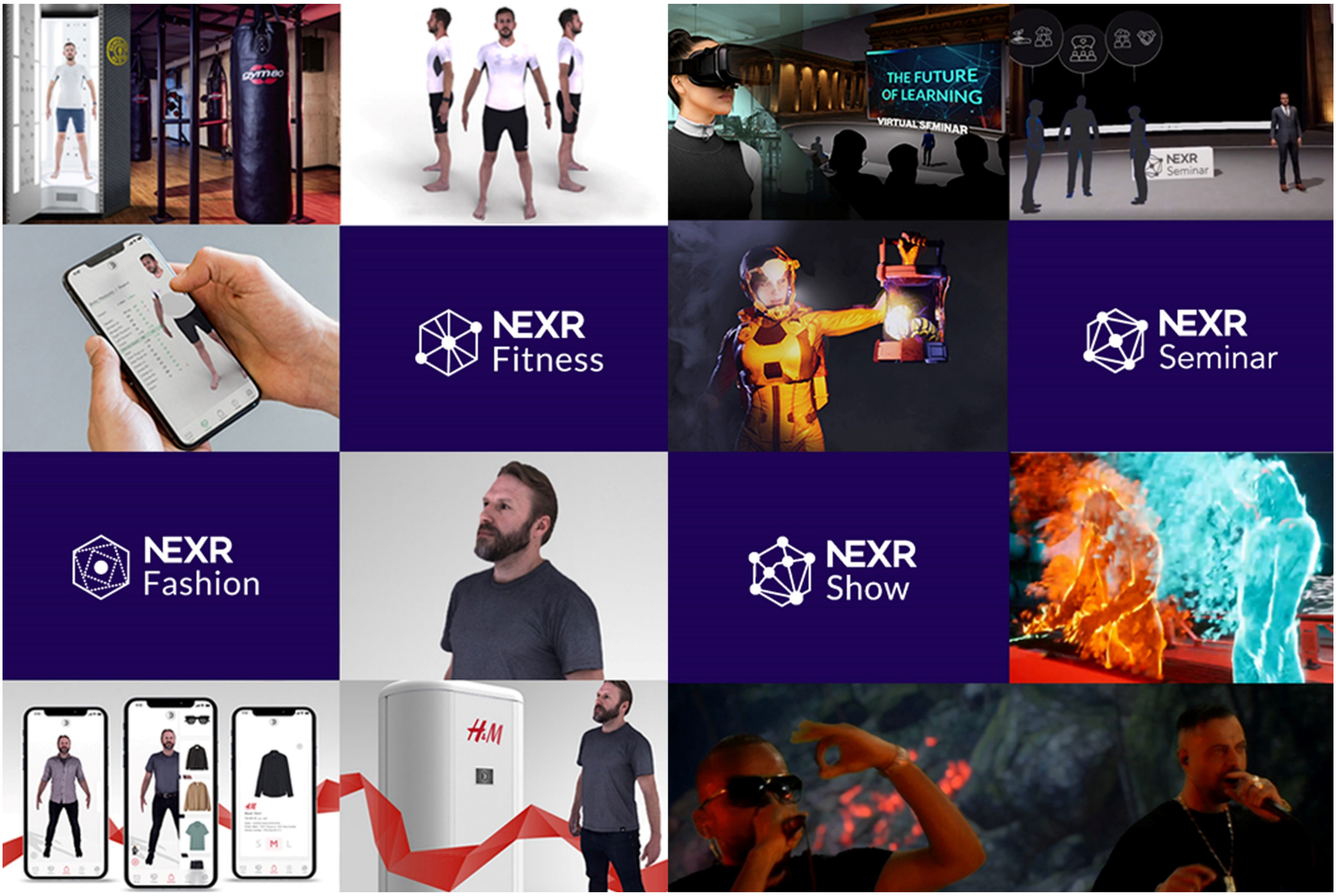
NEXR
Technologies SE

Business Report
2020



www.nexr-technologies.com

A QUICK LOOK AT THE NUMBERS

in €k	2020	2019	delta %
Turnover	**261**	**1,203**	**-78%**
EBITDA	**-8,816**	**-9,423**	**+6%**
Result after taxes	**-11,709**	**-13,290**	**+12%**
Earnings per share (in €)	-2.84	-5.70	+50%
Employees	**53**	**66**	**-20%**

COMPANY PROFILE

Berlin-based **NeXR Technologies SE** (XETRA: 99SC) is a listed virtual reality company that combines state-of-the-art technologies to develop avatar-based products and solutions. Its vision of an everyday life where everyone uses their avatar to do day-to-day tasks better is the focus of its activities.

NeXR Technologies has core competencies in the areas of 3D scanner development, motion capture, virtual reality, and virtual production with broad experience in the areas of gaming and data-based business models.

The company is using these core competencies to meet the increased demand for virtual solutions for companies and private customers with its in-house multi-user and multi-purpose platforms:

1. **Avatar Cloud**
   The Avatar Cloud is a platform for the automated creation, storage, and provision of avatars for various applications. Avatars are created with the help of the specially developed scanner technology.

2. **Platform for virtualised live events**
   The platform is based on the Unreal Engine developed by Epic Games and allows users to experience live events in VR, on the web, and on mobile devices using avatars.

Both platforms form the basis of various products and solutions developed jointly with customers for different industries and applications.

PRODUCTS

NeXR Fashion is a solution for the fashion industry developed on the basis of the 3D body scanner. The online shopping experience is simplified with the help of the personal avatar with the exact body measurements of the customer as well as an app that allows outfits to be tried on virtually. For retailers, this kind of targeted purchasing reduces the return rate and logistics cost. NeXR Fashion is thus helping make online retail more sustainable.

NeXR Fitness allows training successes to be displayed using the customer's personalised avatars. At the same time, users can use personal avatars to buy new training clothing from affiliated retailers.

NeXR Show brings performing artists together with their fans in times of social distancing. Using the Unreal Engine, NeXR Show offers immersive live events such as concerts and DJ sets with tailor-made reactive stages and streams them on well-known streaming platforms such as YouTube and Twitch. Thanks to the hybrid technology, widespread green screen technology can also be combined with motion capture technology in the Virtual Production Studio so that artists can appear looking like their real selves or as animated avatars.

NeXR Seminar is a virtual reality solution for remote presentations, seminars and training courses. Users benefit from the presenter's being on hand in the virtual classroom as an avatar. The presenter can interact live with the participants and offer an immersive learning experience through the closed virtual environment.

NeXR Avatar bundles everything related to the creation of avatars from low to high quality with realistic gestures and facial expressions into a single product.

NeXR Experience is used to create virtual reality-based applications for individual customer orders for a wide variety of purposes. The immersion of users in virtual worlds creates a deeper connection with the company's products and brands.

CONTENTS

FOREWORD BY THE MANAGING DIRECTOR

Dear
Shareholders,

In every respect, 2020 was an extraordinary year for all of us. The emergence of the global pandemic presented unprecedented challenges to policymakers, business and society and had profound effects on our everyday work and private lives. At the same time, we became even more sharply aware of such challenges as climate change and the advance of digitalisation as dealt with new restrictions on daily life.

At NeXR, we believe that everyday life in the future will have everyone using their avatar, i.e. their digital twin, to handle day-to-day tasks in a better way and thus expand our influence to include virtual reality. We believe in a world in which in the future people will use their avatars to go shopping, measure sports success, or take part in digital games and events. That is the vision that drives us and is the basis for our flexibility, passion and, above all, creativity. So our team faced the challenges and courageously seized the opportunities that presented themselves.

At the very start of 2020, we drew the attention of a broad specialist audience with the presentation of the Fusion III scanner at CES in Las Vegas, the world's largest trade fair for consumer electronics. The feedback we received was extremely positive. The deepening of the collaboration with FC Bayern Munich also boosted our momentum. However, the outbreak of the pandemic in the spring resulted in a significant reduction in marketing and sales activities. Not just with us, of course. Numerous industries and companies suffered and continue to suffer from the effects of restrictions on gatherings and mobility.

Face-to-face events such as trade fairs, meetings, seminars, and concerts were almost entirely cancelled. It therefore made sense to adapt these type of events to virtual experiences. And we were ready to go with creative and innovative solutions. The development of a VR multi-user and multi-purpose platform, which is now being implemented in the first round of products NeXR Seminar and NeXR Show, as well as the development of an avatar platform, the Avatar Cloud with the products NeXR Fashion and NeXR Fitness for the fashion and fitness industries, respectively, was accelerated due to the pandemic. As a result, we were able to present our VR solution

NeXR Seminar for the first time in the third quarter of 2020. This was a product that the NeXR team was able to develop quickly and entirely while working from home.

The rapid development of marketable products was also due to the further development and sharpened focus on the three business areas of 3D-Instagraph, VRiday and OnPoint. We have adapted our business model to the existing requirements. The interaction of the three segments and the merger of the virtual reality area with the motion capture studio led to the launch of the multi-user and multi-purpose platforms mentioned above. We plan on continuing to concentrate on their further development in the current year as well.

The competence of each NeXR business area is bundled in the platform technology. This means the creation of avatars, i.e. digital twins of users, the animation of the avatars, and their integration into virtual reality environments. We are thus offering all our users high gains in productivity. Thanks to NeXR Show, concerts can take place virtually and come much closer to the live feeling of a face-to-face event than a static stream can convey. With NeXR Seminar, training programmes and conferences can take place virtually and interactively. VR technology provides great added value. Complex relationships can be represented more vividly and understandably due to the immersive nature of the experience and communication is much more direct and efficient compared to a simple video conference.

At NeXR, together with our partners, we are solving real problems that companies and consumers are exposed to due to the radical changes in our world initially triggered by the pandemic. The vision described above is already becoming a reality: examples include our early adopters H&M and McFit and the solutions developed for them: NeXR Fashion and NeXR Fitness, respectively. Our avatars can help H&M customers find suitable clothing online. Incidentally, we are helping to reduce return volume and are helping the fashion industry become more sustainable. We enable the members of McFit and its sister brand John Reed to track their training progress virtually with their own avatar and to develop targeted, personalised training programmes. Our declared goal is to develop tailor-made products with all of our partners and to work with them to build a comprehensive scanner network that will enable people all over Germany, Europe, and beyond to access new avatar-based worlds.

NeXR Show will be hosting several virtual concert series later this year. Artists will be able to perform again without having to forego contact with their fans. NeXR Show can be used flexibly as a digital live entertainment platform and also offers us the potential to develop further uses for our token.

Holding conferences and training sessions was still a major problem for our customers and partners at the beginning of the year. NeXR Seminar, however, now allows financial service provider Montega, for example, to hold virtual conferences. Five participating companies will be able to present their strategy live with the help of NeXR technology at the Virtual Reality Investors Day organized by Montega and Donner & Reuschel to be held 08.06.2021. NeXR will also present itself as the hosting technology partner.

For NeXR, 2020 was therefore a year of preparation and further development of our products towards market readiness. The capital increase in the summer helped with this process. A particularly positive signal is the broad interest shown by many private investors: almost 800,000 shares were subscribed in the capital increase, that is 40% of the total volume and a huge leap of faith.

We now want to do justice to this and take the next step in the development of our business in 2021. To this end, we are announcing a successful market entry of all products and the generation of further sales. The first virtual concerts will take place as planned in the next few weeks and in summer we will be holding the Virtual Reality Investors Day. At the same time, depending on the further stages of the pandemic, body scanners will be rolled out in H&M stores and John Reed fitness studios. The publication of milestones of the FC Bayern VR Experience is also going according to plan.

I would particularly like to emphasize the continued and trusting support from our main shareholder, Hevella Capital GmbH & Co. KGaA, as shown by such things as the recently expanded line of credit. I would also like to thank the entire NeXR team for this.

At this point I would like to especially thank our most valuable asset: our employees. Their highly motivated commitment and flexibility in times of ongoing work-from-home requirements and personal deprivation in 2020 has been unprecedented and exemplary. I am pleased to be part of this professional team and to be able to count on proven and competent executives as well as to have won new executives like Erdal Kurtyener as CFO for our team in 2020.

I would like to thank you, dear shareholders, for the trust you have placed in us. Stay tuned to NEXR Technologies in the future. The journey has only just begun.

Berlin, April 2021

Markus Peuler

Managing Director

Management Report

FUNDAMENTALS OF THE COMPANY

SIGNIFICANT CHANGES TO THE COMPANY STRUCTURE

In the course of the 2020 financial year, NeXR continuously adapted its organisational structure and underlying business models to changing industry and consumer requirements for virtual reality (VR). The effects of the corona pandemic have delayed the realignment and market entry of the three business areas *3D Instagraph*, *OnPoint Studios*, and *VRiday* In the second half of 2020, the company was able to record a slight recovery in business because the restrictions on face-to-face contact in the wake of the coronavirus pandemic resulted in increased business and consumer demand for virtual solutions. Building on this, the company concentrated on building two multi-user and multi-purpose platforms:

1. a platform for the automated creation, storage and provision of avatars in large numbers; as well as 2. a platform based on the use of the Unreal Engine that enables live events to take place in VR, on the web and on mobile devices using avatars of various quality. On the basis of these platforms, the company developed various solutions for different industries and applications that will be launched on the market in the course of the following financial year:

NeXR Fashion is a solution for the fashion industry developed on the basis of the 3D body scanner. The online shopping experience is simplified with the help of the personal avatar with the exact body measurements of the customer as well as an app that allows outfits to be tried on virtually. At the same time, targeted purchasing can reduce return volume. In this way, NeXR Fashion will make a major contribution to making online retail more sustainable.

Customers can review their training milestones with personalised avatars that are at the core of the **NeXR Fitness** product. At the same time, users can use personal avatars to buy new training clothing from affiliated retailers.

NeXR Seminar is a virtual reality solution for remote presentations, seminars, and mass training sessions with the presenter(s) in the virtual space as avatars. The presenter can interact live with the participants and offer an immersive learning experience through the closed virtual environment.

NeXR Show brings artists together with their fans in times of social distancing. Using the Unreal Engine, NeXR Show offers immersive live events such as concerts and DJ sets with tailor-made reactive stages and streams them on well-known streaming platforms such as YouTube and Twitch. Thanks to the hybrid technology, widespread green screen technology can also be combined with motion capture technology in the Virtual Production

Studio so that artists can appear looking like their real selves or as animated avatars.

In addition, further potential uses of the NeXR Show product for the crypto currency Staramba.Token ("STT") are currently being investigated.

BUSINESS MODEL

NeXR Technologies offers its solutions, products, and services in different business models.

The scanner systems developed and produced in-house, above all the 3D Instagraph Fusion III presented at the CES in Las Vegas 2020, are being sold or leased to B2B customers in conjunction with service and maintenance packages. In addition, customers can sign up for various usage-based additional scanning-as-a-services. The focus is on the development of a comprehensive scanner network in coordination with partners. The aim is the mass, automated creation of avatars and, as a result, the construction of a differentiated database with avatars and body measurements obtained from scanners. This data will then be usable by a wide variety of industries with the NeXR Fashion and Show solutions described above.

The products NeXR Seminar and NeXR Show are also offered in a two-part business model. In addition to a one-time or basic fee for the initial creation and adaptation of a virtual concert, seminar, or training environment, NeXR helps live events take place through usage-based additional services. In addition, additional income will be generated through the use of other monetization concepts known from the digital games industry.

As a third pillar, the company generates revenues from agency services and one-off orders in the areas of virtual reality **(NeXR Experience**) and the creation to order of avatars in different levels of quality **(NeXR Avatar**).

RESEARCH AND DEVELOPMENT

In the reporting year, NeXR concentrated its R&D resources on the further development of the hardware and software offerings NeXR Seminar, NeXR Show, NeXR Avatar, NeXR Fashion, NeXR Fitness, and NeXR Experience.

The related expenses were not capitalised. As of the balance sheet date, a total of 31 employees (2019: 15) were working on the further development of hardware and software products.

EMPLOYEES

In the reporting year, an average of 53 employees were employed at NEXR (2019: 66 employees).

MANAGEMENT SYSTEM

Bodies

NeXR has a single-tier management structure. NeXR's corporate bodies consist of the General Meeting, the Board of Directors, and the Managing Director.

The Board of Directors is made up of the following five members as of 31 December 2020: Rolf Elgeti (Chair), Achim Betz (Deputy Chair, Chair of the Audit Committee), Axel von Starck, Christian Daudert, and Professor Dr Klemens Skibicki.

The Managing Director in the reporting period was Mr Markus Peuler.

NeXR has had an audit committee since 19 February 2019.

Management System

Management controls the company on the basis of such key figures as sales, EBITDA, and liquidity. Non-financial indicators are also used to manage the company by monitoring activities in social media channels and website visits.

OVERALL ECONOMIC AND SECTOR-RELATED DEVELOPMENT

Macroeconomic trends

Economic performance in Germany was hit hard by the coronavirus pandemic and gross domestic product fell by 5%. Both global and domestic economic output recovered significantly in the third and fourth quarters of 2020 compared to the first half of 2020.

Industry trends

With its wide range of products, NeXR operates in several industries, but sees itself most closely aligned with the digital games industry. This benefited from the effects of the pandemic. The overall market for computer and video games in Germany increased by over 32% compared to the same period in the previous year.

Despite the fact that, according to IDC, the global market for AR/VR headsets collapsed by around 7% in 2020 due to disruptions in supply chains, the market volume in Europe increased sharply in the same year. (Source: "VR-Market Study", Slide 5, Clevis Research, December 2020)

EVENTS SIGNIFICANT TO THE DEVELOPMENT OF THE BUSINESS

In August 2020, the company completed the capital increase resolved in July 2019. Within the scope of the subscription offer and the subsequent private placement, a total of 1,789,374 new no-par value bearer shares in the company were acquired by shareholders and investors at a price of €2.10 per new share. The company's share capital was increased to €4,122,129 against cash contributions.

The company generated gross proceeds of approximately €3.758 million and intends to use the net proceeds to further develop its products in the areas of virtual reality and 3D scanner systems and to then launch them on the market. The company can also draw on existing and expanded financing commitments of approximately €8 million at the time this statement was issued.

ACTUAL VS. FORECASTED BUSINESS PERFORMANCE

In the management report for the 2019 fiscal year, the company expected sales revenues of around € 0.5 million and an anticipated net loss of approximately €13 million for the 2020 fiscal year.

With sales of around €0.3 million, NeXR slightly missed the forecast volume for the 2020 financial year, but, at €12 million, also did not post as great a loss as expected.

EARNINGS, FINANCIAL AND ASSET POSITIONS

Earnings position

Revenues decreased in the reporting period by 78% to €261,000 (2019: €1,203,000) due to the lack of service contracts in the areas of *3D Instagraph* and *VRiday*. In addition, the same period of the previous year included €750,000 in sales resulting from the publication of the FC Bayern VR Experience.

The **other operating income** decreased to €712,000 (2019: €779,000). This includes €610,000 in income from the reduction of individual valuation allowances on receivables and €287,000 in related losses on receivables shown under depreciation of current assets as well as other operating expenses (gross representation). The **expenses for raw materials and supplies and for purchased goods** increased by 65% to €187,000 (2019: €113,000) in connection with the development of a prototype.

The **cost of purchased services** fell by 15% to €619,000 (2019: €729,000) due to reduced external programming orders and increased internal processing.

Personnel expenses decreased by 11% to €3,975,000 (2019: €4,446,000) due to cost savings and personnel measures.

The **amortization of intangible assets and property, plant and equipment** decreased by around 20% to €2,522,000 (2019: €3,174,000).

Current assets were depreciated by €164,000 due to bad debts (previous year: €0).

The **other operating expenses** decreased by 18% compared to the same period of the previous year to €5,009,000 (2019: €6,116,000). In particular, advertising and travel costs decreased by 14% to €987,000 (2019: €1,142,000) due to reduced trade fair costs and lower travel costs. In addition, vehicle costs decreased by 72% to €15,000 (2019: €54,000) due to the termination of vehicle leasing contracts. Legal and consulting costs rose by 13% to €2,038,000 (previous year: €1,796,000) due to the costs in connection with the capital increase and the admission of the new shares to trading. In contrast, accounting costs decreased by around 35% to €136,000 (2019: €211,000) due to increased in-house provision of services, while the costs for licences and concessions dropped by around 53% to €171,000 (2019: €364,000) due to expired and terminated contracts.

The **expense for interest and similar expenses** rose significantly to €2,429,000 (2019: €1,370,000) due to increased borrowing to finance business activities.

The **operating loss before interest, taxes, depreciation and amortization (EBITDA)** was €8,816,000 (2019: €9,423,000). The **result after taxes** (net loss for the year) amounted to €11,709,000 (2019: €13,290,000), reflecting the recognition and offsetting of deferred tax assets with existing deferred tax liabilities of €1,543,000.

Financial position

Principles and objectives of financial management

In order to cover the necessary liquidity requirements, the company is dependent on ongoing financing from its own and external funds until it achieves profitability.

In the reporting period, the company covered its financing requirements mainly by taking out loans from shareholders and the capital increase implemented in August.

Investments

In the reporting period, the company invested €139,000 in operating equipment, fixtures, software and IT (2019: €135,000).

Liquidity

As of 31 December 2020, the company had cash and cash equivalents of €631,000 (31 December 2019: €343,000). In addition, at the time the annual financial statements were prepared, approx. €8 million in unused lines of credit.

Asset position

As of 31 December 2020, the **balance sheet total** increased to €35,536,000 (31 December 2019: €31,194,000) due to borrowing to finance operating losses.

As of the balance sheet date, the company's **fixed assets** fell to €6,015,000 (31 December 2019: €8,489,000) in particular due to **amortisation** of goodwill.

The company's **current assets** decreased to €1,090,000 (31 December 2019: €2,225,000). A VAT claim from the same period in the previous year was paid in the first half of 2020. In addition, cash and cash equivalents increased to €631,000 (31 December 2019: €343,000).

The deficit not covered by **equity** increased to €28,275,000 as of 31 December 2020 (31 December 2019: €20,324,000) as a result of the loss situation.

The **subscribed capital** increased in the course of the capital increase to €4,122,000 (31 December 2019: €2,333,000) and the **capital reserve** rose accordingly to €13,484,000 (31 December 2019: €11,516,000).

Provisions increased slightly to €1,251,000 (31 December 2019: €1,118,000) due to increased provisions for personnel costs and holiday pay.

Liabilities increased mainly due to ongoing debt financing by shareholders to €34,285,000 (31 December 2019: €27,859,000) and consisted mainly of €23,432,000 in loan and interest liabilities to shareholders (31 December 2019: €16,446,000), €3,500,000 from convertible bonds (31 December 2019: €3,500,000), as well as EUR €6,418,000 in advance payments received from the issue of tokens (31 December 2019: €6,475,000). The amounts owed to trade creditors decreased slightly to €754,000 (31 December 2019: €771,000).

The deferred tax liabilities were reduced, on the one hand, by being used up by the scheduled amortisation of goodwill and the associated reduction in temporary differences between the commercial and tax balance sheets and the netting of deferred tax assets up to the amount of the remaining deferred tax liabilities (€1,543,000) .

FORECAST, OPPORTUNITIES, AND RISKS

RISK MANAGEMENT OBJECTIVES AND METHODS/INTERNAL CONTROL SYSTEM

In the year under review, the company introduced and further developed and expanded a risk management system and an internal control system.

OPPORTUNITIES AND RISKS

NEXR continued to develop its business model and adapt to the changing requirements of customers and the still relatively young virtual reality (VR) market. The company is continuously evaluating the resulting opportunities and risks and adapting the business model accordingly.

Opportunities

NEXR regularly assesses the company's opportunities. In principle, opportunities can arise through further development of software and hardware solutions or through introducing new or improved products and services onto the market.

NeXR is currently active with six products in the business areas of body scanning, virtual reality, and virtual production.

In the *scanner systems* division, the company assumes lifelike avatars will be used in many areas of life, such as the fashion and fitness industries, and is using its scanning expertise to position itself as the portal into a digital world. The company also intends to offer third-party users in such industries as automotive, healthcare, and consumer goods access to the mass data collected through 3D scanning and subsequently depersonalised.

In virtual reality and virtual production, the company assumes that virtual training courses, seminars, and shows will be in demand both by business customers and end consumers. The company also expects that companies and celebrities will, in the future, operate their own VR experiences in addition to websites, online shops, and social media channels in order to make contact with customers and fans in a virtual space.

The company has one of the largest motion capture studios in Europe. The company assumes that human motion will continue to be recorded, digitalised, and turned into 2D/3D avatars for the film, animation, and video game industries.

Risks

The company is exposed to various risks in the ordinary course of its business. These risks are indicated in the table below. All risks can result in one or more assets being depreciated or recognised as provisions, a negative earnings situation, and/or a liquidity bottleneck.

As financial risks have a direct impact on individual items on the balance sheet and income statement, these risks are explicitly discussed below.

Risk categories	
Business risks	Economic risks, risks from the general competitive situation, risks to the company's reputation and their effect on customer relationships, growth risks and market entry risks, risks of the technology platforms used in the market
Operating risks	Personnel risks, risks from product innovation, risks of insufficient or delayed safety-related approvals, leading to delays in placing products on the market
Financial risks	Risks involving financing, exchange rates, interest rates, bad debt, overindebtedness, and illiquidity
Legal and regulatory risks	Risks arising from changes in the legal and regulatory framework as well as litigation risks, in particular licensing risks as well as trademark and copyright risks, risks from contesting resolutions of the General Meeting, risks from issuing the STARAMBA.Token.
Liquidity risks	Lack of available financing options, refusals to extend lines of credit, decisions to increase share capital being dependent on the current share price
Information and IT risks	Risks arising from the operation and design of IT systems, as well as risks relating to the confidentiality, availability, and integrity of data
Existential risks	Simultaneous occurrence of several individual risks that might threaten the existence of the company, especially over-indebtedness, illiquidity, and an uncertain prognosis of continued operation, failure to raise capital without alternative financing options.

Business risks

The business development of NeXR is fundamentally influenced by the general economic situation. The willingness of companies to invest depending on the economic situation and the willingness of consumers to spend their money has a short-term impact on the company's business development. The company addresses these macro risks by flexibly adapting its products and services to customer needs and possibly adapting its business model and personnel/cost structures.

With regard to business risks, the Managing Director only assumes a moderate probability of occurrence (2019: high) and a moderate impact (2019: high) on the asset, financial, and earnings position because the company has made significant progress in product development and the feedback from pilot customers has been positive.

Operating risks

The recruitment and retention of qualified personnel can become an operational risk for NeXR. Failure to recruit and retain qualified personnel could result in delays in completing hardware and software development work and thus delay product launches. The company strives to retain employees for the long-term by creating an attractive working atmosphere in independently operating teams and by recruiting talented people on an ongoing basis. The restrictions of the coronavirus pandemic have temporarily burdened the workplace atmosphere and might lead to the loss of qualified personnel in the medium term.

The market introduction of hardware products also depends on safety approvals in the respective countries. The approvals can be postponed, for example, by delays in scheduling testing, making market launch more difficult.

In addition, there is a fundamental risk that the company's products may not prove to be sufficiently marketable or that the target markets will only develop with a considerable delay.

The company is paying particular attention to the market positioning of its products and the development of sustainable customer structures. Currently, the customer base and market positioning of products are still comparatively limited and are thus limiting the company's growth. In each business area, the development and expansion of customer structures will require even more time due to the delays in the aftermath of the pandemic, such that sustainable sales are only expected from the second half of 2021.

With regard to operational risks, the Managing Director assumes a moderate probability of occurrence (2019: unchanged) and a moderate impact (2019: unchanged) on the asset, financial and earnings position.

Financial risks

The company does not yet generate sufficient available liquidity and therefore relies on financing from its own funds and outside funds. In the reporting period, the company covered its financing requirements mainly by taking out loans from shareholders. The risk mainly continues to be dependence on access to the capital market and the conditions to be achieved for the respective financing instrument (including interest, collateral, and conversion options). The company counters these risks through active communication with respect to investor relations and via high levels of transparency, in order to strengthen the trust of current and potential shareholders and new financing partners in the company for the long term.

Currency risks exist particularly where receivables, liabilities, cash, and cash equivalents as well as planned transactions exist or will arise in a currency other than the local currency of the company. During the reporting period, the company has settled most of its sales in euros and was exposed to almost no exchange rate risks. Liabilities and receivables were recognised at the spot exchange rate. No hedging transactions have been concluded.

Interest rate risks can arise primarily from changes in market interest rates that lead to changes in expected cash flows. The loan liabilities to financing partners have been concluded with fixed interest rates and are therefore not subject to interest rate risks.

The company counters bad debt risks via its selection of business partners and by agreeing on down payments for larger transactions and pre-financing requirements. For other receivables, bad debt risk is limited by the selection of business partners and short maturities.

In the case of identifiable concerns regarding the recoverability of receivables, these receivables are immediately impaired or debited individually and the risks recognised in the income statement.

In the case of identifiable concerns about the recoverability of fixed or current assets, their value has been adjusted.

The company's documented over-indebtedness as of 31 December 2020 may have an impact on the company's ability to obtain follow-up financing from financing partners and payment terms from suppliers. These risks can significantly burden the liquidity situation and endanger the continued existence of the company. However, by obtaining far-reaching financing commitments from the main shareholder and implementing the capital increase, the company has successfully implemented measures that will avoid over-indebtedness as defined in insolvency law. Liabilities have been significantly subordinated.

If these measures do not last or cannot be implemented, the continued existence of the company is at risk.

With regard to the financial risks, the Managing Director continues to assume a high probability of occurrence (2019: unchanged) and a high impact (2019: unchanged) on the asset, financial and earnings position.

Legal and regulatory risks

The relationships with business and advertising partners give rise to risks and the failure to extend expiring contracts as well as changes to remuneration agreements and contractual objects with potentially significant negative effects on the company's business prospects. NeXR is countering these risks through active contract management and proactive negotiations with contract partners during the contract period.

The contractual use of the rights both internal and those granted by third parties by the company, its contractors, and its employees constitutes a further legal risk for the company, which could endanger the continued existence of the company due to the high contractual penalties and the risk of legal action in international jurisdictions.

The company is exposed to risks arising from resolutions of the General Meeting being contested and possibly overturned. These risks can limit financing options, make it difficult to continue as a going concern, and thus jeopardize the existence of the company.

The company may also be exposed to risks related to the release of the STARAMBA.Token, since token purchasers may complain about the still limited usability of the token and may be able to return their token to the company in exchange for compensation.

The general legal risks are continuously being monitored by the newly created legal department.

With regard to the legal and regulatory risks, the Managing Director only assumes a moderate probability of occurrence (2019: high) and a high impact (2019: unchanged) on the asset, financial and earnings position.

Liquidity risks

The central risk facing the company is the liquidity risk. The company does not yet generate sufficient available liquidity and therefore continues to rely on financing from equity and debt capital.

The company is endeavouring to provide sufficient financial resources, whether through capital increase measures or short- and long-term loans, convertible loans, convertible bonds, or by outsourcing of business segments.

With regard to the liquidity risks, the Managing Director continues to assume a high probability of occurrence (2019: unchanged) and a high impact (2019: unchanged) on the asset, financial and earnings position.

Measures for hedging liquidity risks

Liquidity is tight at the time of reporting, however, due to continued support from the main shareholder and the capital increase just completed, the company is able to meet its payment obligations when due.

In 2020, the company initiated the following measures to secure liquidity:

In August 2020, the company completed the capital increase resolved in July 2019. Within the scope of the subscription offer and the subsequent private placement, a total of 1,789,374 new no-par value bearer shares in the company were acquired by shareholders and investors at a price of €2.10 per new share. The company's share capital was increased to €4,122,129 against cash contributions and the company achieved gross issue proceeds of around €3.758 million.

Since November 2018, shareholder Hevella Capital GmbH & Co. KGaA has made various financing commitments, which were increased to up to €30 million at the time of this report. As of the reporting date, the company can still call on around €8 million from this financing commitment; this will cover the financing for the coming year.

The €3.5 million convertible bond from shareholder Hevella Capital GmbH & Co. KGaA due for repayment or conversion on 31 December 2021 was extended to 31 December 2022 and the interest payment was deferred.

The Board of Directors is constantly reviewing other options for company financing. These may include issuing further convertible bonds, accepting convertible loans, or seeking increases in capital.

If the company is unable to implement equity-enhancing measures over the medium term and retain or expand the financing commitments of the main shareholder, the company's continued existence is at risk.

With regard to the measures to hedge liquidity risks, the Managing Director continues to assume a moderate to high probability of occurrence (2019: unchanged) and a high impact (2019: unchanged) on the asset, financial and earnings position.

Information and IT risks

Information and IT risks for NeXR come in the form of inadequate protection against unauthorised access to data by third parties, improper use of data by employees, and the failure of computer systems and networks. The company is countering these risks with comprehensive back-up procedures and regular security reviews of all important systems and applications. The hardware and software are also always kept up to date with the latest technology. Market-proven virus, access protection and encryption systems are used for data security and protection against data loss or theft.

With regard to information and IT risks, the Managing Director assumes a minimal probability of occurrence (2019: unchanged) and a moderate impact (2019: unchanged) on the asset, financial and earnings position.

Existential risks

As of 31 December 2020, the company reported an approx. €28 million deficit not covered by equity and financial resources of €600,000. Despite the measures taken to hedge liquidity risks, the balance sheet situation may have a negative impact on the company's reputation, which could result in a loss of specialized personnel, a reduction in creditworthiness, a negative impact on customer relations, a reduction in payment terms, and the maturing of loans. In addition, due to the shortfall, the company's management is required to monitor its over-indebted state on a continuous basis and conduct very short-term liquidity planning, leaving management capacity constrained. And last but not least, the company's continued existence is also based on achieving the operating development of customers and marketable products outlined in the corporate planning, as described under operating risks. This combination of risks can lead to a significant threat to the survival of the company.

With regard to the **effects of the coronavirus pandemic**, it should also be emphasized that, despite the development of relevant products and solutions, the business prospects (overall economic development and industry development) have been impaired in a not insignificant way. The company felt the effects of the coronavirus pandemic to a significant extent in the reporting period. In particular, sales activities were slowed down considerably by the cancellation of trade fairs and the ongoing postponement of customer appointments, thereby impairing the growth of the business and the continuation of development projects.

With regard to the overall existential risks, the Managing Director only assumes a moderate probability of occurrence (2019: high) and a high impact (2019: unchanged) on the asset, financial and earnings position.

Summary of the overall risk situation

Due to the over-indebtedness and liquidity situation at the reporting date, the company has taken various measures to ensure its solvency for the coming year.

Taking into account the opportunities and risks described above, management continues to assume that the company will successfully continue as a going concern at the reporting date.

FORECAST

Forecast

The year 2021 is the year when NeXR will enter the market with the products and solutions it has developed in the past year. The effects of the pandemic as already described will continue in the current first half of 2021. Nevertheless, initial successes have already been had in the acquisition of new customers. The first customers for NeXR Fashion, NeXR Fitness and NeXR Show have been signed up. With these customers, NeXR will, depending on looser restrictions for the stationary trade and the reopening of fitness studios, begin delivering a smaller number of scanners for pilot phases lasting several weeks or months. The company is also looking forward to hosting the first live events in the second quarter of 2021. Depending on the further course of the pandemic, NeXR expects a significant increase in sales in the second half of the year after the successful completion of the first pilot phases and the subsequent establishment of more extensive partnerships with these customers as well as the expansion of activities related to NeXR Seminar and NeXR Show. Due to the associated, not insignificant start-up costs, the earnings situation in 2021 will remain negative.

For the financial year 2021, depending on the development of the pandemic, NeXR expects sales to run between €1.5 and 3 million and to post a shortfall for the year between €12.5 and 13.5 million.

COMPENSATION

In its resolution of 18 September 2019, the General Meeting set up the rules for Board remuneration as follows:

Each Board member is to receive €10,000 in an annual remuneration.

The chair's stipend will be twice that and the deputy will be 1.5 times as much. A Board member who also chairs a Board committee will receive additional compensation of €3,000 a year, provided the committee has met at least once in the financial year. If a member chairs several committees, they will receive this additional compensation for each committee. Those who belong to the Board or chair one of its committees for only part of the financial year will receive pro-rated compensation.

In accordance with §285 no. 9 of the German Commercial Code (HGB), the company's Board of Directors announces that its members received €38,000 in remuneration in 2020 (previous year: €30,000) for the exercise of their mandate; travel expenses were also reimbursed.

The deputy chair and head of the audit committee, Mr Achim Betz, received remuneration of €18,000 (previous year: €15,000). Professor Dr Klemens Skibicki received payments of €10,000 (previous year: €11,000) and Mr Christian Daudert received payments of €10,000 (previous year: €0). Mr Axel von Starck and Mr Rolf Elgeti did not receive any compensation.

The total remuneration of the NeXR Managing Director in the reporting year was €318,000 (previous year: €200,000). No performance-related salary components were paid in the reporting period. This remuneration is broken down as follows:

Name **Function** **in €k**	**Markus Peuler**
Non-performance-related remuneration	273
Performance-related remuneration	0
Components with long-term incentive effect*	45
Totals	**318**

*) Mr Markus Peuler is entitled to participate in stock options. As of 31 December 2020, 113,359 stock options had been issued. €45,000 in provisions were set aside to cover these.

In addition, former Managing Director Christian Daudert received remuneration of €16,000 in 2020.

The company started a virtual stock option programme (VSOP 2019) in the 2019 fiscal year. Through 31 December 2020, 113,359 in virtual stock option rights had been issued to executives, 65,805 to employees, and 350,000 to external partners.

The obligations arising from the stock option programme through 31 December 2020 are included in the provisions. The provisions are built up depending on the performance of the beneficiary.

CORPORATE GOVERNANCE

RELEVANT CORPORATE GOVERNANCE PRACTICES

NeXR aligns its activities to the legal regulations of the countries in which the company operates. In addition to responsible corporate governance in accordance with the law, the company has submitted itself to the German Corporate Governance Code. The guiding principles of NeXR include the best possible customer orientation, strong performance, securing and improving its technological developments and key technologies, along with creation of a positive working environment for its employees.

MANAGING DIRECTOR AND Board RELATIONSHIP

NeXR has a single-tier corporate management and control structure. According to Art. 43 to 45 of Council Regulation (EC) No. 2157/2001 on the Statute for a European Company (SE-VO) in conjunction with §§20 ff. of the Act implementing the Statute for a European Company (SEAG), the single-tier system is characterised by the fact that the SE is managed by a uniform body, the Board of Directors. The Managing Directors manage the company's ongoing business activities. Another organ is the General Meeting.

Board of Directors

The Board of Directors directs the company, determines the basic lines of its activities, and monitors their implementation. The Board of Directors can issue instructions to the Managing Directors.

According to the Statutes, the Board of Directors consists of five members who are appointed by the General Meeting. The term of each Board member ends upon adjournment of the General Meeting that decides to discharge them of their duties for the fourth financial year after the beginning of the term of office, where the financial year in which the term of office begins is not counted. However, the General Meeting can also determine a shorter term of office. The Board members can be reappointed.

The Board of Directors convenes the General Meeting if the welfare of the company so requires. A simple majority is sufficient for a resolution. §83 AktG (Stock Corporation Act) applies accordingly for the preparation and execution of resolutions by the General Meeting. The Board of Directors may delegate any of its tasks to the Managing Directors.

Board resolutions are generally adopted at face-to-face meetings. However, the chair may decide to hold a vote in writing, by fax, by email, verbally, by telephone, or by any combination of the aforesaid means of communication as needed, for example, for matters of urgency or if no member objects. The Board of Directors is quorate if all members vote. In the case of a resolution in face-to-face meetings, absent Board members may participate in the vote by submitting their vote in writing to another member who will be attending. The votes may also be communicated to the attending Board members via fax or email.

The Board of Directors meet regularly, at least once quarterly, to assess the company's situation and to discuss or adopt strategic measures for the future. In addition, telephone conferences are convened whenever the situation of the company requires. The Managing Directors report to the Board of Directors regarding the company's current status at each meeting.

Declarations of its intent may be made by the chair acting on the Board's behalf or, in the chair's absence, by the deputy chair.

The following types of transactions require an express vote of the Board of Directors:

a) preparation of the company's business plans, medium-term planning and the annual budget;

b) acquisition or disposal of a company if and to the extent its value exceeds a threshold set by the Board of Directors.

The Board of Directors may make other types of transactions subject to its approval.

The Board of Directors has adopted rules of procedure which define the respective responsibilities, tasks, and rights of the Board and its members. In addition, the Board has issued rules of procedure for the Managing Directors and will continuously review compliance with the same.

The Board of Directors is made up of the following five members: Rolf Elgeti (Chair), Achim Betz (DeputyChair, Chair of the Audit Committee), Axel von Starck, Professor Dr Klemens Skibicki, and Christian Daudert.

The Board of Directors has established an audit committee. The members of the audit committee include the chair of the audit committee, Mr Achim Betz, and another member, Mr Axel von Starck. The audit committee has the task of preparing and supporting the audits.

Managing directors

The Board of Directors appoints one or more Managing Directors to manage the company's affairs. Members of the Board of Directors may also be appointed as Managing Directors, provided that the majority of the Board of Directors are not Managing Directors. If several Managing Directors have been appointed, they are authorised to manage the company's affairs only jointly. Tasks assigned to the Board of Directors by law may not be delegated to the Managing Directors.

The Board of Directors has created rules of procedure for the Managing Directors, subject to amendment at the Board's sole discretion. In addition, the Board of Directors may decide, either generally or on a case-by-case basis, which types of transactions require its prior approval. The Managing Directors shall comply with the Board of Directors' instructions, in particular the rules of procedure it has stipulated.

The Managing Directors represent the company both in and out of court. The company is generally represented jointly by two Managing Directors or by one Managing Director in conjunction with a proxy. If only one Managing Director has been appointed, they shall solely represent the company.

Markus Peuler has been Managing Director since 16 September 2019.

BOARD MEMBER INDEPENDENCE

According to recommendation C.7 of the German Corporate Governance Code of 16 December 2019, a member of the Board of Directors is deemed to be independent of the company and its Managing Directors if they have no personal or business relationship with the company or its Managing Directors that might result in a material, and not just temporary, conflict of interest.

As indicators of a lack of independence within the meaning of recommendation C.7 and with corresponding application to the single-tier SE, one should consider whether the Board member or a close family member of the Board member

- was Managing Director of the company in the two years prior to their appointment,
- is currently or was in the year before their appointment, either directly or as a partner or in a responsible function of a company outside the group, which has or has had a significant business relationship with the company or a company dependent on it (e.g. as a customer, supplier, lender or consultant),
- is a close family member of an Managing Director, or
- has been a member of the Board for more than 12 years.

Of the members of the Board of Directors, only Mr Christian Daudert fulfils one of the indicators mentioned, as he was the company's Managing Director until his appointment as a member of the Board of Directors.

INFORMATION ON STATUTORY MINIMUM QUOTAS IN MANAGEMENT POSITIONS

The law for the equal participation of women and men in management positions in the private and public sectors of May 2015 requires the company was obliged to set targets for the proportion of women on the Board, as Managing Directors and, if applicable, any lower management levels.

By resolution of the Board of Directors of 23 September 2015, the company set the target for the proportion of women on the Board of Directors at a minimum of 30%. Since at that time 33.33% of the Board members were women, there was no need to set a deadline for implementation. The company's General Meeting of 28 July 2016 decided to increase the size of the Board of Directors from three to five members; the decision was entered into the commercial register on 18 August 2016. Because the company could not find a suitable female candidate to nominate to the Board, the ratio of female members dropped to 20% as a result of the increase in Board size.

Given this situation, the Board of Directors decided on 19 August 2016 to set a transition period of five years to achieve the fixed quota of 30% for the percentage of women on the Board of Directors. The decision previously taken that at least 30% of the Managing Directors should be women if the company decides to appoint three or more Managing Directors remains unchanged. Since there are no further management levels below that of Managing Directors, a quota for women in middle management has not been set.

Since the General Meeting of 13 February 2019, the proportion of women on the Board of Directors has been 0%. Due to the small size of the Board and the long-term appointment of Board members, the company is unlikely to be able to achieve the required quota of at least 30% by the deadline of 19 August 2021.

INFORMATION RELEVANT FOR POTENTIAL TAKEOVERS

Pursuant to §289a of the German Commercial Code (HGB), the company has to report on certain structures subject to AktG and other legal regulations in order to provide a better overview of the company and to disclose restrictions on potential takeover offers.

DIRECT OR INDIRECT SHAREHOLDINGS EXCEEDING 10% OF THE VOTING RIGHTS

Hevella Capital GmbH & Co. KGaA announced on 18 August 2020 that it had exercised subscription rights to acquire a million shares at €2.10 a share for a total value of €2.1 million on 13 August 2020. As a result, its share of voting rights in the company increased by 1,000,000 shares to 2,349,747, i.e. 57.0%.

Hevella Capital GmbH & Co. KGaA also noted in its announcement that its shares should be allocated to the following persons and companies who thus have indirect control over NEXR Technologies SE:

- Hevella Beteiligungen GmbH, Potsdam, as general partner of Hevella Capital GmbH & Co. KGaA
- Obotritia Capital KGaA, Potsdam, as majority shareholder of Hevella Capital GmbH & Co. KGaA
- Mr Rolf Elgeti, Potsdam, as general partner of Obotritia Capital KGaA

SHARES WITH SPECIAL RIGHTS OR RESTRICTIONS

As far as NeXR knows, there are no shares with special rights or restrictions on the exercise of voting rights.

STOCK BUYBACKS

Pursuant to §71 AktG, the company is not authorised to buy back its own shares.

MAKE-UP OF THE SHARE CAPITAL

NeXR's share capital as of 31 December 2020 consists of shares with no par value. 4,112,129 shares were in circulation as of 31 December 2020.

The General Meeting decided on 26 July 2019 to increase the company's share capital by up to €20 million by issuing up to 20 million new no-par value bearer shares with a proportionate amount in the share capital of company at €1.00 per share up to €22,332,755.00. From 23 July 2020 to 7 August 2020, shareholders had the opportunity to subscribe for new shares in the company at a subscription price of €2.10 per new share. During this time, a total of 1,789,374 new shares were subscribed to, resulting in an inflow of funds into the company of around €3.758 million. After the capital increase was registered on 13 August 2020, the new shares were issued to shareholders in August 2020.

Pursuant to §136 AktG, shareholders are not entitled to cast votes under certain conditions. The company is not aware of any contractual restrictions relating to the voting rights or the transfer of shares.

SHARES WITH SPECIAL RIGHTS THAT CONFER POWERS OF CONTROL

The company's Statutes do not provide for shares with special rights conferring control powers.

AUTHORISATION OF THE ADMINISTRATIVE Board TO ISSUE SHARES

Authorised capital

Authorised capital (2017/I).
The General Meeting decided on 25 July 2017 to cancel the existing authorised capital 2016/I and create a new authorised capital 2017/I.

The General Meeting resolved on 25 July 2017 to authorise the Board of Directors to increase the company's share capital for a period of five years, calculated from the date the authorisation was entered in the commercial register, by issuing new bearer shares against cash and/or contributions-in-kind for up to a total of €1,131,000.00 (Authorised Capital 2017/I). The authorisation may be used once or several times, either in whole or in part.

The new shares are to be offered to shareholders as a matter of principle. If their subscription rights are not excluded, the right may be assigned where shares are acquired by banks or other entities fulfilling the requirements of §186 para. 5 AktG, provided that they are then offered to shareholders (indirect subscription right).

However, the Board of Directors is authorised to exclude shareholders' subscription rights

- for fractional amounts;
- in the case of capital increases against cash contributions, provided that the pro rata portion of the share capital attributable to the new shares for which the subscription right is excluded is no more than 10% of the share capital available at the time the resolution is adopted by the General Meeting and the issue price of the new shares does not significantly undercut the price of the shares of the same type and conditions already listed at the time the final issue price is fixed by the Board, pursuant to §§203 para. 1 and 2, 186 para. 3 clause 4 AktG. The 10% cap includes those shares that have already been issued or sold during the term of this authorisation in direct or analogous application of §186 para. 3 clause 4 AktG under exclusion of subscription rights. Furthermore, shares to be used to service option and/or conversion rights or option and/or conversion obligations from convertible bonds and/or warrant bonds are to be included, provided that these bonds are excluded from the subscription right during the term of this authorisation, in the meaning of §186 para. 3 clause 4 AktG;
- for capital increases in exchange for cash contributions, to grant shares for the purpose of acquiring companies, parts of companies or stakes in companies, or to acquire other assets (including third party claims against the company or companies affiliated with the company) associated with such a merger or acquisition;
- to the extent necessary in order to protect against dilution, to grant a subscription right to the holders or creditors of bonds with warrants and/or convertible bonds issued by the company or its subsidiaries within the scope of an authorisation granted to the Board of Directors by the general assembly, to the extent such would have been granted to them after exercising the option or conversion right or after fulfilment of the option or conversion obligations;
- for the servicing of option and/or conversion rights or option and/or conversion obligations arising from option and/or convertible bonds issued by the company;
- when cooperating with another company when such cooperation serves the interests of the company and the cooperating company requires an ownership interest in the company;
- in order to issue shares to members of the Board of Directors, the Managing Directors, and members of the management team, and employees of companies affiliated with the company. The new shares may also be issued to a bank or an equivalent institution provided they accept the obligation to pass them on exclusively to subsequent beneficiaries.

The Board of Directors is authorised to establish further terms and conditions for the issuing of shares, including the issue amount, as well as the content of the share rights when executing the capital increases from Authorised Capital 2017/I. If the profit distribution for a past fiscal year has not yet been decided, the start of the profit participation may also be applied to the beginning of that fiscal year.

The Board of Directors is also authorised to amend the company's Statutes to reflect the extent to which Authorised Capital 2017/I was utilised once implemented in whole or in part or upon expiry of the authorisation.

In the 2020 financial year, the Board of Directors did not make use of the authorisation to increase the capital per Authorised Capital 2017/I, meaning that Authorised Capital 2017/I remained fully available as of the balance sheet date of 31 December 2020.

Contingent capital

Contingent capital (2016/I)

The General Meeting of 28 July 2016 conditionally increased the share capital of the company by up to €905,999.00 to be funded by issuing up to 905,999 new bearer shares (Contingent Capital 2016/I).

The contingent capital increase serves to grant shares upon exercise of option or conversion rights or upon fulfilment of option or conversion obligations to the holders of the option or convertible bonds issued by the company, or by a direct or indirect majority holding company on the basis of the authorisation granted by the General Meeting on 28 July 2016. The shares are issued at the option or conversion price to be determined in accordance with the above authorisation.

The contingent capital increase will only be undertaken in the event of the issuance of warrant or convertible bonds and to the extent that the holders of warrant or convertible bonds Issued or guaranteed until 27 July 2021 by the company or its direct or indirect majority holding companies pursuant to the authorisation resolution of the general assembly on 28 July 2016, exercise their options or conversion rights or fulfil their option or conversion obligations and insofar as other forms of fulfilment are not implemented. The new shares issued as a result of the exercise of the option or conversion right or the fulfilment of the option or conversion obligation generally participate in the profit from the beginning of the fiscal year in which they are issued. If the profit distribution for a past fiscal year has not yet been decided, the start of the profit participation may also be applied to the beginning of that fiscal year.

The Board of Directors was authorised to establish further details for the contingent capital increase.

The Board of Directors was further authorised to amend §5 para. 1 and §6.2 para. 1, clause 1 of the articles when said contingent capital is used and to make any and all other related adjustments to the wording of the same. The same applies in the event that the Board of Directors opts not to exercise the authorisation to issue options or convertible bonds and the authorisation period has expired and in the event Contingent Capital 2016/I is not fully used after the expiry of the deadlines for the exercise of option or conversion rights or for the fulfilment of option or conversion obligations.

On 15 March 2017, the Board of Directors decided to use the 28 July 2016 authorisation of the General Meeting to issue bonds with options and/or convertible bonds and a convertible bond with a total volume of €5,000,000.00 and a term of two years. The convertible bond is divided into 5,000 bearer bonds with a nominal value of €1,000.00 each. The annual interest rate was set at 6%. The convertible bonds may be converted by their holders into new NeXR shares. The conversion price has been set at €21.20 per share if bond holders opt to exercise their right of conversion. The convertible bond was issued in accordance with the 28 July 2016 resolution of the General Meeting and excluded shareholders' subscription rights.

Contingent Capital 2016/I authorised by the General Meeting on 28 July 2016 was used in October 2017 by issuing 70,755 new no-par-value bearer shares in the amount of €70,755.00 in order to service existing conversion rights based on the convertible bonds issued. The share capital of the company is therefore conditionally increased by up to €835,244.00 on the basis of Contingent Capital 2016/I as of the balance sheet date of 31 December 2020 by issuing up to 835,244 new no-par-value bearer shares.

Contingent Capital (2017/I)

The General Meeting of 25 July 2017 conditionally increased the share capital of the company by up to €75,000.00 to be funded by issuing up to 75,000 new bearer shares (Contingent Capital 2017/I). Contingent Capital 2017/I is to be used to hedge subscription rights arising from stock options issued by NeXR under the 2017 stock option plan between 25 July 2017 and 30 June 2022, on the basis of 25 July 2017 decision of the General Meeting.

The contingent capital increase will only be carried out to the extent that stock options are issued and the holders of these stock options exercise their subscription rights to shares of the company and the company does not use its own shares or cash to fulfil said rights. Issuance of the shares from contingent capital will take place at the exercise price set forth in Item 9 §1 lit. e of the agenda for the 25 July 2017 General Meeting. The new shares generally participate in the profit from the beginning of the fiscal year in which they arise. If the profit distribution for a past fiscal year has not yet been decided, the start of the profit participation may also be applied to the beginning of that fiscal year.

The Board of Directors was authorised to establish further details for the contingent capital increase.

The Board of Directors was further authorised to amend §5 para.1 as well as §6.3 para.1 clause 1 of the Statutes when said contingent capital is used and to make any and all other related adjustments to the wording of the same. The same applies if the

2017 authorisation to launch a stock option programme expires without being used and if Contingent Capital 2017/I is not used after expiry of the periods for exercise of the subscription rights.

In the 2020 financial year, the Board of Directors did not make use of the authorisation to increase the capital per Contingent Capital 2017/I, meaning that Contingent Capital 2017/I was fully available as of the balance sheet date of 31 December 2020.

STATUTORY PROVISIONS AND PROVISIONS IN THE STATUTES OF THE COMPANY FOR THE APPOINTMENT OF THE Board OF DIRECTORS AND MANAGING DIRECTORS AND FOR AMENDMENTS TO THE STATUTES

Bodies

NeXR's organs are the General Meeting, the Board of Directors, and the Managing Director(s).

Board of Directors

The Statutes stipulate that the Board of Directors shall consist of five members elected by the general assembly. The Board members are elected for terms that conclude upon the adjournment of the general assembly that decides to discharge them of their liability for the fourth fiscal year following the beginning of their term of office. The year in which the term of office begins is not counted. The General Meeting may elect members to shorter terms at its discretion. Board members may be elected more than once for the term described above.

In addition to electing the ordinary Board of Directors members, the General Meeting may opt to elect members as alternates to replace a specific member or members should they leave the Board. The alternate takes the seat when said ordinary member leaves the Board before the end of their term. If a replacement is not elected at the next General Meeting, the alternate shall remain in office until the end of the original member's term. Replacements elected to the Board will serve the remainder of the original member's term.

Board members who have been elected by the General Meeting without having been nominated by the Board may be removed before the end of their term. This resolution requires approval by three-quarters of the votes cast.

Any member or replacement member of the Board of Directors may resign from office by submitting a written declaration to the Chair of the Board at least one month in advance of the effective date. No grounds need be named.

The Board of Directors is authorised by the Statutes to make amendments to the same if they are merely formal in nature.

Managing Director(s)

The Board of Directors appoints one or more Managing Directors. Board members may be appointed as Managing Directors, provided they do not thereby make up a majority of the Board. Managing Directors may be removed at any time by the Board of Directors. However, a Managing Director who is a Board member may only be removed for cause.

Agreements with the Board of Directors in the event of a takeover bid

There are no agreements with the Board of Directors that are subject to a change of control as a result of a takeover offer. No agreements with Board members, the Managing Director, or employees for settlements in the event of a takeover have been made.

Final declaration concerning any dependencies

As Managing Director of NeXR Technologies SE, I declare in accordance with §312 para. 3 AktG that the company received an appropriate consideration for each legal transaction or measure listed in the dependency report for the 2020 financial year according to the circumstances that were known to me at the time when the legal transaction/measure was (not) undertaken and was not disadvantaged by this decision.

NeXR Technologies SE

Berlin, 22 April 2021

The Managing Director

Markus Peuler

Report of the Board of Directors

Dear Shareholders,

In the 2020 financial year, the Board performed with the duties assigned to it by law, the Statutes, and the company's rules of procedure in full and with great care. The Board directed the company's affairs, determined the basic principles of its business activities, and continuously oversaw and supported the work of the Managing Directors both verbally and in writing.

The Board was given timely notice of all matters of particular importance. The Managing Directors duly submitted any transactions requiring the Board's approval in a timely manner. The Board has thoroughly reviewed all reports and documents. All transactions requiring its approval were approved.

The Managing Directors and Board of Directors in 2020:

In the reporting period, the Board of Directors consisted of the following five members:

Rolf Elgeti (Chair), Axel von Starck, Christian Daudert, Achim Betz (DeputyChair, Chair of the Audit Committee), and Professor Dr Klemens Skibicki. Since the General Meeting of 13 February 2019, an Audit Committee has been chaired by Achim Betz.

Meetings of the Board of Directors

In the 2020 financial year, a total of 12 quorate Board meetings were held with the Board members and Managing Directors participating. In 2021, the Board of Directors met four times prior to the meeting where the 2020 annual financial statements were approved. The deliberations of the Board of Directors in the 2020 financial year and in the current year 2021 took place exclusively as a committee-of-the-whole.

Focus of the Board's deliberations

In addition to regular statutory reporting, the Board of Directors focused its advice on the following topics in particular:

- Alignment of the business model
- Securing the company's liquidity
- Implementation of a capital increase
- Asset, financial, and earnings positions as well as corporate planning
- Preparation for the General Meetings in 2020
- 2019 annual financial statements and their audit
- German Corporate Governance Code
- Declaration of compliance in accordance with §161 AktG and declaration on corporate governance

The Managing Director informed the Board of Directors regularly and comprehensively about the company's planning, the course of its business activities, and the current situation of the company, and, in so doing, was in full compliance with his duty to inform at all times. The Board further addressed in detail the economic situation of the Company and its operational and strategic development and worked on plans for its further development.

Annual audit

At the General Meeting of 18 June 2020, RSM GmbH Wirtschaftsprüfungsgesellschaft (Frankfurt am Main) was appointed auditor for the 2020 financial statements and then commissioned by the Board of Directors. RSM has completed the audit of the annual financial statements and management report for the 2020 financial year and issued an unqualified audit certificate. The financial statements, the audit report, and the focal points of the audit were discussed in detail with the auditor at the meeting of the Board of Directors on 22 April 2021. The auditor reported the main findings of its audit and was available to the Board of Directors for questions and additional information.

In particular concerning the measures to ensure liquidity, the notification of the loss of more than half of the equity, the measures to strengthen equity through the completed capital increase, and the negative equity situation as of 31 December 2020, the resulting accounting overindebtedness, and the determination of a positive going concern prognosis.

The annual financial statements, comprising the balance sheet, income statement, notes, cash flow statement, and statement of changes in equity, as well as the management report as of 31 December 2020 were fully prepared in accordance with the German Commercial Code (HGB) and audited by RSM.

After in-depth discussion of the audit results, the Board of Directors approved and adopted the annual financial statements and the management report for the 2020 financial year. These statements show a deficit of around €12 million for the 2020 financial year and a cumulative deficit not covered by equity of €28 million.

The annual financial statements of NeXR Technologies SE were thus approved in accordance with §47 para. 5 of the Act Implementing the Societas Europaea (SE-AG).

Corporate governance

In the past financial year, the Board has consistently monitored the implementation of the provisions of the German Corporate Governance Code and the development of corporate governance standards. The Declaration of Compliance required by §161 AktG was made and is permanently available to the shareholders on the company's website at www.nexr-technologies.com/de/corporate-governance/.

Information on corporate governance in the company as well as a detailed report on the amount and structure of the compensation paid to the Managing Directors and the Board of Directors can be found in the corporate governance statement and the compensation report.

During the year under review, there were no conflicts of interest for the individual members of the Board of Directors and the Managing Directors that required disclosure to the Board or the General Meeting.

On behalf of the Board of Directors, I would like to thank all our employees for their personal commitment and constructive cooperation in the past financial year.

NeXR Technologies SE

Berlin, April 2021

Chair, Board of Directors

Rolf Elgeti

Annual Financial Statements

Profit and Loss Account

in EUR	2020	2019
1. Turnover	261,167	1,202,574
2. Other operating income	711,727	779,270
– including income from currency conversion EUR 3,744 (EUR 12,633)		
5. Cost of materials	-805,273	-842,273
a) Cost of raw materials, consumables, and goods for resale	-186,528	-112,874
b) Cost of purchased services	-618,745	-729,399
4. Staff costs	-3,975,186	-4,446,208
a) Wages and salaries	-3,453,928	-3,840,575
b) Social security, pension, and other benefits	-521,257	-605,633
5. Amortisation and depreciation	-2,686,501	-3,173,920
a) of fixed intangible assets and tangible assets	-2,522,020	-3,173,920
b) exceptional amounts written off current assets	-164,481	0
6. Other operating charges	-5,009,176	-6,116,460
– including costs of currency conversion EUR 8,716 (EUR 15,072)		
7. Other interest receivables and similar income	6,649	2
8. Interest payable and other similar charges	-2,429,235	-1,370,254
9. Taxes on profit (loss)	2,217,135	674.502
– of which income from the addition and reversal of deferred taxes EUR 2,217,135 (EUR 674,502)		
10. Result after taxes	**-11,708,694**	**-13,292,768**
11. Other taxes	-124	3,246
12. Loss for the year	**-11,708,818**	**-13,289,522**
13. Loss carried forward	-34,172,190	-20,882,668
14. Accumulated deficit	**-45,881,008**	**-34,172,190**

Balance Sheet

ASSETS in €k	31 Dec 2020	31 Dec 2019
A. Fixed assets		
I. Intangible assets		
1. Concessions, industrial property and similar rights and assets and licences to such rights and values	53,193	60,866
2. Goodwill	5,746,906	8,045,669
II. Tangible assets		
1. Other equipment, factory, and office equipment	215,111	382,879
III. Financial assets		
1. Participating interests	1	2
B. Current assets		
I. Stocks		
1. Raw materials and consumables	43,803	0
2. Work in progress	21,197	21,214
3. Payments on account	60,873	0
II. Debtors and other assets		
1. Trade debtors	19,367	104,528
2. Other assets	313,278	1,756,686
– thereof with a remaining term of more than one year EUR 128,634 (EUR 9,232)		
III. Cash in hand, central bank balances, bank balances, cheques	630,986	342,555
C. Prepaid expenses	156,335	155,681
D. Deficit not covered by equity	28,274,923	20,323,790
Balance sheet total	**35,535,972**	**31,193,869**

LIABILITIES in EUR	31 Dec 2020	31 Dec 2019
A. Equity		
I. Subscribed capital	4,122,129	2,332,755
(conditional capital EUR 910,244)		
II. Capital provisions	13,483,956	11,515,645
III. Accumulated deficit	-45,881,008	-34,172,190
including loss carry forward from the previous year EUR 34,172,190		
Deficit not covered	28,274,923	20,323,790
Book equity	0	0
B. Provisions		
1. Tax provisions	0	4,548
2. Other provisions	1,250,521	1,113,055
C. Liabilities		
1. Bonds	3,500,000	3,500,000
– of which to shareholders EUR 3,500,000 (EUR 3,500,000)		
– of which convertible EUR 3,500,000 (EUR 3,500.0000)		
– of which with a remaining term of more than one year EUR 3,500,000 (EUR 3,500,000)		
2. Bank loans and overdrafts	3	44
– of which with a remaining term of up to one year EUR 9 (EUR 44)		
3. Payments received on account	6,418,073	6,475,123
– of which with a remaining term of more than one year EUR 6,426,694 (EUR 6,475,123)		
4. Trade creditors	694,741	771,291
– of which with a remaining term of up to one year EUR 753,764 (EUR 771,291)		
5. Other creditors	23,672,634	17,112,673
– of which to shareholders EUR 23,432,305 (EUR 16,445,908)		
– of which taxes EUR 72,708 (EUR 57,427)		
– of which relating to social security EUR 510 (EUR 340)		
– of which with a remaining term of up to one year EUR 240,330 (EUR 666,765)		
– of which with a remaining term of more than one year EUR 23,432,305 (EUR 16,445,908)		
E. Deferred tax liabilities	**0**	**2,217,135**
Balance sheet total	**35,535,972**	**31,193,869**

Cash flow statement

in EUR	2020	2019
Net result for the period	-11,708,818	-13,289,522
-/+ Depreciation/appreciation of fixed assets	-2,522,020	-3,173,920
+/- Increase/decrease in provisions	132,918	-312,594
-/+ Increase/decrease in stocks	-104,659	0
-/+ increase/decrease in trade debtors	85,160	44,799
+/- increase/decrease in other assets not attributable to investment or financing activities	1,442,754	-752,540
+/- increase/decrease in trade creditors	-76,550	-942,379
+/- increase/decrease in other assets not attributable to investment or financing activities	-50,893	160,208
- profit from the disposal of fixed assets	-635	0
+ loss from the disposal of fixed assets	88,781	260,590
- Interest income	6,649	0
+ Interest charges	2,249,063	1,356,524
- /+ income tax income/income tax expense	2,217,135	674,502
+/- income tax payments	0	1,683
Cash flow from ongoing business activity	**-7,464,642**	**-10,977,179**
- payments for investments in intangible assets	-36,377	0
+ proceeds from disposal of tangible fixed assets	1,070	9,261
- payments for investments in tangible assets	-100.654	-134,726
+ Interest income	6,649	0
Cash flow from investment activity	**-129,312**	**-125,465**
+ Income from capital increases	3,757,685	0
+ Proceeds from the issue of bonds and the raising of (financial) loans	4,560,000	14,230,000
- Repayment of bonds, loans, and lines of credit	-400,000	-2,745,979
- Interest payments	-35,300	-102,116
Cash flow from financing activities	**7,882,385**	**11,381,906**
Changes in cash and cash equivalents (total cash flow)	288,431	279,262
+ Cash and cash equivalents at the beginning of the period	342,555	63,293
Cash and cash equivalents at the end of the period	**630,986**	**342,555**

Statement of changes in equity

in EUR	Subscribed capital	Capital provisions	Earned shareholders' equity	Total
as of 01.01.2019	2,332,755	11,515,645	-20,882,668	-7,034,268
Net result for the period			-13,289,522	-13,289,522
Balance as of 31.12.2019	2,332,755	11,515,645	-34,172,190	-20,323,790
Shares issued	1,789,374	1,968,311		3,757,685
Net result for the period			-11,708,818	-11,708,818
Balance as of 31.12.2020	**4,122,129**	**13,483,956**	**-45,881,008**	**-28,274,923**

Appendix

Notes on the financial statements for the year ending 31 December 2020

A. GENERAL INFORMATION

NeXR Technologies SE is a European stock corporation (Societas Europaea) listed on the regulated market (General Standard of the Frankfurt and Berlin stock exchanges) with its registered office at Charlottenstraße 4, 10969 Berlin, Germany (Commercial Register HRB 158018, District Court of Berlin-Charlottenburg).

The company is a large corporation as defined by the provisions of §267 para. 3 clause 2 HGB, in conjunction with §264d HGB. The annual financial statements were prepared in accordance with the accounting provisions of §§242 et seq. and §§264 d et seq. HGB and the supplementary provisions of AktG and Art. 61 of EU Regulation 2157/2001.

The profit and loss account was prepared in accordance with §275 para. 1 HGB using the total cost method.

As of 31 December 2020, the company's fully paid-up share capital is €4,122,129.00, divided into 4,122,129 no-par value bearer shares.

In the reporting period, the company further developed the individual products in response to customer orders and secured the financing of business operations through agreements with shareholders.

B. NOTES ON THE ACCOUNTING AND VALUATION METHODS

The accounting and valuation methods applied in the previous year were retained. Despite the strained liquidity situation, the accounting and valuation have been performed under the assumption of a going concern (§252 para. 1 no. 2 HGB). Due to the tense liquidity situation at the time of reporting, the company took various measures to ensure solvency beyond 2021. If, contrary to the expectations of the Managing Director, the company's plans cannot be achieved and the planned measures for hedging liquidity cannot be successfully implemented, the company's continued existence would be jeopardised. For details of the measures taken after the closing date of the balance sheet, please refer to the comments on the events after the balance sheet date under E. Other information 11.

1. FIXED ASSETS

Intangible assets were valued at acquisition costs less scheduled straight-line depreciation. Unscheduled depreciation was taken to the extent necessary to adjust their value. If there is an indefinite useful life, no scheduled depreciation is taken.

The goodwill results from a merger in 2016; the valuation was carried out at fair value on the basis of an expert opinion that determined the earnings value after income taxes.

The goodwill includes deferred taxes. For deferred taxes in the case of the merger in the 2016 fiscal year, deferred tax assets and tax liabilities are not borne by the transferring legal entity, but must be re-examined and recognised accordingly. As the assets and liabilities assumed were measured at fair value, the deferred taxes related to hidden reserves are hidden. They therefore represent acquisition costs that must be treated as deferred. The deferred taxes on the acquired goodwill are inseparably linked with this and must therefore be capitalised as acquisition costs.

The scheduled amortization of **goodwill** is based on a useful life of 7.5 years, which mainly reflects the technical expertise acquired. The remaining useful life as of December 31, 2020 is 2.5 years.

Tangible assets were valued at acquisition cost. The fixed assets were depreciated on a straight-line basis. The amortisation period is based on the normal useful life.

Low-value assets acquired for a cost of less than €800.00 were fully depreciated in the reporting year.

Balance sheet items	(Group of assets)	Useful life
I.	**Intangible assets**	
1.	Concessions, industrial property and similar rights and assets and licences to such rights and values	1 to 15 years (unlimited)
2.	Goodwill	7.5 years
II.	**Tangible assets**	
	Other equipment, factory, and office equipment	1 to 13 years

Financial assets include investments in companies in which the company holds an interest. The shares were written down to a memo item of EUR 1.00 due to permanent impairment.

2. CURRENT ASSETS

Stocks include the STARAMBA.Token (SST) held by the company as of the balance sheet date. They are valued at acquisition or production costs. This item also contains stocks of raw materials and supplies that are valued at acquisition cost, as well as advance payments made on them.

Trade debtors and **other assets** were posted at their nominal values. Specific value adjustments were made to the extent required. There was no need to make any general value adjustments. Any receivables held in foreign currencies were valued at the spot exchange rate.

Cash and cash equivalents were stated at nominal value.

Deferred income is recognized for significant items, such as expenses attributable to subsequent financial years. This essentially consists of rent paid in advance for January 2021 and a BaFin levy for 2021.

3. DEBT EQUITY

Provisions have been set up for all identifiable risks and contingent liabilities, in each case at an amount that represents a reasonable fulfilment value (§253 para. 1 clause 2 HGB).

Provisions with a remaining term of more than one year are discounted with the remaining term corresponding to the average market interest rate of the past seven fiscal years as determined by the Bundesbank or objectification reasons (§253 para. 2 clause 1 HGB). Cost increases are taken into account when determining the settlement value. The option to discount provisions with a residual maturity of less than one year has not been exercised. The accounting and valuation of provisions for a virtual stock option program (VSOP 2019) is based on E-DRS 11. The options were valued at the time of the commitment using an option price model. The provisions are built up depending on the performance of the beneficiary.

Liabilities were posted at their settlement value.

Transactions in foreign currencies were either posted at the current exchange rate or at the exchange rates contractually agreed. The currency conversion on the balance sheet date is carried out in accordance with §256a HGB at the spot exchange rate.

To determine **deferred taxes** resulting from temporary or semi-permanent differences between the commercial values of assets, liabilities and deferred income and their tax valuations or on the basis of tax loss carry forwards, these are measured with the individual company tax rates at the time of reduction of differences, and the amounts of the resulting tax burden and relief not discounted. As of the balance sheet date, deferred tax assets were offset against deferred tax liabilities. The company did not make use of the option to capitalise deferred taxes on losses carried forward (surplus assets after offsetting against deferred tax liabilities).

4. PROFIT AND LOSS ACCOUNT

Proceeds from the sale of tokens are initially recognized as prepayments received. Revenue recognition occurs only when the tokens are accepted as a means of payment for the purchase of goods and services.

C. NOTES ON THE BALANCE SHEET

1. FIXED ASSETS

The development of the fixed assets as well as the acquisition costs of the individual items are shown in the following table.

The intangible assets purchased have a book value of €6,937,000 (previous year: EUR 8,107,000). The main component is the goodwill that comes from the merger at fair value from 2016. €5,747,000 in scheduled depreciation was taken during the reporting period.

Property, plant, and equipment were valued at €215,000 (previous year: €368,000); this includes operating and office equipment.

The financial assets were valued at €1 (previous year: €2,000) and consist of shares in companies in which the company holds a participating interest. Information on shareholdings per §285 No. 11 HGB:

Participation	Registered office	Share	Share capital 31.12.2019 (previous year)	Equity*	Operating result of past year*
Social VR GmbH (in liquidation), Berlin District Court HRB13777	Berlin	48.00%	€25,000 (€25,000)	(-€54,000). (-€49,000)	(-€4,000) (+€55,000)

*Information from the latest annual financial statements of the companies as of 31.12.2019. The company was dissolved by resolution of 13 August 2020 and was in liquidation as of the balance sheet date.

Schedule of assets as of 31.12.2020

in EUR	Intangible usage rights	Goodwill	**Intangible assets**	**Property, plant and equipment**	**Financial assets**	**Fixed assets**
Acquisition/manufacturing costs						
As of 01.01.2020	**2,186,484**	**86,556,147**	**88,742,632**	**928,890**	**19,662**	**89,691,184**
Additions	36,379		36,379	102,127		138,506
Disposals	2,114,483		2,114,483	361,137	17,100	2,492,720
Transfers						
As of 31.12.2020	**108,380**	**86,556,147**	**86,664,527**	**669,880**	**2,562**	**87,336,969**
Accumulated depreciation						
As of 01.01.2020	**2,125,619**	**78,510,478**	**80,636,097**	**546,012**	**19,660**	**81,201,769**
Depreciation for the fiscal year	32,315	2,298,763	2,331,078	190,942		-2,522,020
Disposals	2,102,747		2,102,747	282,184	17,099	2,402,030
Transfers						
As of 31.12.2020	**55,187**	**80,809,241**	**80,864,428**	**454,770**	**2,561**	**81,321,759**
Book value						
31.12.2020	**53,193**	**5,746,906**	**5,800,099**	**215,110**	**1**	**6,015,210**
Book value						
31.12.2019	**60,865**	**8,045,669**	**8,106,534**	**382,879**	**2**	**8,489,415**

2. DEBTORS AND OTHER ASSETS

€129,000 from debtors and other assets have due dates longer than one year; other amounts are due within one year.

There are no receivables from companies with which an investment relationship exists (previous year: €0).

There are no receivables within the meaning of §285 No. 9c HGB as of the reporting date (previous year: €0).

3. CREDIT BALANCES WITH BANKS AND CASH ON HAND

The company had €631,000 in bank balances (previous year: €343,000).

4. EQUITY

The reported equity as at 31 December 2020 is negative. The shortfall not covered by equity amounts to €28,275,000.

4.1 Subscribed capital

The company's fully paid-up share capital is divided into 4,122,129 bearer shares (31 December 2019: 2,332,755) valued at €4,122,129 as of 31 December 2020 (31 December 2019: €2,332,755).

The general meeting decided on 26 July 2019 to increase the company's existing share capital of €2,332,755.00 divided into 2,332,755 bear shares with a proportional share in the equity capital of the company of €1.00 each by issuing up to 20 million new no-par value bearer shares with a proportionate amount in the share capital of company at €1.00 per share up to €22,332,755.00. The **capital increase** was carried out in August 2020. The company's share capital of €2,332,755.00 by

€1,789,374.00 to €4,122,129.00 through the issue of 1,789,374 new shares against cash contributions. The capital increase was entered in the commercial register on 13 August 2020. The new shares are entitled to dividends from the beginning of the last financial year for which no ordinary general meeting took place when the shares were issued. The issue price was €1.00 per share. With the 11 February 2021 decision admitting the company to the exchange, 1,789,374 no-par value bearer shares (€1,789,374.00) were released on the regulated market of the Frankfurt Securities Exchange under Security No. ISIN DE000A1K03W5.

Authorized capital (€160 para. 1 no. 4 AktG)

Authorised capital (2017/I).

The General Meeting decided on 25 July 2017 to cancel the existing authorised capital 2016/I and create a new authorised capital 2017/I.

The General Meeting resolved on 25 July 2017 to authorise the Board of Directors to increase the company's share capital for a period of five years, calculated from the date the authorisation was entered in the commercial register, by issuing new bearer shares against cash and/or contributions-in-kind for up to a total of €1,131,000.00 (Authorised Capital 2017/I). The authorisation may be used once or several times, either in whole or in part.

The new shares are to be offered to shareholders as a matter of principle. If their subscription rights are not excluded, the right may be assigned where shares are acquired by banks or other entities fulfilling the requirements of §186 para. 5 AktG, provided that they are then offered to shareholders (indirect subscription right).

However, the board is authorised to exclude shareholders' subscription rights for fractional amounts;

- in the case of capital increases against cash contributions, provided that the pro rata portion of the share capital attributable to the new shares for which the subscription right is excluded is no more than 10% of the share capital available at the time the resolution is adopted by the general meeting and the issue price of the new shares does not significantly undercut the price of the shares of the same type and conditions already listed at the time the final issue price is fixed by the board, pursuant to §§203 para. 1 and 2, 186 para. 3 clause 4 AktG. The 10% cap includes those shares that have already been issued or sold during the term of this authorisation in direct or analogous application of §186 para. 3 clause 4 AktG under exclusion of subscription rights. Furthermore, shares to be used to service option and/or conversion rights or option and/or conversion obligations from convertible bonds and/or warrant bonds are to be included, provided that these bonds are excluded from the subscription right during the term of this authorisation, in the meaning of §186 para. 3 clause 4 AktG;
- for capital increases in exchange for cash contributions, to grant shares for the purpose of acquiring companies, parts of companies or stakes in companies, or to acquire other assets (including third party claims against the company or companies affiliated with the company) associated with such a merger or acquisition;
- to the extent necessary in order to protect against dilution, to grant a subscription right to the holders or creditors of bonds with warrants and/or convertible bonds issued by the company or its subsidiaries within the scope of an authorisation granted to the Board of Directors by the general assembly, to the extent such would have been granted to them after exercising the option or conversion right or after fulfilment of the option or conversion obligations;

- for the servicing of option and/or conversion rights or option and/or conversion obligations arising from option and/or convertible bonds issued by the company;
- in order to issue shares to members of the Board of Directors, the Managing Directors, and members of the management team, and employees of companies affiliated with the company. The new shares may also be issued to a bank or an equivalent institution provided they accept the obligation to pass them on exclusively to subsequent beneficiaries.

The Board of Directors is authorised to establish further terms and conditions for the issuing of shares, including the issue amount, as well as the content of the share rights when executing the capital increases from Authorised Capital 2017/I. If the profit distribution for a past fiscal year has not yet been decided, the start of the profit participation may also be applied to the beginning of that fiscal year.

The Board of Directors is also authorised to amend the company's Statutes to reflect the extent to which Authorised Capital 2017/I was utilised once implemented in whole or in part or upon expiry of the authorisation.

In the 2020 financial year, the administrative board did not make use of the authorisation to increase the capital per Authorised Capital 2017/I, meaning that Authorised Capital 2017/I remained fully available as of the balance sheet date of 31 December 2020.

Conditional capital (§152 para.1 AktG)

Contingent capital (2016/I)

The general meeting of 28 July 2016 conditionally increased the share capital of the company by up to €905,999.00 to be funded by issuing up to 905,999 new bearer shares (**Contingent Capital 2016/I**).

The contingent capital increase serves to grant shares upon exercise of option or conversion rights or upon fulfilment of option or conversion obligations to the holders of the option or convertible bonds issued by the company, or by a direct or indirect majority holding company on the basis of the authorisation granted by the General Meeting on 28 July 2016. The shares are issued at the option or conversion price to be determined in accordance with the above authorisation.

The contingent capital increase will only be undertaken in the event of the issuance of warrant or convertible bonds and to the extent that the holders of warrant or convertible bonds Issued or guaranteed until 27 July 2021 by the company or its direct or indirect majority holding companies pursuant to the authorisation resolution of the general assembly on 28 July 2016, exercise their options or conversion rights or fulfil their option or conversion obligations and insofar as other forms of fulfilment are not implemented. The new shares issued as a result of the exercise of the option or conversion right or the fulfilment of the option or conversion obligation generally participate in the profit from the beginning of the fiscal year in which they are issued.

If the profit distribution for a past fiscal year has not yet been decided, the start of the profit participation may also be applied to the beginning of that fiscal year.

The Board of Directors was authorised to establish further details for the contingent capital increase.

The Board of Directors was further authorised to amend §5 para. 1 and §6.2 para. 1, clause 1 of the articles when said contingent capital is used and to make any and all other related adjustments to the wording of the same. The same applies in the event that the Board of Directors opts not to exercise the authorisation to issue options or convertible bonds and the authorisation period has expired and in the event Contingent Capital 2016/I is not fully used after the expiry of the deadlines for the exercise of option or conversion rights or for the fulfilment of option or conversion obligations.

On 15 March 2017, the Board of Directors decided to use the 28 July 2016 authorisation of the General Meeting to issue bonds with options and/or convertible bonds and a convertible bond with a total volume of €5,000,000.00 and a term of two years. The convertible bond is divided into 5,000 bearer bonds with a nominal value of €1,000.00 each. The annual interest rate was set at 6%. The convertible bonds may be converted by their holders into new NeXR Technologies SE shares. The conversion price has been set at €21.20 per share if bond holders opt to exercise their right of conversion. The convertible bond was issued in accordance with the 28 July 2016 resolution of the General Meeting and excluded shareholders' subscription rights.

Contingent Capital 2016/I authorised by the General Meeting on 28 July 2016 was used in October 2017 by issuing 70,755 new no-par-value bearer shares in the amount of €70,755.00 in order to service existing conversion rights based on the convertible bonds issued. The share capital of the company is therefore conditionally increased by up to €835,244.00 on the basis of Contingent Capital 2016/I as of the balance sheet date of 31 December 2020 by issuing up to 835,244 new no-par-value bearer shares.

Contingent Capital (2017/I)

The general meeting of 25 July 2017 conditionally increased the share capital of the company by up to €75,000.00 to be funded by issuing up to 75,000 new bearer shares (**Contingent Capital 2017/I**). Contingent Capital 2017/I is to be used to hedge subscription rights arising from stock options issued by NeXR under the 2017 stock option plan between 25 July 2017 and 30 June 2022, on the basis of 25 July 2017 decision of the general meeting.

The contingent capital increase will only be carried out to the extent that stock options are issued and the holders of these stock options exercise their subscription rights to shares of the company and the company does not use its own shares or cash to fulfil said rights. Issuance of the shares from contingent capital will take place at the exercise price set forth in Item 9 §1 lit. e of the agenda for the 25 July 2017 General Meeting. The new shares generally participate in the profit from the beginning of the fiscal year in which they arise. If the profit distribution for a past fiscal year has not yet been decided, the start of the profit participation may also be applied to the beginning of that fiscal year.

The Board of Directors was authorised to establish further details for the contingent capital increase.

The Board of Directors was further authorised to amend §5 para. 1 as well as §6.3 para. 1, clause 1 of the articles when said contingent capital is used and to make any and all other related adjustments to the wording of the same. The same applies if the 2017 authorisation to launch a stock option programme expires without being used and if Contingent Capital 2017/I is not used after expiry of the periods for exercise of the subscription rights.

In the 2020 financial year, the Board of Directors did not make use of the authorisation to increase the capital per Contingent Capital 2017/I, meaning that Contingent Capital 2017/I was fully available as of the balance sheet date of 31 December 2019.

4.2 Virtual stock option rights (§160 para. 1 no. 5 AktG)

The company started a virtual stock option programme in the 2019 fiscal year (VSOP 2019). The stock option conditions of 13 December 2019 apply.

Through 31December 2020, the following number of virtual stock option rights were issued:

Members of the management	113,359
Employees	65,805
External partners	350,000

The obligations arising from the stock option programme through 31 December 2020 are included in the provisions.

4.3 Capital reserves (§152 para. 2 AktG).

Additional reserves created by the difference between the market values of the new shares issued during the capital increase and their nominal values were also created. In 2020, the capital reserve increased by €1,968,000 to €13,484,000 due to the issue of new shares.

4.4 Profit/loss carry forward (§268 para. 1 clause 2 HGB)

The €13,290,000 net loss for the year ending 31 December 2019 was added in full to the loss carry forward and carried forward. As of the reporting date, the loss carry forward was therefore €34,172,000.

4.5 Proposed appropriation of results

The Managing Director proposes that the year's deficit of €11,709,000 be carried forward to a new account.

5. Provisions

Further provisions for taxes are not recognised.

€1,251,000 in other provisions were posted (previous year: €1,113,000) as follows:

in €k	Status 01.01.2020	Use	Reversal	Addition	Status 31.12.2020
Designation					
Other provisions	793	680	73	854	894
Financial statement costs	126	117	3	102	108
Staff costs	81	21	0	145	205
Dismantling provisions	70	69	1	0	0
Retention obligations	43	0	0	0	43
Total	**1,113**	**887**	**77**	**1,102**	**1,251**

The other provisions include €256,000 for potential litigation costs. Provisions for the virtual stock option program (VSOP 2019) are divided into €415,000 posted as part of other provisions and €64,000 in provisions for staff costs.

6. LIABILITIES

The convertible bonds remain unchanged at EUR 3,500,000. The associated interest is shown under other liabilities.

Advance payments received include payments received from token sales, provided that the tokens have not yet been redeemed for NeXR goods or services.

Other liabilities include tax liabilities in the amount of €73,000 (previous year: €57,000) and loan and interest liabilities to shareholders in the amount of €23,432,000 (previous year: €16,446,000).

Other liabilities include €23,432,000 with a remaining term of more than one year and less than five years (previous year: €16,446,000). The other liabilities are due within one year.

7. DEFERRED TAX LIABILITIES

As of the balance sheet date, there are €1,542,000 in deferred tax liabilities, the result of the difference between the goodwill recognized in the commercial balance sheet at fair value and in the tax balance sheet at book value from the merger of Staramba SE and Staramba GmbH in 2016. As of the balance sheet date, these deferred tax liabilities are offset by €4,278,000 in deferred tax assets from loss carry forwards and carry forwards €6,000 in deferred tax assets from staff costs, which were recognized up to the amount of the deferred tax liabilities and offset against the deferred tax liabilities. No use was made of the option to capitalise deferred taxes on loss carry forwards (asset surplus after offsetting against deferred tax liabilities). The calculations were based on a tax rate of 30.18%.

D. NOTES ON THE PROFIT AND LOSS ACCOUNT

The €261,000 in sales (previous year: €1,203,000) came from the sale of €114,000 of *3D Instagraph* services and €137,000 from the provision of *VRiday* services. The remaining amounts result from user fees and the disposal of fixed assets.

Sales revenues are broken down geographically as follows:

in €k	Reporting year	Previous year
Rest of the world	3	1
USA	0	149
Germany	137	785
EU	121	268
Total	**261**	**1,203**

The other operating income includes €610,000 in income from the reduction of individual valuation allowances on receivables, €287,000 in related losses reported under the depreciation of current assets as well as the other operating expenses (gross representation). It also includes €77,000 in revenues from the reversal of provisions.

Materials costs are entirely from the development of the new Fusion III scanner prototype. The expenses for purchased services result mainly from the development of the new scanner prototype, from software services, and from the administration of the STARAMBA.Token (STT).

Staff costs include €64,000 for the virtual stock option program (VSOP).

The other operating expenses include €2,038,000 in legal and consulting costs, including €135,000 related to the listing of the newly issued shares. They also include €415,000 for the virtual stock option programme (VSOP 2019).

The goodwill resulting from the merger with Staramba GmbH in 2016 was amortised as planned in 2020 in the amount of €2,299,000 (previous year: €2,299,000). Losses from the disposal of fixed assets were €89,000 (previous year: €260,000).

The values of receivables were adjusted upwards by €93,000 in 2020 (previous year: €62,000). In addition, there was €287,000 in bad debt; in return, an individual valuation allowance of €610,000 was reversed.

in €k	Reporting year	Previous year
Other interest receivables and similar income	**6**	**0**
of which		
Other interest receivables and similar income	6	0
Other interest and similar expenses	**2,429**	**1,370**
of which		
Interest on current liabilities	3	102
Interest to shareholders	2,426	1,254
Interest income	**-2,423**	**-1,370**

E. Other information

1. OTHER FINANCIAL OBLIGATIONS

The other financial obligations, together with their maturities, are shown in the table below.

in €k	Up to 1 year	2 to 5 years	More than 5 years	Total
Rental commitments	506	543	0	1,049
Services, order commitments	167	157		324
Total	**673**	**700**	**0**	**1,373**

2. INFORMATION ON THE CASH FLOW STATEMENT

The cash flow statement was not prepared in accordance with the DRSC recommendation in DRS 21.

The interest expense in the financial year was €2,429,000 (previous year: €1,357,000). Of this, €35,000 in interest was paid in the financial year (previous year: €102,000). The €6,0000 in interest income (previous year: €0) was fully received in the financial year.

The financial resources are defined as cash and cash equivalents, i.e. demand deposits. Equivalents of means of payment/cash equivalents are short-term, highly liquid financial assets that can be converted into cash at any time and that are only subject to insignificant fluctuations in value. As a result, cash equivalents at the acquisition date may only have a residual maturity of three months or less. In addition, liabilities due to banks as well as other short-term borrowings, which are part of the liquid assets, must be included in the cash and cash equivalents per DRS 21 and must be settled.

3. INFORMATION ON THE STATEMENT OF CHANGES IN EQUITY

As of the balance sheet date, there was a deficit of €28,275,000 not covered by equity.

4. EMPLOYEES

The average number of employees in the financial year was 53 (previous year: 66).

5. INFORMATION PER § 285 NR 14 HGB

The annual financial statements of NeXR Technologies SE are included in the consolidated financial statements of Obotritia Capital KGaA, Potsdam. The consolidated financial statements will be published in the Federal Gazette.

6. INFORMATION PER §285 No. 15a HGB and §160 para. 1 No. 5 AktG

As at the reporting date, the company has €3,500,000 in outstanding convertible bonds. The convertible bond was listed on the Frankfurt Stock Exchange on 22 March 2017. It originally had a term of two years and was extended until 31 December 2022. The convertible bond is divided into 3,500 bearer bonds with a nominal value of €1,000 each. The annual interest rate is 6%. The convertible bonds may be converted by their holders into new NeXR Technologies SE shares. The conversion price has been set at €21.20 per share if bond holders opt to exercise their right of conversion.

7. INFORMATION ABOUT THE BOARD OF DIRECTORS AND MANAGING DIRECTOR

The company has opted for a single-tier management system pursuant to Art. 38 lit b) SeVO. Since 19 February 2019, the board of directors has consisted of the following persons:

1. Mr Rolf Elgeti, businessman, Potsdam (Chairman of the Board of Directors)
2. Mr Achim Betz, auditor and tax advisor, Nürtingen (Deputy Chairman of the Administrative Board, Chairman of the Audit Committee)
3. Mr Axel von Starck, businessman, Hamburg
4. Mr Christian Daudert, asset manager, Rostock
5. Professor Dr Klemens Skibicki, management consultant, Cologne

The extraordinary General Meeting on 26 July 2019 and the ordinary General Meeting on 18 September 2019 did not make any changes to the Board's membership.

NeXR has had an audit committee since 19 February 2019. §324 para. 1 HGB. The members of the audit committee are Achim Betz (Chairman) and Axel von Starck.

The company is represented by its Managing Directors:

Mr Markus Peuler, businessman, Berlin, has been the sole Managing Director since 16 September 2019.

During the reporting period, Mr. Markus Peuler was not a member of any other supervisory boards or control bodies.

Mr Rolf Elgeti was a member of the following boards and other supervisory bodies during the reporting period:

- Bankhaus Obotritia GmbH, Munich

  (Member of the Audit Committee from February 26, 2019)
- Chair of the Supervisory Board, TAG Immobilien AG (since November 2014)
- Chair of the Supervisory Board, Deutsche Leibrenten AG (since July 2015)
- Chair of the Supervisory Board, Obotritia Hotel AG
- Member of the Advisory Board, Laurus Property Partners GmbH (since July 2016)
- Chair of the Supervisory Board, Creditshelf AG (since May 2018)
- Member of the Advisory Board, Highlight Event and Entertainment AG (since June 2018)

Mr Achim Betz was a member of the following supervisory boards and other supervisory bodies during the reporting period:

- Chair of the Supervisory Board, Hevella Capital GmbH & Co KG
- Bankhaus Obotritia GmbH, Munich

  (Chairman of the Examination Board)
- Deputy Chair of the Supervisory Board, Deutsche Leibrenten Grundbesitz AG
- Deputy Chair of the Supervisory Board, Deutsche Konsum REIT-AG
- Second Deputy Chair of the Supervisory Board, Deutsche Industrie REIT-AG

Mr Axel von Starck was a member of the following supervisory boards and other supervisory bodies during the reporting period:

- Chairman of the Supervisory Board, Odeon Venture Capital AG
- Member of the Advisory Board, Bitbond GmbH
- Member of the Advisory Board, Credi2 GmbH
- Member of the Advisory Board, Doozer Real Estate Systems GmbH
- Member of the Advisory Board, Store2be GmbH

8. OFFICER REMUNERATION

The Board members received €38,000 in remuneration in 2020 (previous year: €30,000) for the exercise of their mandate; travel expenses were also reimbursed.

The Deputy Chair and Head of the Audit Committee, Mr Achim Betz, received remuneration of €18,000 (previous year: €15,000). Professor Dr Klemens Skibicki received payments of €10,000 (previous year: €11,000) and Mr Christian Daudert received payments of €10,000 (previous year: €0).

The total remuneration of the NeXR managing director in the reporting year was €318,000 (previous year: €73,000).

This remuneration is broken down as follows:

Name	**Markus Peuler**
Function	**Managing Director**
in €k	
Non-performance-related remuneration	273
Performance-related remuneration	0
Components with long-term incentive effect**	45
Totals	**318**

**) Mr Markus Peuler is entitled to participate in stock options. As of 31 December 2020, 113,359 stock options had been issued. €45,000 in provisions were set aside to cover these.

The former managing director Mr. Christian Daudert received remuneration of €16,000 in 2020 (previous year: €127,000).

9. DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Board of Directors of NeXR Technologies SE hereby declares that it is in compliance with the German Corporate Governance Code as required by §161 AktG and has made said declaration permanently available to the shareholders on the company's website (https://company.staramba.com/about/investors/corporate-governance).

10. AUDITOR'S FEE

The auditor's total fee for the financial year was 108,000, broken down as follows:

in €k	
Audit of annual statements	85
Other services	12
Tax consulting	0
Additional services	11
Total	**108**

11. EVENTS AFTER THE CLOSING DATE WHICH MUST BE REPORTED PURSUANT TO §285 NO. 33 HGB (NEW VERSION)

In December 2018, shareholder Hevella Capital GmbH & Co. KGaA also made a financing commitment of up to €6,000,000 in the form of a convertible loan.

This convertible loan was increased by €4,000,000 in April 2019 and €2,000,000 in June 2019. An additional €8,000,000 was lent in July 2019 and another €7,000,000 in March 2020. The additional increase of €3,000,000 in March 2021 will secure the financing of the company for the coming year. However, as a result, the company continues to rely on sustained financial support, without which the company would otherwise be endangered.

The company carried out a capital increase in August 2020. The company's share capital of €2,332,755.00 was increased by

€1,789,374.00 to €4,122,129.00 through the issue of 1,789,374 new shares against cash contributions. The capital increase was entered in the commercial register on 13 August 2020. Reference is made to the explanations under 4.1 Equity. With the11 February 2021decision admitting the company to the exchange, 1,789,374 no-par value bearer shares (€1,789,374.00) were released on the regulated market of the Frankfurt Securities Exchange under Security No. ISIN DE000A1K03W5

The company continues to feel the effects of the coronavirus crisis, so much so, that, in the event of a permanent lockdown, a delay in the planned sales must be expected. In this regard, we refer to our statements in the management report (including in the forecast report).

12. REPORT PURSUANT TO §160 PARA. 1 NO. 8 AKTG

Pursuant to §160 para. 1 No. 8 AktG, NEXR Technologies SE is obliged to review the content of the notifications received in accordance with §21 para. 1 or 1a of the Securities Trading Act (WpHG). The following reports in accordance with §160 para. 1 no. 8 AktG were made up to the issue date of this statement:

Hevella Capital GmbH & Co. KGaA announced on 13 January 2020 that it had acquired shares in the amount of EUR 81,883 at EUR 2.17 per share on 10 January 2020. As a result, its share of the voting rights increased by 37,734 shares to 1,349,747 (57.86%).

The company announced on 14 August 2020 that the total number of voting rights had increased to 4,122,129 since 13 August 2020.

Hevella Capital GmbH & Co. KGaA announced on 18 August 2020 that it had exercised subscription rights to acquire a million shares at €2.10 a share for a total value of €2.1 million on 13 August 2020. As a result, its share of voting rights in the company increased by 1,000,000 shares to 2,349,747, i.e. 57.0%.

3D SAFE Corporation announced on 18 August 2020 that its voting rights had decreased by 122,699 shares (2.98%) on 13 August 2020.

Mr Fredi Bobic announced on 18 August 2020 that his voting rights had decreased to 80,644 shares (1.96%) on 13 August 2020.

Remark:

Hevella Capital GmbH & Co. KGaA also noted in its announcement that its shares should be allocated to the following persons and companies who thus have indirect control over NEXR Technologies SE:

- Hevella Beteiligungen GmbH, Potsdam, as general partner of Hevella Capital GmbH & Co. KGaA

- Obotritia Capital KGaA, Potsdam, as majority shareholder of Hevella Capital GmbH & Co. KGaA
- Mr Rolf Elgeti, Potsdam, as general partner of Obotritia Capital KGaA

NeXR Technologies SE

Berlin, 22 April 2021

The Managing Director

Markus Peuler

Assurance by the Legal Representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the company's assets, financial position, and results of operations. The management report, including the results of operations, presents the company's situation in a true and fair manner as are the principal opportunities and risks associated with the expected development of the company.

NeXR Technologies SE

Berlin, 22 April 2021

The Managing Director

Markus Peuler

Independent Auditor's Report

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

Audit Opinion

We have audited the annual financial statements of NeXR Technologies SE, consisting of the balance sheet as at 31 December 2020, the profit/loss account statement, the cash flow statement and the equity analysis for the financial year from 1 January 2020 to 31 December 2020 as well as the notes, including the presentation of the accounting and measurement methods. In addition, we reviewed the management report of NeXR Technologies SE for the financial year from 1 January to 31 December 2020. We have not examined the content of the corporate governance statement for compliance with German statutory provisions.

In our opinion, based on the findings of our audit

- the attached annual financial statements comply in all material respects with the provisions of German commercial law applicable to corporations and, in compliance with German generally accepted accounting principles, give a true and fair view of the financial position of the company, as of 31 December 2020 and its income situation for the financial year from 1 January to 31 December 2020, and
- the attached status report conveys an overall true and fair view of the status of the company. With regard to all essential respects, this status report complies with the annual financial statement, it corresponds to the German statutory provisions, and accurately presents the opportunities and risks of future development. Our opinion on the management report does not extend to the content of the corporate governance statement required under §289f HGB.

Per §322 para.3 clause 1 of the German Commercial Code (HGB), we hereby declare that our audit has not led us to any adverse findings concerning the proper preparation of the annual financial statements and management report.

Basis for the Audit Opinion

We have audited the annual financial statements and the management report in accordance with §317 of the German Commercial Code (HGB) and the EU Auditors Ordinance (No. 537/2014, hereinafter "EU-APrVO") in accordance with the German generally accepted principles for the audit of financial statements promulgated by the Institute of Public Auditors (Institut der Wirtschaftsprüfer - IDW). Our responsibilities under these rules and policies are further described in the section entitled "Auditors' Responsibility when Auditing Financial Statements" 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 obligations in accordance with these requirements. In addition, in accordance with Art. 10 para. 2 lit. f) EU-APrVO, we declare that we have not provided any prohibited non-audit services as defined in Art. 5 para.1 EU-APrVO.

We believe that the audit evidence is sufficient and appropriate to provide a basis for our audit opinion with regard to the annual financial statement and the status report.

Significant uncertainty in connection with the continuation of the business activity

We refer to the information provided in B and E.11. of the notes and the disclosures in the sections "Liquidity risks", "Measures to hedge liquidity risks", "Ongoing Risks" and "Summary of the overall risk situation" in the management report, in which the legal representatives of the company describe its strained liquidity situation. As indicated in B and E.11. of the notes and disclosures in the sections "Liquidity risks", "Liquidity risk management measures", "Ongoing Risks" and "Summary of the overall risk situation" in the management report, these events and circumstances point to the existence of a material uncertainty that casts serious doubt on the ability of the company to continue its activities and its continued existence is at risk within the meaning of section 322 para. 2 clause 3 of the German Commercial Code (HGB). This has not affected our audit opinions.

Particularly important issues raised in the audit of the annual financial statements

Particularly important issues raised in the audit are those matters that, in our best judgement, were most significant in our audit of the financial statements for the financial year from 1 January through 31 December 2020. These issues have been taken into account in the context of our audit of the financial statements as a whole and in our opinion on the audit; we are not offering a separate opinion on these matters.

From our point of view, the following facts were most significant in our audit:

- Impairment of goodwill
- Preparation of the balance sheet assuming a going concern

We structure our presentation of these particularly important audit matters as follows:

1. Facts and problem
2. Audit procedure and findings
3. Reference to further information

Below we present the most important facts from the audit:

Impairment of goodwill

1. In the annual financial statements prepared for NeXR Technologies SE, €5.7 million in goodwill is listed under intangible assets; the goodwill originally came from the 2016 upstream merger and was posted at fair value. This goodwill makes up 16% of the balance sheet total as of the closing date and thus has a significant impact on the company's financial position. Goodwill is recognised at acquisition cost less scheduled and unscheduled depreciation.

The valuation of goodwill is complex and highly dependent on the estimates of the legal representatives, in particular with regard to future price and volume developments, the timing of operating cash flows, the discount factors used, and the long-term growth rate. The valuation is therefore subject to uncertainties. Therefore, the complexity of its valuation was of particular importance to our audit.

2. As part of our audit work, we gained an understanding of the company's process of assessing the value of its goodwill and determining the weighted average capital costs. In doing so, we also assessed, based on the information obtained during our audit, whether there were indications of required depreciation not identified by the company. We critically scrutinised and examined the valuation model and the plausibility of the assumptions made. In this regard, we reviewed the forecast for future revenue and earnings development in the scanner and 3D data segment and agreed with the projections approved by the Managing Director and the Board of Directors. In addition, we assessed the consistency of the assumptions with external market assessments.

Based on our audit procedures, we did not make any material findings and find the valuations made by the legal representatives, including the disclosures in the notes, to be reasonable.

3. The information provided by the company on the accounting principles applied is disclosed in the company's notes on "Accounting Policies". Information on the amount of goodwill can be found in the statement of fixed assets as an attachment to the notes.

Preparation of the balance sheet assuming a going concern

1. The accounting for the annual financial statements of NeXR Technologies SE as of 31 December 2020 was based on the assumption of a going concern. As of December 31, 2020, the company had negative equity of EUR 28.3 million and continues to be classified as a start-up. Accordingly, it generates only a small amount of revenue and cash inflows. The company repeatedly received financial commitments from shareholders in the 2020 financial year and subsequently as the financial statement was being prepared.

   Preparing a balance sheet assuming a going concern is a complex matter. Therefore, the preparation of the balance sheet assuming a going concern was of particular importance to our audit.

2. As part of our audit work, we gained an understanding of the company's liquidity review process. In doing so, we also assessed, based on the information we obtained during our audit, whether there was any indication that the company would be unable to ensure payment of the expected liabilities over the next 12 months. In this regard, we reviewed the forecast for future revenue and earnings development and the financing commitments already obtained and agreed with the projections approved by the Managing Director and the Board of Directors. In addition, we assessed the consistency of the assumptions with external market assessments and actual figures for the first months of the 2021 financial year.

   We believe that the preparation of the annual financial statements and the management report, assuming the going concern, is appropriate on the basis of our audit procedures.

3. The information provided by the company on the accounting principles applied is disclosed in the company's notes on "Accounting Policies". Additional disclosures regarding risks which threaten the existence of the company have been made in the notes and the management report. Please refer to our note

above on "Significant uncertainty in connection with the continuation of business activities".

Further information

The legal representatives are responsible for any further information. The other information includes:

- the corporate governance statement
- the assurance of the legal representatives on the annual financial statements and the management report according to §264 para. 2 clause 3 HGB or §289 para. 1 clause 5 HGB and
- the remaining parts of the annual report, with the exception of the audited annual financial statements and management report and our auditor's report.

Our audit opinion with regard to the annual financial statement and the status report does not cover other information and, thus, neither represents an audit opinion nor any other form of audit conclusion thereon.

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

- contains material inconsistencies with the annual financial statements, the management report, or knowledge we obtained during our audit; or
- which may otherwise appear significantly misrepresented.

The responsibility of the legal representatives and the Board of Directors for the annual financial statements and management report

The legal representatives are responsible for preparation of the annual financial statements, which comply with the German commercial law applicable to corporations in all material respects, and that the annual financial statements give a true and fair view of the assets, financial position, and income situation of the company in accordance with German generally accepted accounting principles. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with generally accepted accounting principles in order to facilitate preparation of financial statements that are free from material misstatement, whether intentional or unintentional.

When preparing the annual financial statement, the legal representatives are responsible for assessing the company’s ability to continue as a going concern. Furthermore, they are responsible for disclosing circumstances, if relevant, related to the company’s ability to continue as a going concern. In addition, they are responsible for the accounting of the company's ability to continue as a going concern on the basis of the accounting policy, unless it is in conflict with actual or legal circumstances.

In addition, the legal representatives are responsible for the preparation of the status report which, as a whole, provides a true and fair view of the company's status and is consistent with the annual financial statement in all essential respects, complies with German statutory provisions, and accurately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they deemed necessary to enable the preparation of a management report in accordance with the applicable German statutory provisions and to provide sufficient suitable evidence for the statements in the management report.

The Board of Directors is responsible for overseeing the company's financial reporting process for preparing the financial statements and the management report.

Responsibility of the auditor with regard to the audit of the annual financial statement and the status report

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether intentional or unintentional, and whether the management report gives a true and fair view of the condition of the company and in all material respects is consistent with the annual financial statements and with the findings of the audit, that it complies with German legal requirements, accurately reflects the opportunities and risks of future development, and that it issues an auditor's report that includes our audit opinions on the annual financial statements and management report.

Reasonable certainty means a high degree of certainty, but there is no guarantee that an audit conducted in accordance with §317 HGB and in compliance with the German generally accepted principles for the audit of financial statements promulgated by the Institute of Public Auditors (Institut der Wirtschaftsprüfer-IDW) will always discover a material misstatement. Misrepresentations may result from violations or inaccuracies and are considered essential if they can be reasonably assumed to individually or collectively affect the economic decisions of the target audience made on the basis of this annual financial statement and status report.

During the audit, we exercise due discretion and maintain a critical attitude. Furthermore

- we identify and assess the risks of material misstatement, whether intentional or unintentional, in the financial statements and the management report, we plan and perform procedures in response to those risks, and obtain audit evidence sufficient and appropriate to form the basis of our opinion. The risk of leaving essential misrepresentations undetected is greater for violations than for misstatements as violations may involve fraudulent interactions, falsification, intentional omissions, misleading representations respectively the disabling of internal monitoring.

- we gain an understanding of the internal monitoring system relevant for the audit of the annual financial statement and the precautions and measures relevant for the audit of the status report that are appropriate given the circumstances, however, not for the purpose of drafting an audit opinion on the effectiveness of the company's systems.

- we assess the appropriateness of the accounting methods applied by the legal representatives as well as the justifiability of the estimated values and related information submitted by said legal representatives.

- we draw conclusions regarding the appropriateness of the accounting policy used by the legal representatives with respect to the company's ability to continue as a going concern, and, on the basis of the audit evidence obtained, whether there is material uncertainty surrounding events or circumstances that indicate significant doubts as to the company's ability to continue as a going concern. Should we come to the conclusion that essential uncertainty is given, we are required to draw attention to the respective information in the annual financial statement as well as the status report in our auditor's report, or, if the information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence acquired prior to the date our audit opinion is drafted. Future events or circumstances may, however, result in the company no longer being able to continue as a going concern.

- We evaluate the overall presentation, the structure and the content of the annual financial statements including the information provided, and whether the annual financial statements present the underlying business transactions and events in such a manner that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.

- we assess the consonance of the management report with the annual financial statements, its compliance with legislation and the image it conveys of the state of the company;

- we carry out audit procedures on future-oriented information presented by the legal representatives in the status report. On the basis of sufficiently appropriate audit evidence in this respect, we examine, in particular, the significant assumptions underlying the future-oriented information of the legal representatives and assess the proper derivation of the future-oriented information from those assumptions. We do not express an independent audit opinion on the future-oriented statements and the underlying assumptions. There is a significant unavoidable risk that future events will deviate substantially from the future-oriented information.

Among other things, we discuss with the supervisors the planned scope and timing of the audit, as well as significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

We make a statement to the people responsible for governance that we have complied with the relevant independence requirements, and discuss with them all relationships and other matters that can reasonably be expected to affect our independence and related safeguards.

From the issues we have discussed with the people responsible for governance, we identify the issues that were most significant in the audit of the annual financial statements for the current period and are therefore the key audit issues. We describe these issues in the auditor's report, unless laws or other laws or other regulations preclude the public statement of the issue.

OTHER LEGAL AND REGULATORY REQUIREMENTS

NOTE ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT CREATED FOR DISCLOSURE PURPOSES IN ACCORDANCE WITH SECTION 317 PARA. 3b HGB

Audit opinion

According to §317 para. 3b HGB, an audit was carried out with sufficient certainty whether the reproductions of the annual financial statements and the management report (hereinafter also referred to as "ESEF documents") contained in the attached file [NeXR_JA-LB_2020.zip](HASH-Wert SHA256: 6be8f4af574131b0e0934b3e0ad23f7be80d3c556270dc2357b4825f6c7eab3 1] and prepared for the purpose of disclosure referred to) the requirements of §328 para. 1 HGB to the electronic reporting format ("ESEF") in all essential respects. In accordance with German legal regulations, this audit only extends to the conversion of the information in the annual financial statements and the management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the above-mentioned file.

In our opinion, the reproductions of the annual financial statements and the management report contained in the above-mentioned attached file and prepared for the purpose of disclosure meet the requirements of §328 para.1 HGB for the electronic reporting format. Apart from this audit opinion and our audit opinions on the attached annual financial statements and on the attached management report for the business year from 1 January to 31 December 2020contained in the preceding "Note on the audit of the annual financial statements and the management report", we do not give any audit opinion on the reproductions in these reports as well as the other information contained in the above file.

Basis for the audit opinion

We have carried out our audit of the reproductions of the annual financial statements and the management report contained in the above-mentioned attached file in accordance with §317 para. 3b HGB, taking into account the draft of the IDW auditing standard: auditing of the electronic reproductions of financial statements and management reports prepared for the purpose of disclosure in accordance with §317 para. 3b HGB (IDW EPS 410). Our responsibility thereafter is further described in the section "Auditor's Responsibility for the Examination of the ESEF Documents". Our auditing practice has applied the requirements for the quality assurance system of the IDW quality assurance standard: Requirements for quality assurance in the auditing practice (IDW QS 1).

Responsibility of the legal representatives and the board of directors for the ESEF files

The company's legal representatives are responsible for creating the ESEF documents with the electronic reproductions of the annual financial statements and the management report in accordance with §328 para. 1 clause 4 no. 1 HGB.

In addition, the company's legal representatives are responsible for the internal controls that they consider necessary to enable the creation of ESEF documents that are free of material - intended or unintentional - violations of the requirements of §328 para. 1 HGB for the electronic reporting format.

The legal representatives of the company are also responsible for submitting the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited management report as well as other documents to be disclosed to the operator of the Federal Gazette.

The Board of Directors is responsible for overseeing the preparation of the ESEF records as part of the accounting process.

Auditor's responsibility for reviewing ESEF records

Our objective is to obtain sufficient certainty as to whether the ESEF documents are free of significant - intended or unintentional - violations of the requirements of §328 Para. 1 HGB. During the audit, we exercise due discretion and maintain a critical attitude. Furthermore

- we identify and assess the risks of significant - intentional or unintentional - violations of the requirements of §328 para. 1 HGB, plan and perform audit procedures in response to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinion.
- We acquire an understanding of the internal control system relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not with the aim of expressing an audit opinion on the effectiveness of the company's controls.
- We assess the technical validity of the ESEF documents, d. H. Whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable on the reporting date for the technical specification for this file.
- We assess whether the ESEF documents enable an XHTML version of the audited annual financial statements and the audited management report with the same content.

Other information according to Art. 10 EU-APrVO

We were appointed Auditor by the Annual General Meeting on 18 June 2020. We were engaged by the Board of Directors on 2 September 2020. We have been working continuously as auditors for NeXR Technologies SE, Berlin, since the 2018 financial year.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Board of Directors pursuant to Art. 11 EU-APrVO (Audit Report).

RESPONSIBLE AUDITOR

The auditor responsible for the audit was Arno Kramer."

Frankfurt am Main, 27 April 2021

RSM GmbH
Auditors
Tax Consultancy

…………………..	…………………..
D. Hanxleden	A. Kramer
Auditor	Auditor

Further Information

NOTICE OF LIABILITY

The financial statements and management report of NeXR prepared by the Managing Director take into account all circumstances occurring after the end of the 2020 fiscal year and up to the date of preparation.

The management report contains forward-looking statements. Actual results may differ significantly from the stated expectations regarding the anticipated development.

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LEGAL NOTICE

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NeXR Technologies SE

Text & Editing:

NeXR Technologies SE/CROSS ALLIANCE communication GmbH

Design and development:

CROSS ALLIANCE communication GmbH

FINANCIAL KALENDER 2021

30 September 2021	Publication of the financial report for the 1st half of 2021
03 June 2021	Annual General Meeting
30 April 2021	Publication of the 2020 annual report

SHARE INFORMATION

Share Capital	€4,122,129
Number of Shares	4,122,129
WKN	A1K03W
ISIN	DE000A1K03W5
Bloomberg	DE000A1K03W5
Class of Shares	No-par value share
Trading Segment	General Standard
Stock exchanges	XETRA, Frankfurt
Designated Sponsor	BankM AG