

Group Annual Report 2016



mVISE AG

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Group annual report of the mVISE for the period 1 January to 31 December 2016

The group management report should be read together with the consolidated financial data and the data presented in the Annex to the consolidated financial statement. The following illustrations are based on a series of data which have been presented in detail in the Annex. In addition, the group management report contains statements focused on the future, i.e. statements, which are based on certain assumptions and corresponding current plans, estimates and forecasts. Forward-looking statements are valid, only for the time period when they are made. The management of mVISE AG undertakes no obligation to revise and/or publish forward-looking statements underlying this document whenever there is new information. Forward-looking statements are always subject to risks and uncertainties. The Executive Board of mVISE AG points out that a variety of factors may lead to a significant variation in achieving the target. Major factors are described in detail in the section "Risk report".

A consolidated financial statement according to HGB was created first voluntarily for the fiscal year 2016, thus no comparative figures are available for the previous year, because no group planning had been undertaken for the year 2016.

1.1 Basics of the Group

1.1.1 Group structure

In addition to the parent company in Düsseldorf, mVISE AG, Just Intelligence GmbH, Hamburg is included in the consolidated financial statement as of 01.10.2016:

Since 2014, mVISE AG has shares in Just Intelligence GmbH, Hamburg. The share was increased from 33.4% to 50.1% in September 2016. This was further increased to 78% in January 2017. A contractual arrangement was also made for the remaining 22%. The economic consolidation of the companies was from Q4/2016.

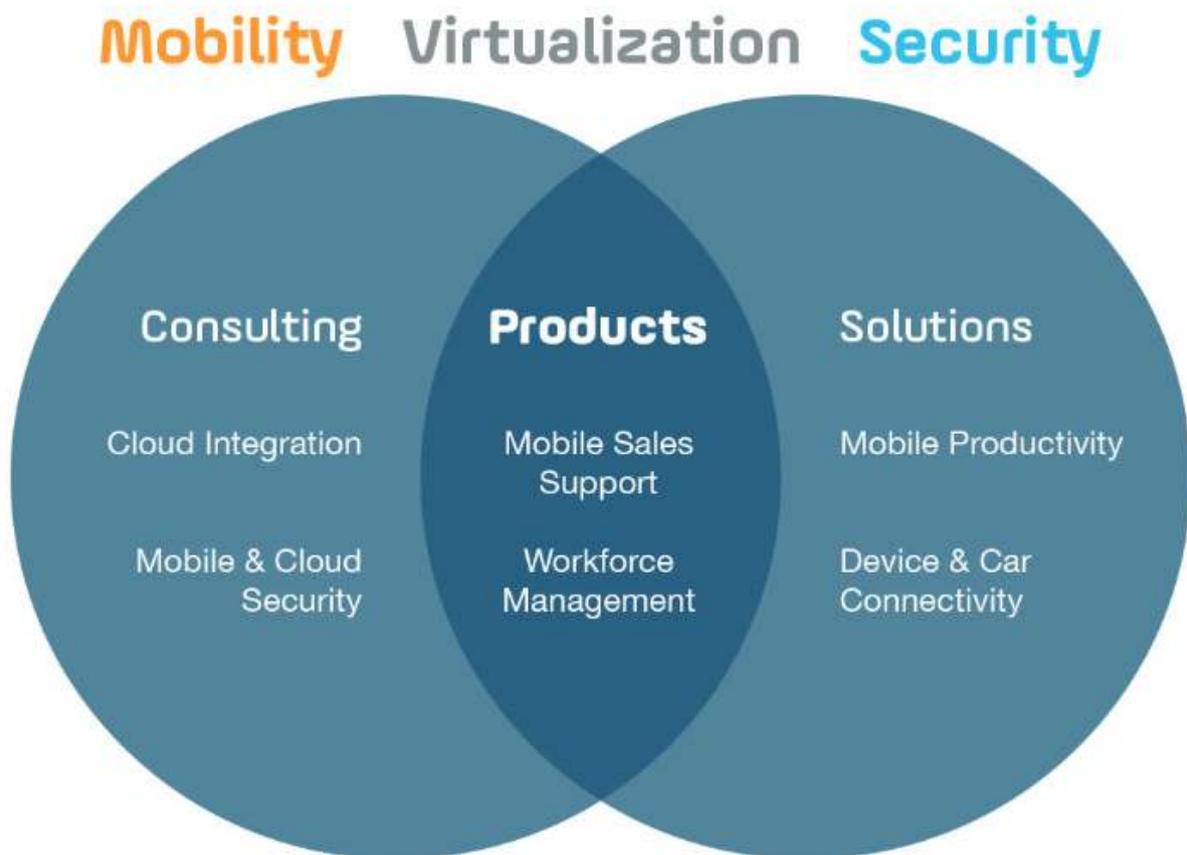
Just Intelligence GmbH was established in 2011 within the framework of an MBO (Management Buyout) from one of the leading German customer service providers. Today, the company stands for intelligent data analysis and workforce management solutions. With the multi-award-winning software ICC, Just Intelligence offers one of the most powerful systems for planning and management of contact centres.

1.1.2 Business transactions of mVISE AG

mVISE AG, established in Düsseldorf, is a provider of IT services and products related to mobile business solutions primarily in Germany. The company was founded in the year 2000 and has decades of experience in the project and consulting environment. Since 2015, mVISE AG positions itself as a clearly focused subject-matter expert for IT consulting and IT solutions and is partner for its customers in the area of mobile digitisation. Building on its own expertise in the field of mobile data transmission, mVISE AG concentrates on the core topics of mobility,

virtualisation and security, and provides appropriate advice, complex individual solutions (B2B apps) as well as Cloud-based standard products for the areas of mobile sales support and workforce management.

By specialising in the three fields of mobility, virtualisation (cloud computing) and security, all questions relating to the mobilisation of business processes can be answered for the customer from a single source, starting with analysis of the condition, the need and the potential, about the choice and implementation of a proper infrastructure (for example, cloud design) and the development of a specific solution, including aspects such as access control, online identity management and data protection.



1.1.2.1 Consulting

Central component of company strategy is the consulting area, which was launched in 2015 with the formation of a specialised consultant team. As on 31.12.2016, mVISE AG had 51 employees in the area of consulting, and now it has offices in Düsseldorf, Frankfurt and Hamburg. The aim is to be able to locally serve existing customers in the region. Well-known companies, such as Vodafone Group, Telekom Commerzbank, Deutsche Bank, Sparkasse organisations or even the Municipal Services in Düsseldorf and Duisburg are customers.

In addition to classical, personal orders, mVISE AG also increasingly concludes fixed-price orders, known as "managed services". This approach is established in particular in the field of cloud-computing solutions, and will also be extended in the context of other innovative IT infrastructure scenarios. Both mVISE as well as the customer benefit from a more efficient implementation of the consulting contracts by using personnel synergies. In addition, managed service contracts significantly enhance the achievement and maintenance of customer loyalty and increase the feasibility of planning sales. In the reporting period, mVISE AG has already achieved about a quarter of the total operating output by careful management of such contracts.

Furthermore, new workshop formats could be developed in the cloud and security environment. These standardised consulting products enable a simple, focused response from new and existing customers and thus open up additional sales potential and long-term project scenarios. In particular, the response of new customers showed that the workshop format can be used as a door opener for subsequent contracts, so that prospective customers with low budget or unclear implementation strategy can initially convince themselves of the quality of mVISE services. Several new customer projects could already be won in this way.

1.1.2.2 Products & Solutions

Based on the consulting, which often works as a door opener to the customers, mVISE developed customised solutions that mobilise business processes and products of customers. Thereby, it focuses on issues in sales and field service. Until now the integration of customers, suppliers and partners was in focus, but this is shifting increasingly towards linking and communication of devices and products. A particularly successful example of such a solution is the "Bosch Toolbox app", which links with the Bosch product catalogue and a dealer search for numerous functions (measurement camera, construction documentation, shop report) that are useful for workmen. The app, which fulfils an important customer loyalty function for Bosch, has received several awards, including the German Design Award 2015, and has already been downloaded over 3 million times from AppStores.

In terms of solutions, mVISE benefits from a wealth of experience from a variety of earlier projects. So numerous apps have been developed in the past for customers, such as Austrian Airlines, McDonalds, DEVK Insurance and Kaldewei. In recent years, the current strategy focuses on complex solutions that map complete business processes and require deep integration with the customers' core systems. Different from simple marketing apps, a comprehensive expertise is necessary for this. The result is that mVISE is increasingly seen by industrial customers as a partner and is integrated at an early stage in product development, in order to provide solutions for a safe, reliable and app-based Smartphone connection with devices and tools.

Based on the experience with the development of numerous customer-specific solutions, mVISE has developed a catalogue app, which has been placed in the market under the name Sales Wizard as a specific software product. The software ensures that all sales documents and product information are available in the latest version, and allows much more effective presentations than would be possible with paper-based catalogues or brochures. In the reporting period, the product has been further developed and the new version is introduced

in the market under the name SaleSphere. In contrast to Sales Wizard, SaleSphere is completely designed as a significantly standardised and scalable cloud product, and also allows simple integration with the customers' IT core systems (ERP, CRM, PIM). This is also a crucial difference compared to many competing products. In addition, a high value has been placed on data protection. With SaleSphere, mVISE AG pursues a pure software-as-a-service model (SaaS). Apart from a small installation and integration fee, only monthly fees apply to the customers, depending on the number of connected users.

MVISE is pursuing a similar strategy with the second product ICC, a cloud-based software for planning and control of the use of employees in call centres. ICC has been developed by Just Intelligence GmbH in Hamburg, in which mVISE is a majority shareholder since September 2016.

1.1.3 Business transactions Just Intelligence GmbH

Just Intelligence GmbH was established in 2011 within the framework of an MBO (Management Buyout) from one of the leading German customer service providers. Today, the company stands for intelligent data analysis and workforce management solutions. With the multi-award-winning software ICC, Just Intelligence offers one of the most powerful systems for planning and management of contact centres.

1.1.4 Control system

The management of the parent company manages the interests of the Group during regular management meetings of the company as well as through informal coordination between the Supervisory Board and the Executive Board and within the committees. In addition, topics are regularly discussed in frequent management meetings with the participation of representatives from all areas of the Group. The Executive Board controls the Group with the help of a management information system with an integrated performance analysis, including a detailed current projection of the funds required and their use. The Executive Board essentially controls the Group and its development through the following financial and non-financial performance indicators. In this context, a sustainable development of the Group is of great value. The accurate presentation of the Group's earnings, assets and financial position is listed under point 3.2.4.

1.1.4.1 Financial performance indicators

Sales/total operating performance

By focusing of mVISE on scalable products and technologies, the sales trend plays an important role in corporate management. The reorganisation that took place and the expansion of sales team takes this into account. The personnel and strategic development and expansion of different distribution channels formed the basis for future sales growth. Therefore, the overall goal of mVISE AG is in the differentiation and balancing of an optimal sales mix of consulting,

solutions and products. In the latter two areas, the (further) development of innovative products and solutions is an important part of the business of mVISE. The corresponding developmental activities are regularly initiated in-house, so that the total operating performance also plays an important role for the corporate management in addition to the sales.

EBITDA margin

mVISE attaches great importance to the successful monetisation of its product and service portfolios. The aim is to achieve a profitable growth. Against this background, EBITDA represents an important role in corporate management. The EBITDA margin is determined from operating profit before depreciations, interests and taxes divided by sales revenues/total operating performance.

Operative cash flow

The operative business transactions of the areas and the resulting inflow of funds represent the main source of liquidity. Accordingly, the operative cash flow is an important control parameter for mVISE. Basis of the operative planning is the longer-term liquidity forecast, for which short and medium-term forecasts are updated every month. mVISE includes all consolidated subsidiaries in this planning.

1.1.4.2 Non-financial performance indicators

Order receipt

A key control parameter for mVISE is the order receipt. In sales, fixed targets are specified, which are subject to regular controlling, on the basis of which the appropriate sales and marketing measures are derived. The volume of orders on hand is used by the Executive Board as an indicator of future business development.

Innovation management

Digitisation is forcing companies to review and develop their business models in an open, flexible and innovative manner. As provider of IT services and mobile business solutions in this environment, the advanced technological and professional development of the company and its products is essential for the business success of mVISE AG. So mVISE currently pursues, among other things, a series of extremely innovative projects in the environment of Internet of things (IoT). Another important step was the recent development of the SaaS software "SaleSphere", which provides a mobile sales support based on the latest cloud and security technologies, and getting the Enterprise Mobility Award is a confirmation of the innovative ability of mVISE AG. Already in 2015, the mVISE solution "Bosch Toolbox" has excelled with the German Design Award. In 2016, mVISE could get the second place in the Enterprise Mobility Award. This shows that mVISE very well connects technical complexity with appealing design.

Qualified employees

Core of the business success of mVISE AG is the high level of expertise of its employees. Qualified and motivated employees are critical success factors for mVISE, in particular because of the increasing competition for IT professionals. The Executive Board considers ensuring a qualified personnel placement as its essential task. So mVISE AG has invested heavily in recruiting activities in the past year. Among other things, a freelancer event was conducted for the first time in end June with a very positive feedback from participants and customers. In the current fiscal year, mVISE has already succeeded again in attracting new employees in the areas of sales and distribution and development, and mVISE will continue to expand the recruiting activities in the future. A targeted training is conducted, in order to be able to meet the present-day requirements as well as the future ones. The high quality of products and solutions as well as proficient advice from customers is an essential part of the company's success. Specific motivation and improvement programmes, together with the possibility of active participation of the company, complement the overall system.

1.1.5 Research and development

The advanced technological and professional development of the company and its employees is essential for the business success of mVISE AG.

Therefore in 2016, substantial efforts were taken to further develop the product SaleSphere, in order to make it market-ready in 2016. Companies that overcome challenges of digitisation through digital programmes and maintain, or even expand, their sales organisations profitably in this situation, double their revenue and their productivity on an average. SaleSphere is oriented towards digitisation of the sales cycle, in order to optimise it in a sustainable manner and to strengthen the value-added chain in sales. The solution of mVISE provides the support needed in diversified markets for the integration of complex and extensive product catalogues on managed sales situations, order management and structured preparation and followup of deadlines until the integration in enterprise planning systems.

Further, the share in Just Intelligence GmbH was increased to 50.1%. With its application ICC, Just Intelligence has a frontrunner application to control the manpower planning and control of call centres.

In the reporting year, the developmental efforts focused in particular on virtualisation and provision of cloud-capability to the products, as well as the development of additional functions.

1.2 Economic report

1.2.1 Overall economic developments

Despite political uncertainty and higher inflation, the worldwide economic development has improved during the reporting period. While the Euro area and Japan are already in a moderate upswing for sometime now, the economic recovery has gathered momentum since the summer of 2016 even in the U.S. and the developing countries. With significant increase in raw material prices, the determining factors for the raw material-exporting developing

countries has improved, and the government has adopted stimulating measures in China. The image of a significant upswing in the world economy is also consistent with the fact that the world trade strongly rallied at the end of the year, after it had more or less stagnated through much of the year.

Even the German economy, which, according to the spring report of the leading German economic research institutes improved by 1.9 percent in 2016 compared to the previous year, benefited from the increasing dynamism of the world economy. Especially in the second half of the year the economy developed positively, driven by declining unemployment, low interest rates and a low external value of the Euro. Thus the German economy is now in the fifth year of a moderate upswing, although the dynamism of the economy remains low as compared to previous upswing phases. This is supported by the fact that the buoyancy forces come far more from consumer spending than from investments and foreign trade. In particular, the company investments continued to improve in a restrained manner. However, surveys of companies regarding capacity utilisation suggest that the overall economic production capacities have now slightly exceeded the normal load.

According to the spring report, the German economy should have again gained momentum in the first quarter of 2017. On an average in January and February, the industrial production was significantly above the level of the last quarter of 2016, the situation is assessed to be no longer as good as for the last six years according to the ifo economic test in March, and the business expectations have again brightened up. All in all, in their community reports the leading German economic research institutes assume a further increase in the gross domestic product by 1.5 percent in the year 2017. Thus the institutes raise their assessment of the previous autumn slightly. That the forecast is lower than the last year's increase is solely because the available working days are less by three in the current year. In particular, exports will gain momentum due to the improved global economic environment and the expected depreciation of Euro. Even the investment activity should contribute more to increased production.

In the forecast period, the economic development is expected to be accompanied by a strong employment dynamics. At the same time, the domestic price rise should intensify. Risks emanate mainly from the uncertain US economic policy. If this should lead to an isolationist policy, then this would severely disrupt the global economic development in the short term. This would particularly affect Germany. Disadvantageously, a rise in interest rates associated with the expected normalisation of the monetary policy could also have an affect. This would pose significant problems, particularly to indebted nations of the Euro area, with corresponding reaction on the German economy. Also, the continuing structural changes in China could also further lead to downturn of the world economy.

1.2.2 Market and market environment

The industrial development in the IT sector is analysed and evaluated by the Federal Association for Information Technology, Telecommunications and new media e.v. (Bitcom). In its autumn press conference in October 2016, the Digital Association expected a market growth of information technology by 3.6 percent to 84 billion euros. According to Bitkom, the main growth drivers are the businesses of software providers, for whom the Association

forecasts an increase of 6.2 percent to 21.6 billion euros. IT hardware is expected to grow by 2.8 percent to 24.3 billion euros and the sales of IT services have supposedly recorded an increase of 2.7 percent to 38.2 billion euros in 2016.

The medium-sized IT firms remain crucial for growth. According to the recent report of Bitcom on medium-sized IT firms, the medium-sized IT firms were able to increase their sales in Germany by 8 percent to 62 billion euros within a year. Thus the assessment is significantly more positive than for the large firms with 500 or more employees, which recorded minus two percent. According to the report, the medium-sized firms account for 33 percent of sales and 54 percent of employees who are subject to social insurance contribution regulation in the digital economy. Also for the whole year 2017, the confidence in the IT industry is high, as shown by the current Bitcom economic survey. So eight out of ten firms in the field of software (85 percent) and IT services (83 percent) count on growing sales, while only 5 and 9 percent, respectively, assume a decline. Manufacturers of IT hardware expect a sales increase of two-thirds (65 percent), while every sixth firm (17 percent) anticipates a decrease.

In particular, the digitisation of the economy offers great opportunities and provides many exciting transformation projects in the medium-sized IT firms, which can exhibit here not only its suitable expertise, but also its closeness to customer and marketability. The biggest challenges lie in the integration of mobility in the company processes, as well as the production of IT security while applying mobility. Accordingly, the budgets provided for the integration of mobility in the company processes also increase. This emerges from the Enterprise Mobility Study 2015, which also mentions Industrie 4.0, virtualisation and cloud computing as the most important technology trends in the next five years. According to a study by Crisp Research, the cloud market alone will increase to a volume of 13.4 billion euros by 2018. The apps for mobile devices are utilised especially in the areas of collaboration and customer communication, and are therefore used in particular by the departments of sales, customer service and service provision. So according to a study by Burda Creative on sales communication of the future, two-thirds of the respondents foresee a large to very large demand for the digitisation of sales communication. Here, a better orientation to the needs of the target group and a greater consolidation of the flood of information are demanded. Because even in areas, where the penetration of mobile devices is high, only a few users fully exploit the existing opportunities.

Overall, a slight growth in the digital investment could be observed in 2016 in Germany. Therefore, the digital transformation is still a long way in arriving in any company. According to Bitcom's CEO Bernhard Rohleder, approximately only half of the companies have adopted a clear digital strategy. Also, in particular, most of the medium-sized companies try to deal with digitisation on their own. Only 18 percent of companies with 20 to 499 employees have already taken consulting services for the digital transformation of their own business, while just 6 percent are planning that for the future. This is the result of a representative company survey on behalf of the Digital Association Bitcom. In the case of larger companies with 500 or more employees, only about half of the companies (49%) involve external consultants and 22 percent of those surveyed have concrete plans to do so. Altogether, consequently there is still a great need for mVISE AG to catch up with corresponding market opportunities in terms of digitisation.

This pleasant development nevertheless has a dark side, i.e., the continuing shortage of well-qualified employees. Two-thirds of the companies belonging to the Bitcom industry (65

percent) expect their development to be hindered by the situation involving qualified manpower. According to a Bitcom study, currently more than 50,000 IT jobs cannot be filled. Other adverse influencing factors to be considered are crucial political situations (33 percent) and the funding conditions (11 percent).

1.2.3 Significant events during the reporting period

Successful launch of the product "SalesSphere"

SalesSphere was first introduced to a wider public in June 2016 in the Sales Management Congress in Berlin and presented to shareholders in the annual general meeting in June. The multimedia product catalogue is a further development of the existing solution Sales Wizard. It serves as digital toolbox for sales, in order to speed up towards the end and to support a sustainable positive customer loyalty. Thus SalesSphere is an expression of the strategic further development of mVISE AG to the solution partner for mobile digitisation. This was confirmed in October 2016 by SalesSphere getting the Enterprise Mobility Award. The mobile sales application won the second place in the category "Business Process Mobilisation".

Majority shareholding in Just Intelligence GmbH

In September 2016, mVISE AG increased its shareholding in Just Intelligence GmbH, Hamburg from the earlier 33.4% to 50.1%. The increase was made through cash amounting to 180,000 EUR from the authorised capital of mVISE AG. The shareholding was further increased in January 2017 to 78% by issuing 210,000 shares in the context of an increase in fixed assets from approved capital of mVISE AG. A contractual arrangement was also made for the remaining 22%. The cash component was provided from its own liquid assets, which shows the increased financial strength of mVISE. The consolidation of the companies was done from Q4/2016.

Just Intelligence GmbH was established in 2011 within the framework of an MBO (Management Buyout) from one of the leading German customer service providers. Today, the company stands for intelligent data analysis and workforce management solutions. Just Intelligence's clientele includes leading media houses, tourism companies, customer service and eCommerce service providers. These customers can be addressed in the future even with mVISE products and services. More synergy effects result from the joint development of cloud-based SaaS models. Thus, for example, in the reporting period, a corresponding extension of the multiple award-winning software ICC was made for planning and controlling of contact centres. Here, in the future synergies can be further enhanced through the existing marketing and sales capacities of mVISE. Also about eight software developers of Just Intelligence will be utilised in the future to optimise the resources even in cases of projects and product development of mVISE.

Capital increase

To finance further organic growth and to strengthen the equity base, the Executive Board decided on 11 March 2016, with the consent of the Supervisory Board, to increase the share capital of the company by issuing new shares. Within the framework of private placement,

250,000 shares from the authorised capital, excluding subscription rights of shareholders, were issued to an institutional investor. The shares were allocated at an issue price of 1.52 EUR per share. After the registration of the capital increase in the trade register, the share capital of the company increased from EUR 7,914,052.00 to EUR 8,164,052.00.

1.2.4 Earnings, assets and financial position

3.2.4.1 Overall presentation

Since the consolidated financial statement was prepared for the first time voluntarily up to 31.12.2016, there are no comparative figures for the previous year. The indicated previous year figures relate to the individual financial statements of mVISE AG for fiscal year 2015.

In the past year 2016, the mVISE group could increase its sales revenue to EUR 7.9 million and achieve a total operating performance of around EUR 9.0 million. In this case, sales growth is primarily due to the further expansion of the consulting area. The positive development is reflected in the amount of earning. All earning levels are clearly in the positive range. EBITDA was EUR 1.2 million, and the EBITDA margin was 14.8%. The bottom line is a Group's net profit of EUR 0.6 million

Even the improved operative cash flow to the extent of EUR 1.1 million should be certainly highlighted. In all, despite investments to the extent of EUR 1.77 million, a positive total cash flow was achieved. With an equity ratio of EUR 48% and free of long-term liabilities, the balance sheet structure of mVISE AG is still robust and offers sufficient scope for further organic and inorganic growth.

1.2.4.2 Results of operations

Order history

The reorganisation and expansion of sales team is already showing initial success. The first sales campaign for SaleSphere was set up in 2016, which shows that there is a great need for mobile sales applications with simple integration into core systems of companies. An agency was also commissioned to support sales. The ambitious target for the fiscal year 2016 to reach an order receipt of EUR 6.0 million in the area of consulting had clearly exceeded EUR 7.4 million as on 31.12.2016, with the result that mVISE AG has started the new year with a comfortable order situation.

Sales trend

In the year 2016, the Group sales amounted to EUR 7.89 million (2015: EUR 4.94 million), where sales amounting to EUR 6 million in the area of consulting (2015: EUR 4 million) and sales amounting to EUR 3.1 million (2015: EUR 1.6 million) in the area of products & solutions could be achieved. Consideration of the change involving stocks amounting to EUR -0.16 million, and consideration of the areas of sales/management/consolidation as well as the

own-work capitalised amounting to EUR 1.26 million, show a total operating performance amounting to EUR 9.00 million (2015: EUR 5.86 million) for the year 2016 could be achieved.

Trend of expenses

In the past fiscal year, the purchased external services amounting to EUR 1.89 million (2015: EUR 1.02 million) could be achieved. The personnel costs amounted to EUR 4.69 million (2015: EUR 4.17 million), with a share of personnel costs amounting to 57.9% (2015: 84.3%). Other operating expenses totalled EUR 1.45 million (2015: EUR 1.56 million), primarily including expenditure in terms of occupancy costs, vehicle costs, advertising and capital market costs, as well as the fees for auditing and legal advice. In the fiscal year 2016, the depreciations of tangible and intangible assets amounting to EUR 0.70 million (2015: EUR 0.43 million) could be achieved.

Research and development

During the reporting period, the research and development expenses amounting to EUR 0.1 million (2015: EUR 0.0 million) could be achieved. The developmental activities mainly focused on innovative activities within the framework of a sponsored prototyping for automated driving.

Trend of earnings

Ultimately, the share of services provided with own employees, together with their average utilisation, could be significantly increased. Material usage share with respect to the total operating performance was thus significantly reduced with correspondingly positive effect on the EBITDA margin.

In the reporting period, EBITDA (earnings before interest, taxes and depreciations) amounting to EUR 1.2 million (2015: EUR -0.76 million) could be achieved. As a result, the EBITDA margin amounted to 14.8%. In the fiscal year 2016, the EBIT (earnings before interest and taxes) amounted to EUR 0.47 million (2015: EUR -1.19 million), with an EBIT margin amounting to 5.9%.

During the reporting period, the financial result was EUR -0.05 million (2015: EUR -0.19 million) and the Group result before tax was EUR 0.64 million (2015: EUR -1.37 million). Considering a tax expenditure of EUR 0.01 million, there is a significantly positive net profit for the Group amounting to EUR 0.63 million (2015: EUR -0.40 million).

1.2.4.3 Net asset situation

Short-term assets

On 31 December 2016, the short-term assets amounted to EUR 1.72 million, where the stocks (unfinished services) amounted to EUR 0.11 million (31 December 2015: EUR 0.27 million), the receivables from goods and services amounted to EUR 1.15 million (31 December 2015: EUR 0.73 million), other short-term assets amounted to EUR 0.18 million (31 December 2015: EUR 0.15 million) and the stock of currency and currency equivalents amounted to EUR 0.27 million (31 December 2015: EUR 0.07 million).

Long-term assets

Long-term assets on the balance sheet date amounted to EUR 3.06 million (31 December 2015: EUR 1.52 million), of which EUR 0.08 million accounted for tangible fixed assets (2015: EUR 0.05 million), EUR 2.97 million accounted for intangible assets (2015: EUR 1.00 million) and EUR 0.01 accounted for financial investments (2015: EUR 0.46 million).

Short-term borrowed capital

On 31 December 2016, the short-term borrowed capital amounting to EUR 3.51 million (31 December 2015: EUR 1.30 million) could be achieved. While the payables for goods and services amounted to EUR 0.66 million (31 December 2015: EUR 0.60 million), the total payables to credit institutions amounted to EUR 0.43 million (31 December 2015: EUR 0.00 million), the down payments received amounted to EUR 0.02 million (31 December 2015: EUR 0.16 million) and other payables amounted to EUR 1.01 million (31 December 2015: EUR 0.54 million). The provisions on the balance sheet date amounted to EUR 1.4 million (31 December 2015: EUR 0.62 million).

Equity capital

On 31 December 2016, the equity capital of the mVISE Group amounted to EUR 3.26 million (31 December 2015: EUR 2.27 million). While the share capital amounted to EUR 8.16 million (31 December 2015: EUR 7.91 million), the capital reserve amounted to EUR 13.78 million, the carried forward loss amounted to EUR -19.3 million (31 December 2015: EUR -18.90 million) and the annual net profit (after minority interests) amounted to EUR 426 million (31 December 2015: EUR -0.40 million).

1.2.4.4 Financial position, funds flow statement and liquidity

Funds flow statement and liquidity

In the past fiscal year, the net cash flow from operating activities amounted to EUR 1.14 million (2015: EUR 0.33 million). The operative cash flow includes, among others, the operating profit, as well as the changes in operating short-term working capital and thus provides information on the profitability of the business operations. Improvement can be seen especially in the positive annual net profit and it shows a marked positive development and the profitability of mVISE from business operations.

The net cash outflow from investment activities amounted to EUR 1.77 million in the reporting period (2015: EUR 1.06 million). The cash flow from investing activities includes all cash flows from investments and disinvestments. Such investments in tangible fixed assets amounted to EUR 0.05 million (2015: EUR 0.03 Mio.), the investments in intangible assets amounted to EUR 1.27 million (2015: EUR 0.73 million). Further, investment was done by ways of increasing the shareholding in Just Intelligence.

The net cash flow from financing activities amounted to EUR 0.82 million in the fiscal year 2016 (2015: EUR 2.12 million). The positive balance resulted in receipts from raising loans, as well as from the capital increase undertaken.

Thus, there was a positive total cash flow of EUR 0.18 million for the fiscal year 2016 (2015: EUR 0.0 million). Currency and currency equivalents on 31 December 2016 amounted to EUR 0.27 million (31 December 2015: EUR 0.07 million).

Investments

In the past fiscal year, investments made were to the tune of EUR 1.77 million (2015: EUR 1.06 million). Of that EUR 0.05 million (2015: EUR 0.03 million) was in the form of tangible fixed assets and EUR 1,2.7 million (2015: EUR 0.73 Mio.) was in the form of intangible assets. For the most part, invested funds were used for further development of the products SaleSphere and ICC, as well as for the acquisition of shares in Just Intelligence.

For the fiscal year 2017, further investments to the tune of around EUR 1.5 million in tangible fixed assets and intangible assets have been planned. In these investments, the major items relate to further development of the products of SaleSphere and ICC, as well as investment in acquisitions.

Employee(s)

Qualified and motivated employees are an essential asset for mVISE. During the reporting period, the number of employees increased from 64 on 31 December 2015 to 81 on 31 December 2016. This significant increase has several reasons: One of the reasons is that many new persons were recruited in the growing consulting business and another reason is the majority shareholding of Just Intelligence GmbH. On an average, 70 employees had been employed in the Group in the fiscal year 2016 (2015: 60).

Order situation

The total value of orders of mVISE AG at the end of the fiscal year 2016 was EUR 3.4 million, which was well above the previous year's level (31 December 2015: EUR 1.4 million). Of which 85% (2015: 92%) was in the area of consulting, while the remaining 15% was in the area of products & solutions (2015: 8%). In all, the Executive Board foresees a growing order volume in both the areas in the current fiscal year.

Financial management

mVISE AG's financial management is committed to the core objective of having at all times sufficient liquidity reserves, minimizing financial risks and safeguarding financial flexibility. Basis for safeguarding liquidity is an integrated financial and liquidity planning. Basically, mVISE AG involves all consolidated subsidiaries in this planning. Basis of the operative planning is the longer-term liquidity forecast, in which short-term and medium-term forecasts are updated monthly. The operative business transactions of the areas and the resulting inflow of funds represent the main source of liquidity. To safeguard liquidity, the mVISE Group additionally uses various internal and external financial instruments. So, in the fiscal year 2016, among other things, operating fund credit agreement amounting to EUR 500,000 was concluded with the Deutsche Bank. Also the cash capital was successfully increased, in order to finance further organic growth and to strengthen the equity base. With the available capital structure and the financing measures taken, mVISE AG has created the essential atmosphere for the future financing according to the Executive Board.

1.2.5 Remuneration Systems of the Management

3.2.5.1 Remuneration of the Executive Board

On 31.12.2016, the Executive Board of mVISE had the following members:

Manfred Götz, Dipl. in Computer Science, Ratingen, Board Member

Rainer Bastian, Dipl. in Pedagogy, Düsseldorf, Board Member

Please refer to the specific details given in Annex for the individual remuneration of the Executive Board members.

1.2.5.2 Remuneration of the Supervisory Board

On 31.12.2016, the Supervisory Board had the following persons:

Achim Plate, Dipl. ing., Glückstadt, Chairman of the Supervisory Board, Managing Director of SPSW Capital GmbH, Hamburg

Franziska Oelte, Lawyer, Hamburg, Deputy Chairman of the Supervisory Board, Chairman of the Supervisory Board of hello.de AG, Berlin

Malte-Matthias von der Ropp, Dipl. in Business, Cologne, Member of the Supervisory Board, Member of the Advisory Committee of clickworker GmbH, Essen

Henning Soltau, Hamburg, Managing Director of SPSW Capital GmbH, alternate member of the Supervisory Board (since 27.08.2015)

Mr. Plate and Mr. Soltau are not members of other statutory supervisory boards or comparable domestic and foreign controlling bodies of business enterprises.

The total remuneration of the Supervisory Board in the reporting year, excluding the reimbursement of expenses, amounted to EURO 25,000 (previous year EUR 20,400). Please refer to the specific details given in Annex for the individual remuneration of the Supervisory Board members during the reporting period.

1.2.6 Other information

Composition of subscribed capital

The share capital of mVISE AG amounts to EUR 8,374,052.00 and is divided into 8,374,052,000 no-par value shares, which are bearer shares and have a proportional amount of EUR 1.00 per share of the share capital. All shares have the same voting rights and dividend rights. Shares held by the company, from which the company derives no rights, are excluded. The rights and obligations of the shareholders arise in particular from the provisions of the Law on Share Companies, and in particular from §§ 12, 53a ff., 118 ff. and 186 AktG.

Restrictions concerning voting rights or transfer of shares

Restrictions on voting rights of shares may arise from legal provisions (§§ 71 b, 136 AktG). However, for the Executive Board there are no restrictions on exercising of the voting rights or transfer of shares.

Shares with special rights, which confer controlling powers

mVISE AG does not have shares with special rights, which confer controlling powers.

Type of voting right control, if employees have equities and do not directly exercise their control

mVISE AG has not issued any share, from which the control rights cannot be exercised immediately.

Statutory regulations and provisions of the Statutes on the appointment and dismissal of Executive Board members and the amendment of statutes

The appointment and dismissal of the Executive Board members are governed by §§ 84 and 85 AktG as well as § 5 of the Statutes. According to the legal provisions (§ 179 paragraph 1 AktG), any amendment to the Statutes requires a resolution of the general meeting. For the resolutions of the general meeting, a simple majority is sufficient, as long as the Law on Share Companies does not impose as a requirement larger majority for amending individual statutes. In accordance with § 10 paragraph 2 of the Statute of the company, the Supervisory Board is authorised to amend only those Statutes, which pertain to its jurisdiction.

Powers of the Executive Board to issue or buy back shares

According to § 4, paragraph 8 of the Statutes, the Executive Board is authorised, with the consent of the Supervisory Board, to increase the share capital of the company by up to EUR 3,872,026,00.00 till 8 June 2021 through one-time or multiple issue of new shares against cash or contribution in kind (Approved Capital 2016).

Pursuant to § 4 paragraph 9 of the Statutes, the share capital has been conditionally increased by up to EUR 2,000,000.00 by issuing up to 2,000,000 new bearer shares (conditional capital 2016). The conditional capital is increased, only inasmuch as the holders of optional or conversion rights or those entitled for conversion or optional exercise based on warrants or convertible bonds, which are issued or guaranteed by the company or a subsidiary group of the company due to the empowerment till 8 June 2021 adopted by the general meeting on 9 June 2016 under the agenda item 8, make use of their optional or conversion rights or, as far as they are committed to the conversion or exercising of the option, fulfil their commitment to the conversion or exercising of the option or if the company exercises a right to vote, grant ordinary shares to the company wholly or in part instead of the payment of a sum of money. According to § 4 paragraph 11 of the Statutes, the share capital has been conditionally increased by up to EUR 283,387.00 (Conditional Capital V). The Conditional Capital V is used for the fulfilment of subscription rights, which are issued to members of the Management and employees of the company in accordance with the resolution of the general meeting on 9 August 2010, as well as the amendment decisions of general meetings on 29 August 2011 and 29 January 2015. The conditional capital is increased only insofar as the holders of the issued subscription rights exercise their subscription right.

According to § 4 paragraph 12 of the Statutes, the share capital has been conditionally increased by up to EUR 500,000.00 (Conditional Capital VII). The Conditional capital VII is used for the fulfilment of subscription rights, which are issued to members of the Executive Board

and employees of the company, as well as members of management and employees of affiliated companies within the meaning of §§ 15, 17 AktG in accordance with the resolutions of the general meetings on 28 June 2012, 27 August 2015 and 9 June 2016. The conditional capital is increased only insofar as the holders of the issued subscription rights exercise their subscription right.

Essential agreements of the company, which are subject to the condition of a change of control following a takeover bid

There are no such agreements.

Compensation agreements of the company, which have been concluded with members of the Executive Board or employees in connection with a takeover bid.

There are no compensation agreements with the members of the Executive Board or with the workers in connection with a takeover bid.

1.3 Risk and Opportunity Report

1.3.1 Risk management

Risks refer to the general possibility that internal or external events occur that have an unfavourable effect on the net assets, financial position and results of operations of mVISE AG and its subsidiaries, respectively, or the occurrence of which jeopardises the achievement of set target figures. The business operations of mVISE AG are exposed to a multitude of risks which are inextricably associated with corporate policy. The chances and risks resulting from business activity are constantly defined and evaluated by the board of directors. The monitoring, analysis and evaluation as well as control of risks are essential elements of the management and leadership instruments, as absolutely required by art. 91, section 2 of the Companies Act. The risks are not quantified. Categorically ruling out or fundamentally avoiding special risks is not intended. Risks are minimised or transferred to third parties if possible and if it makes sense from a business point of view.

mVISE AG has introduced risk management and control systems in order to recognise developments in advance that could jeopardise the continued existence of the company. The review of relevant business risks with their economic effects is periodically evaluated by the management. The detected risks are divided into risk categories and taken into consideration in the strategic corporate planning. Essential business decisions are made by the board of directors in coordination with the supervisory board. The efficiency of the risk management system is monitored and evaluated regularly. If opportunities for improvement are detected, these will be presented to the board of directors and implemented without delay.

In relation to the financial reporting process, the internal control and risk management system has been fully integrated in the quality assurance process of the group.

1.3.2 Risks

The major risks that are relevant for mVISE are described hereinafter:

Economy and world policies

The business activity of mVISE is subject to economic influences. Major economic risks lie in the follow-up to a further intensification of the refugee crisis in Europe and a political destabilisation of the EU that may be associated with that, the expansion of warlike and terrorist actions in and near Europe as well as stagnating economic growth in China. In addition to the anticipated economic fluctuations, events in these areas of risk have again and again negatively influenced the investment confidence of companies and investors in the DACH region in the past 10 years.

Market and competition

The increasing global competition on the IT-services market as well as in the sectors of our customers generates constant pressure at the price level. Falling prices can affect our yield. Delayed receipts of payment as well as insolvencies of customer can result in payment defaults and directly influence our yield and our cash flow.

Innovation management

The further development and establishment on the market for the Cloud products SaleSphere and ICC require considerable financial investment. The profit contribution that is anticipated to come from these investments for the year 2017 and following years depends largely on the market maturity of the cloud-specific billing models (Pay-per-use) for the notified product target groups.

Personnel risk

Qualified and motivated employees are critical for the success of mVISE. The company competes for highly qualified specialists directly with other companies. It becomes more difficult to recruit employees due to the increasing competition for qualified experts. This could limit the growth opportunities.

Project risk

mVISE AG assumes overall project responsibility for its customers. Erroneous price and/or time estimates of fixed price projects can affect the profit. Poor quality can give rise to warranty obligations. The project controlling is monitored and developed constantly in order to minimise the risks.

Dependence of collaborations and important partners

For the purpose of winning high-margin development projects, it is critical for success to be able to offer and implement short-term processing in a competent manner. The Solutions department revealed the need for covering the short-term peaks in demand by competent and reliable partners. If the provision of such resources results in severe delays or if the quality of the delivered product is insufficient, this may have detrimental effects on the net assets, financial position and results of operations. In order to minimise this risk, the company is working together with several trusted partners and manages these risks closely during the projects.

Financial risks

Taking into account the liquid assets that are available at the end of the year, there are risks that the anticipated operative cash flow in the fiscal year 2017 will not reach the extent or does not develop at the anticipated point in time. The further improvement of the financial resources will make additional external financing components essential in order to implement the necessary measures to the planned extent and within the planned time frame. For this purpose, a concept was created based on equity capital and borrowed capital measures that is to be implemented in fiscal year 2017.

1.3.3 Opportunities management

The markets that are relevant for mVISE are subject to constant change which could continually result in new opportunities. A significant factor for the success of mVISE AG is the prompt identification as well as correct assessment and exploitation of these opportunities. This may refer to both internal and external potentials. An opportunities management system is not in place at mVISE, i.e. the potential for opportunities is not quantified. The analysis of the opportunities falls within the scope of responsibility of the board of directors. The analysis of opportunities produces the strategic orientation of the business and the operative measures to be derived from it. The opportunities that present themselves are always associated with risks. It is the task of risk management to evaluate and reduce these risks, if possible. In principle, mVISE strives for an adequate balance between opportunities and risks.

1.3.4 Opportunities

The main opportunities of mVISE AG are described hereinafter. However, this list only represents an extract of the available opportunities. Moreover, the assessment of the opportunities is continually subject to changes, as the relevant markets and the technological environment are constantly developing further. At the same time, new opportunities can also arise from these developments.

Increasing digitalisation

Opportunities arise from the development of further implementation of mobile digitalisation in enterprises under Industrie 4.0 and the networking of machines and devices (M2M & IoT). The continuous increase in digital communication, for example via digital media, platforms or networked devices, is leading to an increasing pressure to digitalise. Due to the dynamic technological development in the IT sector, new applications and needs are constantly arising. Digitalisation presents great social opportunities and opens up enormous potentials for further value addition. This requires enterprises, primarily, to question their business models openly, flexibly and innovatively and to develop new ones. The technology leaders in the industrial sectors are engaged in large-scale research and development projects to further develop intelligent control systems using mobile technologies and more secure and more flexible infrastructures.

Enterprise Mobility concepts and programs are a key component of the future strategy and IT budget in many enterprises of all sizes. Combined with flexible cloud technologies and robust security concepts, Enterprise Mobility is also actually becoming seriously implementable for many companies. The rapidly growing technological capabilities of devices and the projected increase in the volume of data transferred also demand from enterprises continued expansion and flexibility of capacities in enterprise IT. Virtualisation and especially cloud technologies are currently regarded as a key strategy for solutions, but are still at an initial stage in many companies. With its priority mix, mVISE currently has a unique offering on the German IT service market for overcoming this challenge; and with its vast and long-years of experience in cloud projects, mVISE offers the necessary support for confident decision-making for the right cloud strategy and its consistent implementation. Thus, mVISE was able to acquire a series of innovative projects in the Internet of Things (IoT) environment. This could positively influence the net assets, financial position and results of operations of the mVISE Group in the future.

Increasing sensitisation about IT security

In addition to protection of person-related data, progressive digitalisation requires further measures in the area of IT security. With the arrival of mobile technologies in business processes and product lines, the activity around security attacks and the production and application of malicious software is also growing worldwide. The demand of enterprises for reliable, up-to-date IT protection will have to continue to adapt to this threat potential constantly, if companies do not want to face existential risks. Even on the political front, data security and sovereignty have been an ongoing issue, not just since the emergence of the hacker practices of intelligence services. With the current, explosive global political situation, sabotage defence for IT systems is becoming an increasingly urgent area of intervention, especially in companies operating in globalised and diversified markets.

Last but not least, for the end customers of the enterprises, the comprehensible security strategy of the enterprises is an important basis for the end customers' trust in using mobile technologies. As a mobility pioneer and security specialist, mVISE is the ideal partner to build this trust through well-thought-out concepts. Thus, mVISE has implemented intelligent encryption mechanisms already in the first version of SaleSphere, which impressively demonstrates the possibilities of defence against interception methods of Asian character. The increasing interest in IT security, also driven by media attention, and the growing demand, as a consequence, also brings along increasing competition. This is to be taken into consideration in the assessment of opportunities.

Increasing regulation

The net assets, financial position and results of operations as well as business transactions of the company are influenced by the changes in the economic and other policies in Germany, and in the European Union. Similarly, the other political or legal changes, especially due to changes in laws, can affect the net assets, financial position and results of operations of the mVISE Group. The regulatory authorities, for instance in the banking sector, have defined features, which a modern IT infrastructure must have from a regulatory perspective. For instances, banks should be in a position to carry out ad hoc stress tests as well as generate up-to-date, complete and detailed balance sheet data and data related to the business partners

for the entire bank. To be able to do this, the IT infrastructure must be in a position to meet the requirements for risk reporting. This is not the case everywhere, which is why banks have to significantly increase their IT budget, in order to be able to meet the current and future requirements. mVISE was able to acquire a series of renowned new customers from the banking and savings bank sector. Even in other areas, more stringent requirements are being imposed on IT infrastructure. The continuation of this development could positively influence the net assets, financial position and results of operations of the mVISE Group.

Increasing establishment of own products and solutions

The overarching objective of mVISE is further differentiation and striking a balance for an optimal revenue-mix of Consulting, Solutions and Products. After the very successful development of the business area Consulting, Strategie 2015+ envisages marketing of own software products in the medium to long-term. Building on the long years of experience in creating and operating the catalogue app "Sales Wizard", mVISE has developed the new standard product "SaleSphere", which, as a freely configurable cloud-based solution, from now on supports the entire sales process, and is available on the market since March 2016 as Release 1. In addition to this, mVISE is stepping up its efforts in the area of Solutions to acquire additional, interested customers and projects. With the continuing focus of Solutions on the core themes of Mobile Productivity and Connectivity as part of strategic enterprise projects, referenceable, innovative solutions with significant margins are also expected to be created. The increasing establishment of own products and solutions in the market could have a positive influence on the net assets, financial position and results of operations of the mVISE Group.

Focusing on large orders

At the end of reorientation, mVISE AG is increasingly focusing on high-margin future topics and large-volume projects in the consulting area. Major existing customers are now following this strategy and have involved and commissioned mVISE in strategic projects. Productivity tools, such as the market-leading and multiple award-winning mVISE workmen-app "Bosch Toolbox", are leading the way for the enterprise mobility strategy of the companies and their concepts for the field service support.

With the conclusion of valuable outline agreements with major customers and the corresponding commissioning of large-scale projects, the business area Consulting has provided an excellent base for a continuous rise in sales and earnings. The excellent sales positioning for these customers ensures the commissioning of internal specialists and allows significant scaling of business with the support of external partners. Accordingly, further expansion of the consulting business on the basis of stronger key accounts could have a positive influence on the net assets, financial position and results of operations of the mVISE Group.

Opening-up of new target markets

In the solutions area of mVISE AG, smaller app projects are increasingly replaced with complex B2B solution projects, with the effect that a more stable and long-term involvement takes place in strategic projects of the customer. Based on its experience as a pioneer for device control through mobile devices, such as smartphones and tablets, mVISE has now gained a prominent place among the suppliers of device connectivity and confirmed this with the initial

project orders. This opens up for mVISE a completely new target market with B2B device manufacturers, who must meet the requirements of their professional end-users in terms of ease of control, freedom from faults and increasing obligations concerning documentation. Among other things, mVISE will be working in the coming years with leading manufacturers of the automotive industry on a research and pilot project funded by the German Federal Government on the subject of "automated driving" and will be collaborating in the definition and generation of industrial standards, where it will be solely responsible for the sub-area smartphone control. Accordingly, a successful reorientation of the area Solutions in higher-value B2B applications will have a positive influence on the net assets, financial position and results of operations of the mVISE Group.

Opening-up of new sales channels

In August 2016, the mVISE's subsidiary Just Intelligence GmbH has entered into a partnership with 4com, the market leader in cloud-based inbound and outbound solutions in customer service, and thus opened up an important new sales channel. Within a short period of time, the partnership with 4com has resulted in the involvement of initial customers and numerous other relevant leads. In particular, the high level of satisfaction of 4com with the support and service of Just Intelligence marks the current and future cooperation. Accordingly, the expansion of cooperation with 4com and the establishment of additional new sales channels could show a positive influence on the net assets, financial position and results of operations of the mVISE Group.

Inorganic growth

In addition to organic growth opportunities, mVISE AG also seeks opportunities within the framework of collaborations and takeovers. So, mVISE AG increased its shareholding in Just Intelligence GmbH, Hamburg from the earlier 33.4% to 50.1%. Synergy effects exist, among other things, in product development and capacity management as well as in the area of marketing and sales. The Executive Board of mVISE AG is constantly exploring interesting collaboration opportunities even for the future and is having discussions with potential partners for complementing the mVISE Group. The successful implementation of further acquisitions would help in expanding the previously achieved market position of mVISE AG and could accordingly have a positive influence on the situation of assets, finance and revenues of the mVISE Group.

1.3.5 Assessment of the management concerning the overall risk and opportunity situation

In a summary analysis of the opportunities and risks that could have influence on the development of the Group, the Executive Board arrives at a positive conclusion. In both the business areas Consulting and Products & Solutions, sufficient opportunity potential exists, in order to be able to make the company grow even in the future, and the defined risks are discernible and manageable. At the time of preparing this report, there are no identifiable risks, individually and wholly, which could endanger the continued existence of the company.

The operative management of the Group acts with awareness of risks and consistently takes measures to avoid potential risk. At the same time, exploitation of the existing and future opportunities is pursued with a wide range of activities.

1.4 Forecasting report

Following the successful restructuring and the positive course of business in 2016, the growth rate should continue even in the current fiscal year. Basically, the determining factors are positive: The economic environment is stable and the products and solutions of mVISE are compatible with the global trends such as the digitisation of business processes and IT security. The Group has been acknowledged as pioneer in the area of mobile digitisation and, therefore, it has a stable and reliable (current) customer structure. In 2017, the focus is also on the further growth in the consulting business. For this, initial measurable successes in the licensing business are strived for, both with the products for sales support (saleSphere) as well as a further expansion of the license sales with the solutions for manpower planning (ICC). In order to enlarge market position achieved so far, mVISE AG would like to again achieve inorganic growth even in 2017. In this case, potential targets should have a strong profile complementary to the mVISE Group, similar to Just Intelligence GmbH.

1.4.1 Developments in the business areas

Starting with the fiscal year 2017, the business areas have been re-structured. Because the development of customer-specific solutions is closely linked with the accompanying consulting activity, both the business areas Consulting and Solutions have been merged as the area Professional Services, for which Manfred Götz is in charge. Since the beginning of the year, the product business thus forms an independent area, for which Rainer Bastian is in charge.

Professional Services

As part of the growth strategy, mVISE AG started in 2017 a new consulting location in Hamburg. For the establishment of the branch office, we have an experienced manager in Andreas Behrens. With the new locations, the proximity to customers increases, which should have a positive influence in getting new customers. The demand for technical know-how continues to be high, and the order situation is accordingly good. Inorganic growth could help in enhancing the ability to deliver and further enlarge the critical size at individual locations and also for the entire company.

Products

In the medium and long term, the development and marketing of own software products play a greater role. The product sales is relevant, especially for the achievement of a high margin. The interest in the existing products is high, already in the current fiscal year numerous promising appointments have taken place with potential new customers and the first

SaleSphere pilot-customer could be obtained. But here, it was also seen that the sales cycles to obtain and connect new customers are longer than what was originally expected. Based on the current pilot projects and advanced licensing discussions, we, however, assume first visible success for the fiscal year 2017. For this, the partnership of Just Intelligence GmbH with 4com, the market leader in cloud-based inbound and outbound solutions in customer service, should also contribute. Beyond the existing products and partnerships, the mVISE management also actively and continuously evaluates the integration of meaningful product additions in the market.

1.4.2 Net assets, financial position and results of operations

Based on the above-described development in the individual business areas, the Executive Board, therefore, reaffirms the growth and profit targets at Group level. Under the condition of stable competitive structures and market prices, absence of loss of large customers as well as continued positive development in the relevant target markets, the Executive Board expects for the fiscal year 2017, from today's point of view, a total operating performance of over 14 million euros. Here, Just Intelligence GmbH is expected to contribute around 10 to 15 percent of the planned total operating performance. In addition, this forecast does not consider any higher sales from the product area. Overall, the Executive Board assumes an EBITDA margin of 15 to 20 percent for the fiscal year 2017.

Düsseldorf, 15 May 2017



The Board of Directors

Manfred Götz, Board of Directors

Rainer Bastian, Board of Directors

2 Consolidated annual financial statement according to the Commercial Code

2.1 Consolidated balance sheet

BILANZ		
AKTIVA		
		EURO
A.	Anlagevermögen	
I.	Immaterielle Vermögensgegenstände	
	1. Selbst geschaffene gewerbliche Schutzrechte und ähnliche Rechte und Werte	2.327.749,00
	2. entgeltlich erworbene Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Werte sowie Lizenzen an solchen Rechten und Werten	51.412,00
	3. Geschäfts- oder Firmenwert	594.964,03
II.	Sachanlagen	
	1. andere Anlagen, Betriebs- und Geschäftsausstattung	82.376,00
III.	Finanzanlagen	
	1. Anteile an verbundenen Unternehmen	7.423,17
	2. Beteiligungen	0,00
B.	Umlaufvermögen	
I.	Vorräte	
	1. unfertige Erzeugnisse, unfertige Leistungen	107.255,68
	2. erhaltene Anzahlungen auf Bestellungen	0,00
II.	Forderungen und sonstige Vermögensgegenstände	
	1. Forderungen aus Lieferungen und Leistungen	1.151.844,34
	2. Forderungen gegen verbundene Unternehmen	1.781,09
	3. Forderungen gegen Unternehmen, mit denen ein Beteiligungsverhältnis besteht	0,00
	4. sonstige Vermögensgegenstände	184.042,51
	5. eingeforderte, noch ausstehende Kapitaleinlagen	0,00
III.	Kassenbestand, Bundesbankguthaben, Guthaben bei Kreditinstituten und Schecks	273.789,29
C.	Rechnungsabgrenzungsposten	20.594,96
D.	Aktive latente Steuern	2.141.471,40
		6.944.703,47

PASSIVA			
A.	Eigenkapital		
	I.	Gezeichnetes Kapital	8.164.052,00
	II.	Kapitalrücklage	13.782.471,78
	III.	Verlustvortrag	-19.296.176,93
	IV.	Jahresfehlbetrag / Jahresüberschuss	626.988,89
	V.	Minderheitskapital	54.944,95
B.	Rückstellungen		
	1.	sonstige Rückstellungen	1.403.547,74
C.	Verbindlichkeiten		
	1.	Verbindlichkeiten gegenüber Kreditinstituten	427.661,69
	2.	erhaltene Anzahlungen auf Bestellungen	16.012,50
	3.	Verbindlichkeiten aus Lieferungen und Leistungen	655.710,75
	4.	sonstige Verbindlichkeiten	1.011.736,93
D.	Rechnungsabgrenzungsposten		97.753,17
			6.944.703,47

2.2 Profit and loss statement for the fiscal year from 01.01 to 31.12.2016

Gewinn- und Verlustrechnung			EURO
1.	Umsatzerlöse		7.884.130,88
2.	Erhöhung oder Verminderung des Bestands anfertigen und unfertigen Erzeugnissen		-171.870,66
3.	andere aktivierte Eigenleistungen		1.256.413,63
4.	Gesamtleistung		8.968.733,91
5.	sonstige betriebliche Erträge		
a)	Erträge aus dem Abgang von Gegenständen des Anlagevermögens und aus Zuschreibungen zu Gegenständen des Anlagevermögens	231,47	
b)	Erträge aus der Auflösung von Rückstellungen	4.500,00	
c)	übrige sonstige betriebliche Erträge	219.776,33	
6.	Materialaufwand		
a)	Aufwendungen für Roh-, Hilfs- und Betriebsstoffe und für bezogene Waren	-231.297,89	
b)	Aufwendungen für bezogene Leistungen	-1.655.155,04	
7.	Personalaufwand		
a)	Löhne und Gehälter	-4.028.956,03	
b)	soziale Abgaben und Aufwendungen für Altersversorgung und für Unterstützung	-661.584,07	
8.	Abschreibungen		
a)	auf immaterielle Vermögensgegenstände des Anlagevermögens und Sachanlagen	-698.733,37	
9.	sonstige betriebliche Aufwendungen		
a)	Raumkosten	-328.585,37	
b)	Versicherungen, Beiträge und Abgaben	-28.842,65	
c)	Reparaturen und Instandhaltungen	-18.415,42	
d)	Fahrzeugkosten	-295.443,97	
e)	Werbe- und Reisekosten	-167.586,01	
f)	Kosten der Warenabgabe	-25.503,79	
g)	verschiedene betriebliche Kosten	-562.717,56	
h)	Verluste aus dem Abgang von Gegenständen des Anlagevermögens	454,00	
i)	Verluste aus Wertminderungen oder aus dem Abgang von Gegenständen des Umlaufvermögens und Einstellungen in die Wertberichtigung zu Forderungen	-4.374,28	
j)	übrige sonstige betriebliche Aufwendungen	-19.767,68	
10.	sonstige Zinsen und ähnliche Erträge	809,91	
11.	Zinsen und ähnliche Aufwendungen	-47.725,91	
12.	Steuern vom Einkommen und vom Ertrag	220.782,00	
13.	Ergebnis nach Steuern		639.998,58
14.	sonstige Steuern	-13.009,69	
15.	Jahresüberschuss		626.988,89

2.3 Cash flow statement

Kapitalflussrechnung mVISE AG (Konzern) 01.01. - 31.12.2016		TEUR
Periodenergebnis		627
Abschreibungen auf Gegenstände des Anlagevermögens		699
Zunahme der Rückstellungen		703
Abnahme der Vorräte, der Forderungen aus Lieferungen und Leistungen sowie anderer Aktiva, die nicht der Investitions- oder Finanzierungstätigkeit zuzuordnen sind		66
Abnahme der Verbindlichkeiten aus Lieferungen und Leistungen sowie anderer Passiva, die nicht der Investitions- oder Finanzierungstätigkeit zuzuordnen sind		-1.005
Zinsaufwendungen		47
= Cashflow aus der laufenden Geschäftstätigkeit		1.137
Einzahlungen aus Abgängen von Gegenständen des immateriellen Anlagevermögens		0
Auszahlungen für Investitionen in das immaterielle		-1.257
Auszahlungen für Investitionen in das Sachanlagevermögen		-54
Abgang von gegenständen des Anlagevermögens zu Netto-Buchwerten		2
Zugang zu Beteiligungen		-242
Veränderung des aktiven latenten Steuerpostens		
= Cashflow aus der Investitionstätigkeit		-1.772
Einzahlungen aus Eigenkapitalzuführungen von Gesellschaftern des Mutterunternehmens		380
Einzahlungen aus der Aufnahme von Finanzkrediten		428
Minderheitenanteile aus Änderung des Konsolidierungskreises		
Gezahlte Zinsen		-47
= Cashflow aus der Finanzierungstätigkeit		816
Zahlungswirksame Veränderungen des Finanzmittelfonds		181
Konsolidierungskreisbedingte Änderungen des Finanzmittelfonds		24
Finanzmittelfonds am Anfang der Periode		69
= Finanzmittelfonds am Ende der Periode		274
Zusammensetzung des Finanzmittelfonds		
Flüssige Mittel		274
Finanzmittelfonds zum 31.12.2016		274

2.4 Development of the fixed assets for the fiscal year from 01.01 to 31.12.2016

Fixed assets table I

	Procurement and manufacturing costs					
	Status on 01.01.2016	Accruals basis of consolidation	Accruals	Transfers	Disposals	Status on 31.12.2016
Intangible assets						
I. self-created industrial property rights	€1,314,011.23	€1,403,195.00	€1,256,413.69	€0.00	€0.00	€3,973,619.92
II. paid concessions, industrial property rights and similar rights	€541,015.77	€27,268.08	€659.52	€0.00	€223,555.37	€345,388.00
III. Goodwill	€150,000.00	€0.00	€584,709.18	€0.00		€734,709.18
Total	€2,005,027.00	€1,430,463.08	€1,841,782.39	€0.00	€223,555.37	€5,053,717.10
Tangible assets						
I. Other tangible assets, furniture and office equipment	€630,112.81	€30,894.75	€53,632.36	€0.00	€417,932.10	€296,707.82
Total	€630,112.81	€30,894.75	€53,632.36	€0.00	€417,932.10	€296,707.82
Financial assets						
I. Holdings in affiliated companies	€0.00	€0.00	€7,423.17	€0.00	€0.00	€7,423.17
Total	€0.00	€0.00	€7,423.17	€0.00	€0.00	€7,423.17
Total	€2,635,139.81	€1,461,357.83	€1,902,837.92	€0.00	€641,487.47	€5,357,848.09

Fixed assets table II

	Depreciation for fixed assets accumulated						Book values	
	Status on 01.01.2016	Accruals basis of consolidation	Accruals	Transfers	Disposals	Status on 31.12.2016	01.01.2016	31.12.2016
Intangible assets								
I. self-created industrial property rights	€456,433.23	€619,024.00	€570,413.69	€0.00	€0.00	€1,645,870.92	€857,578.00	€2,327,749.00
II. paid concessions, industrial property rights and similar rights	€426,818.77	€18,841.50	€71,557.10	€0.00	€223,241.37	€293,976.00	€114,197.00	€51,412.00
III. Goodwill	€115,000.00	€0.00	€24,745.15	€0.00	€0.00	€139,745.15	€35,000.00	€594,964.03
Total	€998,252.00	€637,865.50	€666,715.94	€0.00	€223,241.37	€2,079,592.07	€1,006,775.00	€2,974,125.03
Tangible assets								
I. Other tangible assets, furniture and office equipment	€579,427.81	€19,586.68	€32,017.43	€0.00	€416,700.10	€214,331.82	€50,685.00	€82,376.00
Total	€579,427.81	€19,586.68	€32,017.43	€0.00	€416,700.10	€214,331.82	€50,685.00	€82,376.00
Financial assets								
I. Holdings in affiliated companies	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€7,423.17
Total	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	€7,423.17
Total	€1,577,679.81	€657,452.18	€698,733.37	€0.00	€639,941.47	€2,293,923.89	€1,057,460.00	€3,063,924.20

