	-69,918.33
+ Increase in other liabilities not attributable to investing or financing activities	799,037.58	509,326.37
- Gain on the disposal of fixed assets	1,215.23	2,735.69
+ Loss on the disposal of fixed assets	1.00	10,002.43
- Interest income	8,204.31	6,625.55
+ Interest expenses	690.00	690.00
- Income tax income	188,082.97	235,114.03
+ Income tax expense	705,784.06	782,942.11
Income tax expense/income	-517,701.09	-547,828.08
Adjustment for non-cash components	399,414.04	427,334.31
+/- Income taxes paid	-118,287.05	-120,493.77
<b>Cash flows from operating activities</b>	<b>2,511,435.49</b>	<b>2,762,769.08</b>
+ Proceeds from disposal of tangible fixed assets	1,905.23	5,320.76
- Purchase of intangible assets	812,749.53	1,299,816.62
- Purchase of tangible fixed assets	57,215.85	88,202.24
+ Proceeds from disposal of long-term investments	20,000.00	0.00
- Purchase of long-term investments	8,204.31	986,019.39
+ Interest received	8,204.31	6,625.55
<b>Cash flow from investing activities</b>	<b>-848,060.15</b>	<b>-2,362,091.94</b>
- Payments to owners and minority shareholders	134,141.00	0.00
+ Proceeds from issuance of bonds and from short- or long-term borrowings	0.00	776.72
- Repayments of bonds and short- or long-term borrowings	-2,300.06	66,801.79
+ Proceeds from government grants and subsidies received	20,384.69	29,883.37
- Interest paid	690.00	690.00
<b>Cash flow from financing activities</b>	<b>-112,146.25</b>	<b>-36,831.70</b>
Net change in cash and cash equivalents (total of cash flows)	1,551,229.09	363,845.44
+ Cash funds at the beginning of the period	2,749,767.57	2,385,922.13
<b>Cash funds at end of the period</b>	<b>4,300,996.66</b>	<b>2,749,767.57</b>



“

*The key to growth is acknowledging your fear of the unknown and jumping in anyway.*

Jen Sincero





# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

ADDITIONAL DISCLOSURES AND NOTES

OTHER STATUTORY DISCLOSURES

## General information

The annual financial statements of OTRS AG were prepared on the basis of the accounting provisions of the Handelsgesetzbuch (HGB – German Commercial Code) in accordance with the generally accepted principles of proper accounting.

The regulations of the German Stock Corporation Act were also complied with in addition to these provisions.

The annual financial statements are **structured** in line with the provisions for corporations in accordance with the German Commercial Code and the Aktiengesetz (AktG – German Stock Corporation Act), including in particular sections 266, 275 HGB and sections 150 to 161 AktG. Practical expedients dependent on size provided for by the German Commercial Code regarding structure and reporting have been applied in some cases.

The income statement was prepared using the total cost (type of expenditure) format.

The company is a medium-sized corporation in accordance with section 267 HGB. Practical expedients dependent on size for **mid-sized corporations** have been applied in some cases.

The company's shares were admitted to trading in the First Quotation Board of the Frankfurt Stock Exchange on 23 December 2009 and included in the Entry Standard of the Frankfurt Stock Exchange on 29 June 2012. The company's shares have been included in the Basic Board of the Frankfurt Stock Exchange since 1 March 2017.

## Information on the identification of the company according to the registry court

Name according to registry court:	OTRS AG
Registered office according to registry court:	Oberursel
Registered in:	Handelsregister
Registry court:	Bad Homburg v. d. Höhe
Register no.:	HRB 10751

## Accounting disclosures including measures under tax law

### Changes in accounting policies since the previous year

The accounting policies used in the past were applied essentially unchanged in the annual financial statements.

### Accounting policies

Unless stipulated otherwise by law, the annual financial statements contain **all** assets, liabilities, prepaid expenses, deferred income, expenses and income. Asset items have not been offset against liability items, nor expenses against income, nor property rights against property charges.

Measurement was based on the **going concern** principle. Assets and liabilities were **measured individually**. Measurement was performed in line the **prudence principle** taking into account all foreseeable risks and losses originating before the balance sheet date, even if they only became known between the balance sheet date and the preparation of the annual financial statements.

Profits were only recognized if they were realized before the balance sheet date. Expenses and income for the fiscal year were recognized regardless of the date of payment.

**Fixed assets** include only items that are intended to be used for business operations on a permanent basis.

In accordance with the option under section 248(2) sentence 1 HGB, **internally generated intangible assets** are capitalized at production cost in the form of development costs in accordance with section 255(2) a) HGB if and to the extent that they qualify as assets and the development costs were clearly allocated and defined in accordance with section 255(2) a) HGB. The amount capitalized includes the development costs incurred between the manifestation of technical feasibility and completion of the intangible asset. By contrast, the costs of the research phase are not capitalized, but rather expensed immediately. Development costs include the direct costs, appropriate portions of production overheads and general administrative expenses that relate to the production period. Interest on debt capital is not included in production costs. Internally generated intangible assets are amortized on a straight-line basis over their planned useful life from the date of completion.

**Purchased intangible assets** are measured at acquisition cost plus incidental purchase cost less any acquisition price reductions and amortization.

In previous years, the difference by which the consideration paid to acquire an entity exceeded the value of the entity's individual assets less liabilities at the acquisition date was recognized as **goodwill**. Goodwill is amortized over its expected useful life.

**Tangible assets** are recognized at acquisition cost plus incidental purchase costs less depreciation if applicable.

**Depreciation** is recognized on a straight-line basis over the expected useful life of the assets.

**Impairment** is recognized if the impairment of fixed assets is expected to be permanent in order to recognize them at the lower value to be attributed to them on the reporting date.

Movable fixed assets with a value less than EUR 800 are written off in full in the year of acquisition in accordance with the tax regulation of section 6(2) sentence 1 of the Einkommensteuergesetz (EStG – German Income Tax Act).

**Financial assets** were recognized and measured as follows:

- Shares in affiliated companies and other investees and investors at cost
- Loans at nominal value

To the extent necessary, financial assets were recognized at their lower value at the balance sheet date.

**Inventories** are reported at the lower of acquisition or production cost and current value on the balance sheet date.

**Receivables, other assets** and **securities** were measured taking all discernible risks into account.

**Bank balances** and **cash-in-hand** were recognized at nominal value.

Payments made before the balance sheet date were recognized as **prepaid expenses** if they represent expenses for a specific period after this date.

The **share capital** is recognized at nominal value.

Other **provisions** were recognized for all other uncertain liabilities. Provisions were measured at the necessary settlement amount in accordance with prudent business judgment, sufficiently taking all discernible risks into account.

**Liabilities** were carried at their settlement amount.

Income received before the balance sheet date was recognized as **deferred income** if it represents income for a specific period after this date.

#### Principles for translating foreign-currency items into euro

The annual financial statements include foreign-currency items that were translated into euro.

Receivables and liabilities in foreign currency are measured at the middle spot exchange rate on the balance sheet date. The exchange rate on the date of the transaction was recognized if this was lower (for receivables) or higher (for liabilities). Expenses and income from exchange rate differences were recognized in income.

#### Tax accounts and deferred taxes

Taxes are calculated on the basis of the tax accounts, which differ from the annual financial statements according to commercial law. The differences result firstly from the amortization of the goodwill recognized in previous years from the contribution/merger of OTRS GmbH and Enterprise Consulting Beratungsgesellschaft für Unternehmensorganisation und Informationsmanagement mbH into the company, which was recognized at carrying amount for tax purposes, and secondly from the capitalization and amortization of internally generated intangible assets in accordance with section 248(2) HGB, which are prohibited from capitalization for tax purposes.

The following table shows the deferred taxes recognized for the past fiscal year and the previous year.

	31 Dec. 2021 EUR thou.				31 Dec. 2020 EUR thou.			
	Com- mercial accounts	Tax accounts	Differ- ence	Deferred taxes	Com- mercial accounts	Tax accounts	Differ- ence	Deferred taxes
Internally generated intangible assets	1,822	0	1,822	549	2,352	0	2,352	708
Intangible assets under development	1,031	0	1,031	310	218	0	218	65
Goodwill	59	0	59	18	153	0	153	46
<b>Total</b>				<b>877</b>				<b>819</b>

The tax rate of 30.1 % was used to calculate deferred taxes.

## Disclosures and notes on individual items of the balance sheet and income statement

### Gross statement of changes in fixed assets for the individual items of fixed assets

The structure and development of assets, including depreciation and amortization in the fiscal year for each item of the balance sheet, are shown in the statement of changes in fixed assets at the end of the notes.

### Research and development expenses

**Internally generated intangible assets** are capitalized in accordance with the option under section 248(2) sentence 1 HGB if and to the extent that they qualify as assets and the development costs can be clearly allocated and defined in accordance with section 255(2) a) HGB. They are amortized over the expected useful life of five years. **Costs of the research phase** and development costs that do not result in an asset are not capitalized, but rather expensed immediately.

Research and development expenses amounted to EUR 3,057 thousand in total in the reporting year. EUR 813 thousand of this amount was attributable to the development of internally generated intangible assets, which were capitalized accordingly.

### Goodwill amortization

Goodwill acquired and capitalized in previous years is amortized over the useful life of an expected 15 years in accordance with the business model. No impairment losses were required in the reporting year.

### Disclosures on affiliated companies and shareholdings in other companies of at least 20 % of shares

<b>Affiliated companies</b>	<b>Carrying amount EUR thou.</b>	<b>Shareholding %</b>	<b>Result EUR thou.</b>	<b>Equity EUR thou.</b>
OTRS Inc., Cupertino, USA	2,183	100	127	-235
OTRS S.A. de C.V., Mexico City, Mexico	1 <sub>1)</sub>	50	112 <sub>1)</sub>	165 <sub>1)</sub>
OTRS Do Brasil Soluções Ltda., São Paulo, Brazil	156	93	11	-16
OTRS ASIA Pte. Ltd., Singapore	414	100	41	181
OTRS Asia Ltd., Hong Kong	0 <sub>4)</sub>	100	2 <sub>4)</sub>	-14 <sub>4)</sub>
OTRS Magyarország Kft., Budapest, Hungary	9	100	141	279
<b>Total</b>	<b>2,763</b>			
<b>Other investees</b>				
OTRS Ltd., Hong Kong	0	50	2), 3	2), 3)
OTRS Shd Bdn, Malaysia	0	49	2), 3)	2), 3)
<b>Total</b>	<b>0</b>			

Notes:

1) = Provisional

2) = Value not established when the financial statements were prepared.

3) = Disclosure is not significant to the presentation of the net assets, financial position and results of operations and can therefore be waived in accordance with section 286(3) sentence 1 no. 1 HGB.

4) = OTRS Asia Ltd., Hong Kong, is in liquidation.

## Disclosure on receivables

Type of receivable as of 31 Dec. 2021	Total amount as of 31 Dec. 2021	of which with a remaining term	
	EUR thou.	less than 1 year EUR thou.	more than 1 year EUR thou.
Trade receivables	1,662	1,662	-
Receivables from affiliated companies	479	479	-
Receivables from equity investments	0	0	-
Other assets: miscellaneous	29	29	-
<b>Total</b>	<b>2,170</b>	<b>2,170</b>	<b>-</b>

### Other assets

Other assets essentially include advances to personnel of EUR 4 thousand (previous year: EUR 46 thousand), security deposits of EUR 1 thousand (previous year: EUR 1 thousand), creditors with debit balances of EUR 2 thousand (previous year: EUR 0 thousand), trade tax assets of EUR 0 thousand (previous year: EUR 0 thousand) and miscellaneous other assets of EUR 22 thousand (previous year: EUR 17 thousand).

Payments made before the balance sheet date were recognized as **prepaid expenses** (EUR 104 thousand; previous year: EUR 102 thousand) to the extent they represent expenses for a specific period after this date.

The deferral serves the reporting of profits on an accrual basis. The amounts are receivables by nature.

### Equity

#### Disclosures on share classes

The share capital of EUR 1,916,300 is divided into:

	Euro	Euro
1,916,300 ordinary shares each with an actuarial notional value of	1	1,916,300
0 preference shares each with a notional value of	0	0
<b>Total</b>		<b>1,916,300</b>

The shares are bearer shares.

#### Disclosures on authorized capital

The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to EUR 900,000 by 31 May 2022 by issuing up to 900,000 new no-par-value bearer shares against cash or non-cash contributions on one or more occasions. The shareholders have pre-emption rights. However, the Management Board is authorized, with the approval of the Supervisory Board, to disapply shareholder pre-emption rights in certain cases.

#### Legal reserve

An amount of EUR 60 thousand was transferred to the legal reserve in accordance with section 150 AktG in the fiscal year. This corresponds to a one-twentieth share of net income for the year. The legal reserve amounts to EUR 161 thousand as of the reporting date.

## Disclosures and notes on provisions

Other provisions developed as follows in the fiscal year:

Provision for	Jan. 1, 2021	Utilization	Reversal	Addition	Dec. 31, 2021
	EUR thou.	EUR thou.	EUR thou.	EUR thou.	EUR thou.
Remaining vacation	147	147	-	171	171
Management Board bonuses	142	142	-	147	147
Employee bonuses/commission	47	47	-	40	40
Audit of annual financial statements	19	19	-	19	19
Duty to preserve records	18	-	-	-	18
Outstanding invoices	17	17	-	32	32
Occupational health and safety agency	17	17	-	18	18
Costs of preparing the annual financial statements	14	14	-	15	15
Supervisory Board remuneration	4	4	-	4	4
Financial accounting	1	1	-	1	1
<b>Total</b>	<b>426</b>	<b>408</b>	<b>-</b>	<b>447</b>	<b>465</b>

The net method was applied on first-time recognition of provisions if discounting was required.

## Disclosure on liabilities

Liabilities with a remaining term of up to one year amount to EUR 624 thousand (previous year: EUR 617 thousand).

Type of liability as of 31 Dec. 2021	Total amount as of 31 Dec. 2021	of which with a remaining term		
	EUR thou.	less than 1 year EUR thou.	1 to 5 years EUR thou.	more than 5 years EUR thou.
Trade payables	161	161	-	-
Liabilities to affiliated companies	115	115	-	-
Liabilities to equity investments	0	0	-	-
Other liabilities	348	348	-	-
<b>Total</b>	<b>624</b>	<b>624</b>	<b>-</b>	<b>-</b>

The total amount of liabilities secured by liens or similar rights is EUR 0 (previous year: EUR 0).

## Other liabilities

Other liabilities essentially include VAT liabilities of EUR 214 thousand (previous year: EUR 170 thousand), wage and church tax liabilities of EUR 117 thousand (previous year: EUR 89 thousand), creditors with debit balance of EUR 4 thousand (previous year: EUR 57 thousand), employees' social security liabilities of EUR 8 thousand (previous year: EUR 8 thousand), liabilities to the Management Board of EUR 2 thousand (previous year: EUR 0 thousand) and miscellaneous other liabilities of EUR 3 thousand (previous year: EUR 4 thousand).

## Deferred income

Deferred income (EUR 5,874 thousand; previous year: EUR 5,140 thousand) includes payments received for support contracts and services with total terms of up to one year to the extent that these relate to the following year.

## Contingent liabilities from unrecognized liabilities in accordance with section 251 HGB

There were no such contingent liabilities as of 31 December 2021.

## Other unrecognized financial commitments

Other financial commitments mature as follows:

Type of commitment	Maturing EUR thou.			
	2022	2023	2024	2025
Rental commitments	172	73	12	0
Lease commitments	225	119	44	0
<b>Total</b>	<b>397</b>	<b>192</b>	<b>56</b>	<b>0</b>

## Revenue

Revenue breaks down as follows in accordance with section 285 no. 4 HGB:

By area of activity	2021	2020
	EUR thou.	EUR thou.
IT services and support	9,845	8,855
Consulting Services	1,132	795
Custom Engineering	44	37
Other	22	21
<b>Total</b>	<b>11,043</b>	<b>9,708</b>

By geographically defined market	2021	2020
	EUR thou.	EUR thou.
Germany	7,667	6,819
Rest of world	3,376	2,889
<b>Total</b>	<b>11,043</b>	<b>9,708</b>

## Disclosures on changes in net income

The company generated net income for the past fiscal year of EUR 1,194 thousand, which will be carried forward to new account taking into account the previous year's net retained profits and the transfer to the legal reserve.

Changes in net income break down as follows:

Appropriation of profits	2021	2020
	EUR thou.	EUR thou.
Net income for the year	1,194	1,215
Retained profits/accumulated losses brought forward from the previous year	1,946	791
Distribution	-134	0
Transfer to legal reserve	-60	-61
<b>= Net retained profits/accumulated losses</b>	<b>2,947</b>	<b>1,946</b>

## Restriction on distribution

The total amount restricted from distribution in accordance with section 268(8) HGB is EUR 1,994 thousand. It consists of the amount of capitalized internally generated intangible assets (EUR 2,853 thousand) less the related deferred tax liabilities (EUR 859 thousand). The restriction on distribution amounted to EUR 1,798 thousand in the previous year.

## Other statutory disclosures

### Names of members of the Management Board and Supervisory Board

The following people were members of the Management Board in the past fiscal year:

Mr. André Mindermann (CEO)	Dreieich	Business graduate
Mr. Christopher Kuhn (Member of the Management Board)	Bogen	Businessman
Ms. Sabine Riedel (Member of the Management Board)	Friedrichsdorf	Business graduate

All members of the Management Board are authorized to represent the company and to enter into a legal transaction in the name of the company with themselves as an agent of a third party.

The Supervisory Board comprised the following members:

Mr. Burchard Steinbild (Chairman)	Beckeln	Mathematics graduate
Mr. Thomas Stewens (Deputy Chairman)	Bad Vilbel	Business Administration graduate
Prof. Oliver Hein (Supervisory Board Member)	Frankfurt/Main	Computer science graduate

### Total remuneration of members of the Management Board and Supervisory Board

The total remuneration of the members of the Management Board amounted to EUR 860 thousand in the past fiscal year. The total remuneration of the members of the Supervisory Board amounted to EUR 4 thousand.

### Advances extended to members of the Management Board and Supervisory Board

The member of the Management Board Ms. Sabine Riedel was granted an advance with a balance of EUR 4 thousand as of the balance sheet date. The interest rate is 2 % p.a.

A settlement account is kept for Mr. André Mindermann's current expenses. The settlement account bears interest at 2 % rate and has a negative balance of EUR 2 thousand as of 31 December 2021.

The member of the Management Board Mr. Christopher Kuhn was given an advance in 2020. The advance does not bear interest and was repaid by being offset against the net disbursement from the bonus for fiscal year 2020 in 2021.

Advances to members of the Management Board were as follows in 2021:

	1 Jan. 2021 EUR thou.	Addition EUR thou.	Repayment EUR thou.	31 Dec. 2021 EUR thou.
Sabine Riedel	4	0	0	4
André Mindermann	22	217	241	-2
Christopher Kuhn	20	0	20	0

No collateral was posted for loans and advances to members of the Management Board.

No loans or advances were granted to the members of the Supervisory Board.

### Average number of employees in the fiscal year

The average number of employees at the company in accordance with section 267(5) HGB was 74 (previous year: 70). They work in the following areas:

	Number of employees	
	Fiscal year	Previous year
Global Managed Services	20	20
Solution Management <small>(formerly Global Software Development)</small>	20	16
Consulting Services	8	7
Marketing & Sales	12	13
Administration	14	14
<b>Total</b>	<b>74</b>	<b>70</b>

### Significant events after the balance sheet date

There were no events of particular significance to the financial position or financial performance of the company in the period between the end of the reporting period and the preparation of the financial statements. Direct or indirect repercussions of the global SARS-CoV-2 pandemic cannot be entirely ruled out, which also applies to the political decisions to combat the pandemic. No such repercussions are currently discernible for the company. Potential repercussions are simulated by management in various planning scenarios.

The invasion of sovereign Ukraine territory by Russian armed forces on 24 February 2022 was a critical event that will also have a significant impact on the global economy. No repercussions for the financial position or financial performance of OTRS AG are apparent at this time.

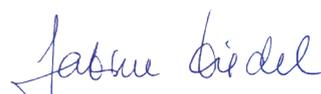
Oberursel, 31 March 2022



André Mindermann  
Chairman of the  
Management Board of  
OTRS AG



Christopher Kuhn  
Member of the  
Management Board of  
OTRS AG



Sabine Riedel  
Member of the  
Management Board of  
OTRS AG

# Independent Auditor's Report

To OTRS AG

## **Audit opinions**

We have audited the annual financial statements of OTRS AG – consisting of the balance sheet as of 31 December 2021, the income statement for the fiscal year from 1 January 2021 to 31 December 2021 and the notes, including the presentation of the accounting policies. We have also audited the management report of OTRS AG for the fiscal year from 1 January 2021 to 31 December 2021.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to corporations and give a true and fair view of the assets, liabilities and financial position of the company as of 31 December 2021 and of its financial performance for the fiscal year from 1 January 2021 to 31 December 2021 in compliance with German generally accepted principles of proper accounting, and
- the accompanying management report as a whole provides an appropriate view of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with section 322(3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

## **Basis for the opinions**

We conducted our audit of the annual financial statements and the management report in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Our responsibilities under those requirements and principles are further described in the “Auditor's responsibilities for the audit of the annual financial statements and of the management report” section of our auditor's report. We are independent of the company in accordance with the German commercial and professional regulations and have fulfilled our other German professional duties in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

## **Responsibilities of management and the Supervisory Board for the annual financial statements and the management report**

Management is responsible for the preparation of annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German generally accepted principles of proper accounting. In addition, management is responsible for such internal control as they, in accordance with German generally accepted principles of proper accounting, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the company's ability to continue as a going concern. They are also responsible 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, management is responsible for the preparation of a management report that as a whole provides an appropriate view of the company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a 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 management report.

The Supervisory Board is responsible for overseeing the company's financial reporting process for the preparation of the annual financial statements and of the management report.

### **Auditor's responsibilities for the audit of the annual financial statements and of the management report**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the company's position and, in all material respects, is consistent with the annual 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 opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and in compliance with the German generally accepted standards for financial statement audits promulgated by the 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 annual financial statements and this management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the 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 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 controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's 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 company'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 annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective 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 company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German generally accepted principles of proper accounting.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with the law and the view of the company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management 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 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.

Munich, 7 April 2022

VEDA WP GmbH  
Wirtschaftsprüfungsgesellschaft

Roland Weigl  
Wirtschaftsprüfer  
[German Public Auditor]

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