heliad

ANNUAL FINANCIAL REPORT

# 2016

WE INVEST IN THE BEST ENTREPRENEURS.

Contents

# Consolidated Management Report

# 1. Consolidated statement for financial year 2016

In general, Heliad Equity Partners GmbH & Co. KGaA (hereinafter referred to as: "Heliad") was not able to make use of financial year 2016 as expected, in order to realize the appreciable scope of the valuation reserves through sales and to illustrate the value increases in its investments[1] to such extent that negative developments in individual investments were neutralized. Accordingly, both the consolidated financial statements and the individual financial statements of the parent company show a negative result.

The parent company's worsened result was mainly due to poor capital gains. Due to the fact that fixed costs did not come up against any appreciable income, an annual loss to the appropriate extent must be shown.
During the financial year, Heliad sold shares to FinTech Group AG, Frankfurt am Main ("FinTech") and all shares to Patriarch Classics Fonds TSI and Patriarch Classic Dividende 4 Plus. Although the sale of shares led to a positive profit contribution in individual financial statements, a loss from the disposal had to be recognized in the consolidated financial statements. The development at the sharemarket listed MagForce AG led to a devaluation at parent company level in the amount of EUR 900,000. At Group level, due to the market situation, Heliad had once more to withdraw appreciations from the previous year on its stockmarket listed investments, which could not be neutralized through the good performance of unlisted investments. The Group result therefore shows a loss.

Overall, Heliad was able to heavily expand its portfolio in the previous financial year. New investments in Muume Group AG (CH) ("Muume"), MT Holding AG ("Tiani"), my better life GmbH ("Better Life") and Libify Technologies GmbH ("Libify") create further diversification where, in the medium term, less dependence of Heliad's business development on the stock exchange rate of FinTech Group AG was achieved.

For both the parent company and the Group, Management expects positive development of the NAV and free liquidity in 2017, as long as it is possible to realize the valuation reserves through disposals and further increase the remaining investments in value.

# 2. Business Model and company Targets

2.1 Business model

Heliad is an investment company that primarily invests in innovative and strong-growth companies and actively supports their development.

Heliad strives for a share acquisition in company with sales typically to the extent of between EUR 1,000,000 and EUR 50,000,000 per annum. In the case of an equity investment of no more than EUR 10 million per transaction, growth investments are predominantly arranged. In the coming years, up to three new investments p.a. are envisaged, as in previous years.

An essential feature of each transaction is that the Heliad team is in a relatively better position than Heliad's competition, due to existing knowledge and sector expertise at our disposal through our network, to either:

- perform due diligence,
- increase sales,
- more effectively assess the sale of shares in the company and/or,
- achieve a lower purchase price by taking up a desired partner

1 The term investment is not used in accordance with the definition of Article 271 para. 1 HGB (Handelsgesetzbuch - German Commercial Code) in the situation report. In the situation report, the term is formulated in linguistic usage with a usual broader meaning. An investment in this sense includes an investment in a company regardless of the amount or purpose of the investment.

A large network, position as a reliable negotiating partner and an active hands-on approach give Heliad access to attractive investments.

## 2.2 Competitive advantages, strengths, core competencies

Heliad is a publicly listed investment company focusing on investments, primarily in Germany. The company has developed professional processes in deal sourcing, deal management and portfolio management and is therefore in a position to efficiently implement the investment strategy. It has sufficient liquidity for further transactions, and can therefore perform up to three transactions per year. The company relies on a motivated, professional team with years of industry experience. Heliad's listing of provides transparency for investors and none of the maturity constraints which affect typical private equity funds. When implementing its strategy, the Heliad team in particular has access to an extensive network to exploit synergies. These strengths and competitive advantages represent key success factors of Heliad.

## 2.3 company management/goals

Heliad's corporate success is mainly defined by the value development of its portfolio and its ability to place investments. The main goal and success factors of the Heliad Group and the parent company are a result of the Net Asset Value (NAV) per share and its available cash.
In addition, we define the dividend policy as a goal factor for our shareholders and explain the control mechanisms relating to its portfolio companies:

### PORTFOLIO DEVELOPMENT (NET ASSET VALUE - NAV)

The NAV is therefore regularly determined on the basis of market values ("fair value"), i.e. the current values of investments plus other assets minus liabilities. The NAV therefore corresponds with Heliad Group's IFRS equity to a large extent. Changes to the fair value of investments directly affect the NAV. Their performance is therefore the key factor for the success of our company.

The aim is to increase the long-term average NAV per share, which then results in a higher corporate value as reflected by the market price.

The NAV per share reduced by 22% to EUR 8.43 compared to the previous year (EUR 10.87).

### AVAILABLE CASH

The available cash reflects the ability of the Heliad Group or the parent company to make new investments and expand existing investments. This ability to invest is the prerequisite for success-orientated investment management.

Heliad defines its credit balances with banks and credit institutions, in addition to current assets that can be liquidated and the available credit lines less the current liabilities due as available cash.

The aim is to retain available cash for a planning horizon of 12 months in a consistent manner.

As at December 31, 2016, the available cash of the Heliad Group was EUR 1.9 million (previous year: EUR 9.5 million) and was EUR 2.8 million in the individual financial statements of the parent company (previous year: EUR 7.4 million).

### DIVIDEND POLICY

Heliad has defined clear benchmarks for the future distribution policy for its shareholders. According to this policy, shareholders should be able to achieve a sustainable dividend yield of about 3%. We understand the term sustainable to mean that the value we strove for in a long-term average is achieved even if no dividend or a lower dividend was to be paid in individual years.

The following average value therefore results since the requirement of a sustainable dividend policy in financial year 2014:

| | Dividends | Stock market price on reporting date | Dividend income |
|---|---|---|---|
| 2015 (ACTUAL) | EUR 0.15 per share | EUR 4.20 per share 12/31/2014 | 3.57% |
| 2016 (ACTUAL) | EUR 0.20 per share | EUR 6.20 per share 12/31/2014 | 3.23% |
| | | AVERAGE VALUE | 3.40% |

The management of the general partner proposes to the shareholders' meeting that EUR 0.15 per share should be distributed to the limited liability shareholders and that the remaining profit should be carried forward from the annual net income as profit for financial year 2016.

MANAGING PORTFOLIO COMPANIES

The performance of our operative investments, is, regardless of the management of Heliad itself, measured on the basis of classic, year-related key data such as revenue, EBITDA and profitability.

At the time of the investment decision, we establish corporate planning with the management of the target company, on the basis of which the contribution is assessed and evaluated on a quarterly basis. On the basis of the monthly and quarterly figures, we follow the development of the individual companies as against the previous year, the plan and the current budget. Current and strategic developments as well as any necessary measures in the portfolio companies are discussed in regular team meetings with the executive management and the investment manager.

Heliad's management performs operational tasks involving the generation of investment opportunities, the assessment and negotiation of acquisitions and disposals and seeks to secure supervisory and advisory functions in the portfolio companies wherever possible in order to secure the integration of Heliad into the operative development of our investments. In addition to the risks of Heliad’s business processes, our risk management system also controls risks arising from the development of the portfolio companies. In this regard, reference is made to the following risk report. Controlling reports on the portfolio companies are discussed at regular meetings and any required measures are implemented.

## 3. Macroeconomic Framework and Industry Climate

3.1 OVERALL ECONOMIC DEVELOPMENT[2]

The GCEE established the following when assessing overall economic development in its Annual Expert Report 2016/2017:
The upswing in Germany and the euro area is continuing, The council of experts estimates growth rates of the real gross domestic product in the amount of 1.9% in 2016 and 1.3% in 2017 for Germany. The decline in the growth rate can especially be attributed to a calendar effect. The underlying growth dynamic mainly remains the same. The German economy is becoming increasingly overloaded as a result. The council of experts forecasts real growth in the euro area in the amount of 1.6% in 2016 and 1.4% in 2017.

The extraordinarily expansive ECB monetary policy significantly contributed to the upswing in the euro area. As considerable structural problems still exist as before, the upswing is not self-supporting. The enthusiasm for reform has abated

2 Source: German Council of Economic Experts: Annual Expert Report 2016/17.

and some member states lack the necessary budgetary discipline. The ECB monetary policy conceals this problems and increasingly endangers financial market stability. The extent of the relaxation is no longer appropriate in light of the economic recovery. The ECB should therefore terminate the purchasing of bonds more slowly and earlier.

The situation in the real economy and the financial markets affects both the portfolio companies and the investment activity and consequently the medium to long-term success of Heliad.

## 3.2 DEVELOPMENT OF THE PRIVATE EQUITY SECTOR[3]

To illustrate developments within the private equity sector, Heliad uses the latest publications of the Bundesverband Deutscher Kapitalbeteiligungsgesellschaften (Federal Association of German Capital Investment Companies (BVK)) cited below.

The companies organized in BVK and other investment companies employed a total of 2,850 members of staff as of the end of 2016, including 1,800 investment professionals/managers.

Investments in Germany (market statistics) reached EUR 5.69 billion - a decrease of 14% as against the previous year (EUR 6.6 billion). The number of German companies financed during the year amounted to 1,011 which is also less than the previous year at 1,319.

In 2016, companies received 46,500 requests from companies or start-ups seeking equity.

Fund raising reached EUR 2.33 billion, a gain of over half compared to the previous year (EUR 1.53 billion).

The portfolio of investment companies residing in Germany reached EUR 39.6 billion by the end of the year.

Investments of investment companies residing in Germany (industry statistics) reached EUR 4.17 billion, compared to EUR 6 billion in the previous year. The companies invested €0.76 billion of this sum abroad.

The volume of investment sales reached €2.92 billion, representing a decrease of one half compared to the previous year (€5.73 billion). The decline can be attributed to a considerably lower volume of shares being sold and sales to other investment companies.

Heliad pursues a focused investment strategy, particularly with regard to business models and company sizes. Heliad is therefore not necessarily dependent on the general economic situation. At the same time, it is difficult to relate general statements about the equity market to Heliad's activities and use these to determine consequences for Heliad's business activities.

3 Source: BVK-Statistik „Das Jahr in Zahlen 2016", Bundesverband Deutscher Kapitalbeteiligungsgesellschaften, February 2017.

# 4. Investments and their Development[4]

## 4.1. DEAG – DEUTSCHE ENTERTAINMENT AKTIENGESELLSCHAFT

DEAG Deutsche Entertainment AG with headquarters in Berlin is an integrated entertainment content company and a leading provider of live entertainment in Europe. Founded in 1978 in Berlin and listed on the sharemarket since 1998, DEAG hosts around 2,000 concerts and events per year within the genres of rock/pop, festivals (national and international), classical music, jazz, hit songs and folk music as well as in the strong growth family entertainment segment in Germany, Austria, Switzerland, and the UK. The company has an annual turnover of around 5.0 million tickets.
DEAG covers the entire value chain in the area of live entertainment: from concerts to selling audio carriers, rights-utilization, sponsoring, and merchandising to ticketing. Social media and digital customer communication which are continually being expanded as part of DEAG's digital strategy are increasingly becoming more important as a result. Numerous cooperations and activities such as its own record label, DEAG Music, and the venue management of the Jahrhunderthalle in Frankfurt am Main complete the DEAG portfolio. With a network of strong partners such as Sony Music Entertainment, Axel Springer SE, ProSiebenSat.1 Media SE/Starwatch Entertainment, Ticketmaster and others, DEAG is excellently positioned in the market as an internationally-operating Live Entertainment Group.

DEAG shares are listed in the prime standard on the Frankfurt Stock Exchange.

Heliad holds a 7.7% share of DEAG as of December 31, 2016.

## 4.2. FINTECH GROUP AG (FINTECH)

FinTech Group AG (Securities identification number: FTG111, ISIN: DE000FTG1111, ticker: FTK.GR) is one of the leading European providers of innovative technologies in the financial sector. Overall, the services offered reach 200,000 private customers and it is an important technology partner for banks and financial institutes operating in Germany and abroad in the B2B sector. The fully-owned subsidiary company flatex GmbH counts 160,000 private customers in the B2C business sector and has had a clear and transparent price-performance model for years for market and innovation leaders in the German online brokerage market.
The majority shareholding XCOM AG, which together with biw Bank forms the B2B business sector, has been on the market as a software and system company since 1998 and is counted among the German pioneers in the financial technology sector. XCOM AG is currently one of the most successful software and technology service provides in the financial sector.
biw Bank für Investments und Wertpapiere AG, which also belongs to the Group, is taking over the banking services of FinTech Group AG with its full banking license. It also looks after private customers in the background as an outsourcing partner of other well-renowned banks (known as "white label banking") and is counted today among the most modern online banks in Germany. The ambitious German start-up scene also benefits from the innovative profile of FinTech Group AG in the financial sector for which it is an important partner.
FinTech generated earnings before interest, taxes, depreciation and amortization (EBITDA) in the amount of EUR 19.7 million in 2015, as shown in the consolidated financial statements prepared according to IFRS for the first time. The Group was able to significantly increase its profitability and achieve a strong turnaround in 2015. Consolidated sales totaled EUR 75.2 million in 2015.

Heliad holds a 16.87% share in the FinTech Group as of December 31, 2016.

4 The information has been taken from the publications of the respective companies.

### 4.3. MAGFORCE AG

MagForce AG is a leading company in the area of nanotechnology-based cancer therapy and the first company worldwide to receive European approval for a medical product with nano particles. The new type of therapy is available for patients in the NanoTherm® therapy centers in Germany in the Charité-Universitätsmedizin Berlin, and the University Clinics of Munster, Kiel, Cologne, and Frankfurt. Further therapy centers in Germany are planned.
In March 2014, MagForce AG founded a US subsidiary, MagForce USA, Inc., with headquarters in Nevada, in order to develop the NanoTherm Therapie® in the US to treat brain tumors and prostate cancer and later to introduce it to the American market.

Heliad holds a share of 5.34% in MagForce as of December 31, 2016.

### 4.4. MAX21 AG (MAX 21)

MAX21 is a technology holding that is positions in the industries of post & mail management, IT security and IT & cloud services. It specializes in financing, infrastructure, administration and recruiting. It therefore offers its investments real added value/competitive advantages. MAX21's most important investments focus on the business areas of postal services, IT security, and cloud and IT services.

Heliad holds a 5.27% share in MAX21 as of December 31, 2016.

### 4.5. MUUME AG

MUUME (www.muume.com), headquartered in Switzerland, is one of the leading technical platforms for digital self-service for daily consumption, which consumers can use to make purchases and place orders easily on their smartphone as an individualized service. MUUME is an expert in digital product data management and digital payment. In essence, MUUME is involved in the digitization of everyday shopping, ordering and payment processes on smart phones.
Strategically, MUUME concentrates on attracting large closed-user groups with a focus on Germany and Switzerland. In doing so, MUUME provides its application under the MUUME brand, in co-branding and as a pure merchant solution for integration in existing merchant apps (SDK). An important focus during 2016 was to build strong partner networks through which MUUME offers its services to the market.

Heliad holds a 5.89% share in MUUME as of December 31, 2016.

### 4.6. ALPHAPET VENTURES GMBH

Alphapet Ventures, headquartered in Munich, is the leading online retailer of premium pet and food supplies in Germany. The company was created in April 2016 through the merger of ePetWorld GmbH and Pets Premium GmbH. Alphapet Ventures operates specialized online shops in the premium segment for dog and cat owners through the portals Hundeland.de, Katzenland.de and petspremium.de. The broad selection of specialist and premium products, planning tools developed in-house and expert telephone hotline allows the different target groups of the portal to find the right product in each phase of life and at any time.
In addition to the merger, which created the largest supplier of premium pet supplies in Germany, the main aim in 2016 was to deepen the added value chain. Alphapet Ventures develops its own innovative product and brand concepts. The brand portfolio, consisting of three independent brands, is sold over-the-counter alongside the online platforms in over 100 specialist retail shops.

Heliad holds a stake of 7.77% in Alphapet Ventures as of December 31, 2016.

### 4.7. CUBITABO GMBH

The Berlin-based company Cubitabo GmbH operates the online platforms Bettenriese.de and buddysleep.de. The multi-brand store BettenRiese.de is established in the German market as an expert in mattress purchasing and sleep-related products and services. The company focuses on providing comprehensive and competent online advice and transparent topically relevant content. The company's own mattress brand Buddy was created on the basis of industry experience, customer feedback and innovation, was launched on the market in 2016 and is intended for lifestyle and design-oriented customers. With BettenRiese and Buddy, Cubitabo is solidly positioned in the booming mattress market and appeals to a wide range of buyers.

Heliad holds a stake of 41.10% in Cubitabo as of December 31, 2016.

### 4.8. SPRINGLANE GMBH

Springlane is a leading European ecommerce retailer of kitchenware with a range of over 15,000 products. Springlane offers tips, ideals and inspiration from celebrity chefs and product experts on the topics of food and cooking supplies. The company is defined by its powerful business intelligence and successful content marketing as a growth driver. Springlane was founded in 2012 with the investment of HEP Beteiligungs-GmbH, an interim Heliad holding for the ecommerce sector. In 2013 and 2014, it was successful in winning more venture capital companies as investors in several financing rounds. In 2015, the development of its own range of products and marketing activities was the focus for Springlane with the aim of expanding its market position. In September 2014, Springlane concluded a financing round of over EUR 11 million.
Springlane.de was chosen as the “online shop of the year 2016” over strong competitors such as Otto.de and was also able to show high sales growth by expanding its range in the sectors of barbecue needs and spirits in 2016. Furthermore, Springlane opened its first retail store "Springlane Grillgarage" in Düsseldorf within only six weeks. Springlane’s online magazine recorded over one million visits for the first time in July, and on December 30 counted more than 100,000 daily visitors for the first time and continuously achieved close to 10 million pins in December on the online platform Pinterest on a daily basis.

Heliad holds a stake of 17.79% in Springlane as of December 31, 2016.

### 4.9. MT HOLDING GMBH (AU) - TIANI SPIRIT

MT Holding GmbH with its subsidiary Tiani Spirit GmbH, both with headquarters in Bisamberg, Austria, is an internationally-operating IT company specializing in the development and provision of solutions for the standardized exchange of data. The company focuses on the exchange of medical information. The Tiani Spirit software solution ties in with the globally recognized IHE standard and in particular dominates international competition in the area of compatibility. IHE allows for the continuous interoperability in the overall health system as an international non-profit organization.

Through its role as a trailblazer, Tiani Spirit has already been able to win round renowned partners such as Cisco Systems which integrated the company's software solution into its own system and marketed the software on its price list.
In addition to the subsequent expansion of its leading position in the IHE market, Tiani Spirit strives to develop pioneering specialists for interoperability in further areas, in particular resident registration and decentralized energy provision.

Heliad holds a stake of 18.61% in Tiani Spirit as of December 31, 2016.

### 4.10. LIBIFY TECHNOLOGIES GMBH

Libify Technologies GmbH, with headquarters in Munich, specializes in the manufacturing and distribution of portable emergency call and location systems. With its hybrid emergency call system GEOCARE®, the company offers modern safety technology to facilitate both professional and private day-to-day life. In order to do so, Libify Technologies cooperates with numerous companies from the sectors of Ambient Assisted Living (AAL), health, safety, sport, and agriculture.
In addition to risk groups such as outdoor sport enthusiasts and workers who work without visual contact and without phone signal to other people, the elderly and chronically ill also benefit from the company's safety solution as it enables greater independence and longer resting time in familiar surroundings.
Though Geocare, Libify offers a state-of-the art portable emergency call system for everyone where help can be requested in seconds with the press of a button. Automatic emergency calls or GPS searches make the immediate and exact localization of the person in need possible. Geocare offers older and chronically ill people a feeling of more independence and freedom, while at the same time providing the best security possible. It also helps active people on the go playing sport or on the job.
In addition to the consistent further development of products, Libify pushes for the exploitation of new markets and strives for European market leadership in the area of innovative emergency call solutions. In the meantime, its products are offered in 18 countries and have already been used successfully in Germany, Austria and Switzerland for more than 20,000 times.

Heliad holds a stake of 8.12% in Libify Technologies as of December 31, 2016.

### 4.11. STAPP AG

Stapp AG, with headquarters in Hamburg, markets the digital presence of leading personalities (known as influencers) with individual, authentic solutions. It designs and develops individual, authentic web/app applications using a platform developed in-house and defines the appropriate ecommerce strategy and establishes a scalable network over all relevant digital platforms.

In December 2015, Stapp released its first product in collaboration with Carmen Geiss. The Daniela Katzenberger app "Love and Style" then followed in June 2016 and became Germany's most popular celebrity app by the end of the year with over 270,000 app downloads. The app allows customers to try out different Daniela Katzenberger "looks" and purchase them. Product providers are able to enter into a cooperation agreement with Stapp in order to place products directly.

Heliad holds a stake of 54.84% in Stapp as of December 31, 2016.

# 5. Assets, financial position and results for financial year 2016.

## 5.1. FINANCIAL AND ECONOMIC SITUATION IN FINANCIAL YEAR 2016

The Heliad Group reported a profit in the amount of EUR -22.0 million for financial year 2016 (previous year: EUR 22.6 million). The net asset value per share reduced compared to the previous year (EUR 10.87) by EUR 2.44 to EUR 8.43 as at December 31, 2016. Based on the consolidated statement of financial position as at December 31, 2016, the equity ratio reduced by 3.7 percentage points to 95.4% (previous year: 99.0%).

The parent company reported an annual shortfall in the amount of EUR 2.9 million in 2016 (previous year: EUR 1.1 million). In addition, due to the dividend paid to the limited liability shareholders of Heliad in 2016 (EUR 1.9 million), the equity ratio in the separate financial statements of the parent company decreased from 99.5% last year to 95.4% as of December 31, 2016.

In financial year 2016, shares were sold to FinTech and all shares to Patriarch Classics Fonds TSI and Patriarch Classic Dividende 4 Plus. The sales led to a positive effect in Heliad's individual financial statements as the parent company. However, this was not sufficient to cover the company's costs. In consolidated financial statements, the poor annual result largely resulted from the amortization in value of the shares in FinTech. In contrast, operative expenses fell by EUR 0.7 million.

From the perspective of the management, the performance of the Group and the parent company was less positive in financial year 2016.

## 5.2. ASSET SITUATION

The assets and capital structure of the Group was mainly influenced by the subsequent assessment, purchase and sale of financial assets. The financial position in the separate financial statements of the parent company was also marked by the investment in financial assets.

The Group's balance sheet total reduced as against the previous year by EUR 19.5 million to EUR 83.6 million and those of the parent company decreased by EUR 2.5 million to EUR 55.2 million. The value of the Group's total assets as against the previous year increased by EUR 1.1 million to EUR 79.1 million. New investments in Muume AG, My better life GmbH, Libify Technologies GmbH, and MT Holding GmbH and investments in the existing shareholdings of Cubitabo, Springlane, Capnamic Fund, and MagForce – with the sale of FinTech and Patriarch Fonds shares - lead to a net increase in the amount of EUR 11.7 million. This also includes the reclassification of the loan granted to BF Holding including accrued interest in the amount of EUR 7.3 million from current to fixed assets. The valuation of Capnamic Fund, Alphapet, Cubitabo and Springlane in particular enabled the generation of appreciations in value totaling EUR 2.5 million, while the valuations of DEAG, MagForce and FinTech led to devaluations in the amount of EUR 19.6 million.

In case of the parent company, the value of financial assets increased by EUR 15.8 million to EUR 52.2 million. Despite the sale of shares in FinTech and Patriarch Fonds, the increase in loans to HEP Beteiligungs GmbH in particular, as well as the investments in MUUME, Tiani Spirit, Libify Technologies, MagForce and Capnamic Fund, contributed to this figure.

Other asset values, receivables and tax receivables in the consolidated financial statements reduced by EUR 11.3 million to EUR 4.2 million, in the individual financial statements to EUR 2.6 million, where the change can mainly be attributed to the reclassification of the BF Holding loan to a fixed asset and the repayment of the short-term loan granted.

Heliad secured a credit line of up to EUR 5 million in financial year 2016. As at the reporting date, an amount of EUR 2.2 million (previous year EUR 0.0 million) from this line was claimed. As also in the previous year, additional short-term liabilities only exist to a small extent and there are no long-term liabilities.

## 5.3. FINANCIAL SITUATION

The main treasury activities of Heliad are triggered by a limited number of annual investments and disinvestment. As the implementation of transactions often depends on a variety of external factors which Heliad only has limited influence over, the cash flows are difficult to predict.

Due to the incoming and outgoing payments from the aforementioned acquisitions and disposals of financial assets and current assets and the payment of dividends in the amount of EUR 1.9 million (previous year EUR 1.4 million), liquid cash in the consolidated financial statements reduced overall from EUR 9.5 million to EUR 0.1 million as of December 31, 2016. In the separate financial statements, the liquid funds on the effective date amounted to EUR 0.1 million after EUR 7.4 million as at December 31, 2015. In addition, a credit line in the amount of EUR 2.2 million was utilized as at the reporting date.

Cash flow from the occupational activity of the Heliad Group in financial year 2016 continued to fall at EUR -3.5 million (previous year EUR -5.6 million) as the outgoing payments for operational expenses were not offset with any corresponding incoming payments from sale or investment income.

Cash flow from investing activities was influenced by disbursements within the context of the short-term treasury management amounting to EUR 1.5 million (previous year: EUR 16.3 million) and investments in financial assets amounting to EUR 12.6 million (previous year: EUR 12.5 million) during financial year 2016. This was offset by proceeds from disposals totaling EUR 3.5 million (previous year: EUR 10.4 million) and incoming payments within the scope of the short-term treasury management in the amount of EUR 4.5 million (previous year: EUR 11.2 million).

The cash flow from financing activities resulted from outgoing payments within the scope of the dividend distribution in the amount of EUR 1.9 million (previous year: EUR 1.4 million and incoming payments from the use of a credit line in the amount of EUR 2.2 million (previous year EUR 0.0 million).

The Heliad Group had sufficient funds for several new investments in financial year 2016 with the existing cash and cash equivalents, short-term receivables relating to the cash investments and the available credit lines.

| Earnings in million Euro | 2016 in million Euro | 2015 in million Euro | Difference in million Euro |
|---|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITY | -3.5 | -5.6 | 2.6 |
| CASH FLOW FROM INVESTMENT ACTIVITY | -6.1 | -7.3 | 1.2 |
| CASH FLOW FROM FINANCING ACTIVITY | 0.3 | -1.4 | 1.7 |

## 5.4. EARNINGS

The earning situation developed year on year as follows during financial year 2016:

### Heliad Group

| Earnings in million Euro | 2016 in million Euro | 2015 in million Euro | Difference in million Euro |
|---|---|---|---|
| other income | 0.0 | 0.1 | -0.1 |
| Gains on disposal | -0.3 | 0.6 | -0.9 |
| other expenses | -5.6 | -6.3 | 0.7 |
| Appreciation in value | 2.5 | 32.1 | -30.1 |
| Amortizations | -19.7 | -4.8 | -14.9 |
| Financial income | 0.9 | 1.2 | -0.4 |
| Taxes | 0.2 | -0.3 | 0.6 |
| PERIOD RESULT | -22.0 | 22.6 | -44.8 |

### Parent company

| Earnings in million Euro | 2016 in million Euro | 2015 in million Euro | Difference in million Euro |
|---|---|---|---|
| other income | 0.3 | 0.3 | 0.0 |
| Gains on disposal | 0.5 | 5.7 | -5.2 |
| other expenses | -4.0 | -6.2 | 2.3 |
| Appreciation in value | 0.0 | 0.0 | 0.0 |
| Amortizations | -1.0 | -0.2 | -0.8 |
| Financial income | 1.3 | 1.5 | -0.3 |
| Taxes | 0.0 | 0.0 | 0.0 |
| PERIOD RESULT | -2.9 | 1.1 | -4.0 |

The balance amount of income from the fair value assessments of financial assets (appreciations) and the corresponding write-downs significantly worsened compared to last year. Among these, changes in the value of listed financial assets are recognized on the basis of share price changes in the consolidated financial statements.

The tax expense in the consolidated financial statements is the result of the recognition of deferred taxes in the valuation differences when making financial assets.

The disposal result in the individual financial statements of the parent company reduced due to the low gains that could be achieved from the sale of financial assets.

Other expenses is primarily comprised of management and performance fees in the amount of EUR 3.3 million (previous year: EUR 5.7 million). This item decreased correspondingly in the current year. In addition, the liquidation of a currency conversion difference, that was previously shown in equity, was recorded in the amount of EUR 1.5 million in other expenses in the consolidated financial statements.

# 6. Employees

No people were employed by the company in the basis of consolidation, as in the previous year.

# 7. Post-balance sheet events

Further significant events occurred after the reporting date.

# 8. Opportunity and Risk Report

## 8.1 OPPORTUNITIES FOR THE HELIAD BUSINESS MODEL

### OPPORTUNITIES FOR ACQUISITIONS

Heliad requires access to new investment opportunities for positive development. Heliad's business model will only be profitable in the future with a sufficient number of transactions and profitable sales.
We are working to gain early knowledge about forthcoming investment opportunities in the German-speaking regions and have the resources and tools to ensure an adequate and high-quality flow of deals. As a result, we aim to use a targeted acquisition strategy to identify promising companies and increase the probability successful acquisitions by avoiding structured sales processes with increased competition. New investment opportunities continuously arise through our extensive network of investment teams. The network consists of former investment partners, banks, consultants, lawyers, accountants and experienced industry experts who cooperate with to identify and assess investment opportunities.

### OPPORTUNITIES DURING THE HOLDING PERIOD

During the holding period, Heliad focuses on the implementation of the chosen growth strategy, thereby increasing the value of investments. Operating income from investments, such as dividends, profit shares and interest income support the economic success of Heliad. The management plays a significant role in the support and development of the portfolio companies. The existing controlling structures and processes are scrutinized and optimized for the continuous monitoring of the development and exit strategy and the active identification of appreciation potentials.

### OPPORTUNITIES IN CORPORATE SALES

Stockmarket listing and the sufficient availability of liquidity did not force us to make quick decisions or make sales at the wrong time, as is sometimes the case with classic private equity structures. In contrast, we are working through a defined exit strategy with the management of our holdings with the aim of realizing the created value at a suitable point in time. We have the contacts required for divestments through our extensive network and industry expertise.

## 8.2 RISK REPORT

### RISK MANAGEMENT

For Heliad, risk management involves controlling significant risks arising from operations as well as possible while effectively exploiting opportunities. The main tasks of risk management is to identify risks and analyze, control and monitor these risks. The opportunities and risks of an investment company arise from the acquisition, holding and disposal of investments. The management of opportunities and risks is therefore closely linked to the operations of the investment team and firmly integrated into the processes. Opportunities and risks should be balanced so that opportunities can be seized without compromising the survival of Heliad. Our risk management system is based on our risk management manual which, in our opinion, depicts and assesses all significant risks. We have established measures to control and monitor the risks and have integrated them into our processes. The management continuously monitors, maintains and develops the risk management system. In the case of unexpected events, relevant risks are immediately taken into account. Management is directly concerned with the evaluation and management of risks and opportunities and regularly checks whether the estimations have changed and which action needs to be taken. Management informs the supervisory board about the risk situation of the company and the portfolio companies on at least a quarterly basis. In the event of an unexpected and substantial change to the risk situation, the supervisory board is immediately notified. We currently see no risks that could endanger the continued existence of Heliad.

## INTERNAL CONTROL SYSTEM WITH REGARD TO THE ACCOUNTING PROCESS

The essential features of the internal control and risk management system with regard to the accounting process include regular analytical reviews of processes relevant to accounting. Heliad has a clear organizational, control and monitoring structure and a clear allocation in the area of the accounting process. All personnel involved in the accounting process are qualified in accordance with the requirements, with a suitable number of personnel to deal with the required tasks. The completeness and accuracy of the accounting data is regularly checked by taking samples and undertaking plausibility checks involving manual checks. It is possible to perform regular and almost complete reviews of the entries due to the manageable number of transactions. The relevant risks are recorded. Management and the supervisory board regularly deal with the key aspects of financial and risk management.

## COMPANY-SPECIFIC RISKS

### Management and personnel risks

The composition and expertise of the management team is closely linked to the success of Heliad. This is due to the small size of the entire organization, with a flat hierarchy in which each individual makes a responsible contribution. Heliad has access to a balanced mix of experienced staff with many years of finance, private equity and consulting experience at major companies, in addition to qualified professionals.

### Information systems (IT)

Our business not only requires appropriate software and hardware but also data backups in order to ensure that data is accessible for authorized users at all times and is also protected against unauthorized access. Heliad uses an external provider to maintain the IT systems. We regularly discuss the reduction of IT risks with this provider. We expect no change in the operational risk situation.

## RISKS FOR THE HELIAD BUSINESS MODEL

### Risks associated with acquisitions

The investment strategy largely determines Heliad's risk-reward profile. It is constantly being reviewed and further developed. We mainly buy companies with little need for investment in order to avoid subsequent follow-up financing for investments. Furthermore, the loss of an individual investment must not endanger the survival of Heliad. For this reason, individual investments do not exceed EUR 10 million per transaction. During the acquisition phase, it is essential to understand the business model and the market, derive risks and evaluate them. In addition to our experienced team, we make use of external consultants who assist us in the assessment (due diligence) of a company in financial, fiscal and legal terms. We prefer the operational management of the portfolio companies to be involved in order to optimize their integration with the company and interest equality with regard to value creation and realization. Each significant investment is presented to and approved by the supervisory board before an investment is made.

### Risks during the holding period

The development of the investments directly affects the success of Heliad. If an investment develops in an unfavorable manner and its value falls, this may not result in a risk for Heliad. It cannot be excluded that an Investment may lead to a requirement for supplementary financial assistance. We initially assess the additional financing requirements of a portfolio company with the same criteria as for new investments. Other aspects are also included in the decision. Under certain circumstances, the risk profile of the supplementary financial assistance therefore increases. In the case of a negative development of a portfolio company, this may lead to a total loss of principal. This may be associated with other negative consequences, such as a loss of reputation. We counter this risk with instruments for risk monitoring, particularly the preparation and analysis of monthly reports and quarterly reports and regular on-site presence of the investment managers. The management aims to be represented at the portfolio companies in the Supervisory or Advisory Board to advise the company on various issues. This subsidiary controlling independently evaluates information and regularly calculates the net asset value per investee. We discuss the commitment on the basis of established monthly reports. We provide advice on current developments during regular update meetings.

Risks associated with corporate sales

We lay the foundations for a successful sale during the acquisition phase. We therefore only enter into investments where there should be clear interest from strategic investors or financial investors. We regularly discuss the possibilities of a sale in the controlling meetings. The subsidiary controlling also reduces the risk of issued guarantees and surety bonds being used during sales. The corresponding risks are regularly evaluated after the sales.

ECONOMIC AND MARKET-RELATED RISKS

Economic risks

The economic success of Heliad depends on the economic success of the portfolio companies. As they are active in different sectors and regions, various sectoral and geographic economic cycles and political and financial contexts influence the success of our investments. By diversifying the investment portfolio across different sectors and regions, primarily in German-speaking regions, we ensure that, in general, only individual holdings of cyclical changes are affected.

Sector risks

The development of Heliad largely depends on access to investment and divestment opportunities. The business model can only be successful through a sufficient number of potential investment opportunities and profitable sales. We have almost no influence on the development of the private equity market. Our options to limit the risk of a decline in the number of potential investment opportunities is accordingly restricted.

FINANCIAL RISKS

Risks associated with interest rates, currency and liquidity

Heliad typically finances acquisitions with the aid of equity and bank loans. The financing structure is an essential building block during the acquisition phase. The liquidity risk is that the cash may not be sufficient to meet the financial obligations in a timely manner. We classify our liquidity risk as low at present. This is due to our solid financing and fact that we currently avoid the use of leverage at the holding level. At the portfolio company level, liquidity development, debtor creditworthiness and payment obligations are monitored with the aid of periodic reporting and supervised by the responsible investment manager at Heliad. Heliad is therefore currently not exposed to risks arising from a lack of refinancing opportunities or rising interest rates and these risks are relatively low at present. Exchange rate changes only indirectly affect the performance of Heliad on the reporting date. The companies in the portfolio generate most of their sales in the euro area.

Opportunity and risk report for investments

Risks arising from the respective sectors and business cycles are typical in the investment business. We counter this risk by diversifying our portfolio. Our investment focus on established companies minimizes the risks of high refinancing requirements for investments by making necessary investments in fixed assets. Nevertheless, there are risks associated with the potential under-average development of the subsidiaries, with regard to the valuation in the NAV and the annual financial statements, in addition to insolvency risks, which cannot be excluded. We counter insolvency risks by taking appropriate measures within the company. Nevertheless, it cannot be guaranteed that Heliad's management will succeed in making the investments profitable.

OVERALL RISK ASSESSMENT OF HELIAD

The overall assessment of all of these risk aspects and the investments is based primarily on market and economic risks and the typical risks in investment business. On the basis of the information currently available to Heliad, individual and cumulative risks currently present no danger to the continued existence of Heliad. Furthermore, there are no identifiable financial risks affecting the company. There have been no significant changes in the opportunities and risks compared to the previous year.

# 9. Forecast/outlook

## 9.1. GLOBAL ECONOMIC CONDITIONS

The GCEE established the following regarding economic developments when assessing overall economic development in its 2016/2017 annual expert report [5]:

The economy in the euro area is continuing to recover. Growth rates of aggregated GDP are above the potential growth and the output gap is closing. In addition, many member states could make progress in the reduction of unemployment. However, it is problematic that budgetary consolidation was introduced in some member states despite continuously higher debt levels and only some market-oriented reforms can be seen. Member states therefore do not use the leeway created by the monetary policy to reduce debts, and progress with the structural adaptations in many member states is slow. Last but not least, in some places unsolved problems with defaulted loans are burdening the balance sheets of the banks which are already suffering from the low interest rate environment.

The council of experts expects GDP growth in the euro area in the amount of 1.6% for 2016 and 1.4% for 2017. The council of experts estimates growth rates of the real gross domestic product in the amount of 1.9% in 2016 and 1.3% in 2017 for Germany.

## 9.2 OUTLOOK FOR THE SECTOR ENVIRONMENT[6]

With regard to Germany as a location and the private equity investment class, the investment companies surveyed expect interest from investors to grow. Four out of the ten of those companies surveyed anticipate a positive investor perspective on Germany as a private equity location and on the private equity investment class in general, and around half of them anticipate at least the same assessment.

Competition on investor capital is also assessed in a comparably critical manner. A good two thirds expect the level of competition to remain the same in 2017. However, almost one quarter anticipates a further intensification of the competition and only one in ten anticipate competition will ease.

The persistent low interest phase should however continue to force institutional investors to seek alternative, profit-bearing investments. Alternative investment classes could therefore come back into focus and the available capital supply for private equity funds could grow. Eight of the ten of those surveyed expect legal framework conditions to remain the same. However, only 10% expect intensification or improvement of the current situation. After an important change was made in the venture capital sector in 2016 with the restructuring of the carry-forward regulation, investment companies did not appear to expect any short-term change in the legal framework for the industry in the election year.

5 Source: German Council of Economic Experts: Annual Expert Report 2016/17.
6 Source: BVK Statistic "2017 private equity forecast - expectations of German investment companies on market development, the Federal German Association of Capital Investment Companies, February 2017."

Surveyed according to their expectation regarding the development of their own investments in 2017, investment companies are essentially optimistic, however no longer to the extent they were in the previous year. In the previous year, 55% of companies forecast a slight or significant increase in their own investment, but this year this figure is 48%. Further 45% see their own investments at the same level as in 2016, while this was only 38% in the previous year's survey. Companies are also comparably optimistic with regard to first-time or new investments. A third of those surveyed anticipate an increase and a further 60% anticipate investments will at least remain the same.

The ECB's persistent low interest rate policy had already ensured an advantageous financing environment for buy outs in previous years. Market participants do not expect any fundamental changes in 2017. As a result, in the previous year around three quarters of those surveyed anticipate a comparable availability of transaction financing and advantageous financing conditions. However, almost one quarter of those surveyed are optimistic and even expect a growing supply of transaction financing.

Investment companies are fundamentally optimistic in 2017 with regard to their investment sales. However, almost six out of ten of those surveyed anticipate an unamended level of their exits. At the same time, almost 40% of them are confident of being able to increase their sales.

## 9.3 OUTLOOK FOR HELIAD

Heliad's business model is based on a medium to long-term period of evaluation and forecasts. At the start of the financial year, unforeseeable events and short-term developments can significantly determine the result of the Heliad Group and its parent company. As a result, development in the markets of portfolio companies, in the capital market and also company sales also lead to positive or negative impacts in the short-term without the long-term success of Heliad being affected. For this reason, the result of individual financial years reveals little about the success and the development about our business model.
We therefore forecast our business success based on the important performance indicators both for the parent company and the Heliad Group. These indicators are the NAV and available cash, as explained under the subsection "company management/goals".

In the description of our forecast we use the following terms similarly to the quantifiable changes:

| Changes | Description |
|---|---|
| Up to 10% | "slight" |
| 10 - 25% | "significant" |
| Over 25% | "strong" |

## PORTFOLIO DEVELOPMENT (NET ASSET VALUE - NAV)

For financial year 2017, we anticipate an increase of the NAV per share to be considerably above the level of the previous year (EUR 10.87).

In particular, these expectations are a result of a positive development of the stock exchange rate of FinTech Group AG and due to value increase in the PE portfolio.

## AVAILABLE CASH

Heliad plans to continue its current investment strategy. It intends to make up to four new investments in 2017. Depending on the situation, to purchases and sales may be postponed. In general, we anticipate a steady number of investments in the coming years. In the long term, the company plans to make a similar number of acquisitions and disposals. Free liquidity is expected to stabilize at the current level as we intend to enter into promising long-term investment opportunities and available liquidity may not contribute to a positive result with the current low interest rates. We always consider the risk of follow-up financing in individual investments during the holding phase.

## OVERALL STATEMENT ON FORECAST DEVELOPMENT

Against the backdrop of the current portfolio and the established investment strategy, Heliad has a good basis for the successful development of the company in 2017 and in subsequent years. The economic development and situation on the equity market will have an impact on overall development which cannot currently be estimated to an accurate degree. Nevertheless, management is convinced that Heliad's business performance will be positive in 2017.

# 10. Dependency report

FinLab AG, Frankfurt am Main, held more than 25% of the shares in the company as at December 31, 2016. FinLab AG is also the sole shareholder of the general partner of the company, Heliad Management GmbH, Frankfurt am Main. On the basis of the voting majority presence at the General Meeting of Shareholders of July 12, 2016, FinLab AG was able to exert what amounted to controlling influence over the company. Furthermore, it is expected that the voting majority presence will also occur at future General Meetings of Shareholders, so that Heliad Equity Partners GmbH was a controlled enterprise of FinLab AG in accordance with Section 17 paras. 1 and 2 of the German Stock Corporation Act (AktG) as of December 31, 2016.

The directly controlling company (FinLab AG, Frankfurt am Main) was categorized as an associated enterprise with respect to other companies as at December 31, 2016 within the meaning of Section 15 AktG. Mr. Bernd Förtsch, Kulmbach, is directly controlling within the meaning of Section 17 para. 1 AktG.
The management of the general partner has therefore created a report on relationships with affiliated companies pursuant to Section 312 of the German Stock Companies Act (AktG) for financial year 2016. This report concludes with the following statement:

> "I declare that the company received appropriate consideration for the legal transactions performed in the report regarding the relationships with affiliated companies in the period from January 1 to December 31, 2016, according to the circumstances which were known at the time when the legal transactions were performed."

In Frankfurt am Main, on March 2, 2017

Thomas Hanke
Managing Director of the general partner
Heliad Management GmbH

# Group management report and Notes to the Consolidated Financial Statements

# Consolidated Profit and Loss Account for financial year 2016

| in thousand Euro | Appendix | 01/01/ - 12/31/2016 | In comparison 01/01/ -12/31/2015 |
|---|---|---|---|
| Income from the sale of financial assets | 6.1 | 3,545 | 10,650 |
| Other operating income | 6.2 | 6 | 59 |
| Gains from the fair value assessment | 6.3 | 2,523 | 32,071 |
| Retirement of financial assets | 6.4 | -3,826 | -10,001 |
| Amortizations on intangible assets | 6.5 | -2 | 0 |
| Other operating expenses | 6.6 | -5,600 | -6,251 |
| Gains from investments and securities | 6.7 | 61 | 65 |
| Expenses from the fair value assessment | 6.3 | -19,713 | -4,821 |
| Other financial income | 6.8 | 817 | 1,184 |
| Interest and similar expenses | 6.8 | -19 | -2 |
| Earnings before tax | | -22,210 | 22,952 |
| Taxes on income | 6.9 | 249 | -386 |
| Period result | | -21,962 | 22,566 |
| thereof<br>The net profit for the period owed to shareholders of the parent company | | -21,962 | 22,566 |
| Average number of shares issued | | 9,509,441 | 9,509,441 |
| Earnings per share (diluted and undiluted) in EUR | 6.10 | -2.31 | 2.37 |

# Consolidated Statement of Comprehensive Income for financial year 2016

| in thousand Euro | Appendix | 01/01/ - 12/31/2016 | in comparison 01/01/ -12/31/2015 |
|---|---|---|---|
| Items that can be reallocated in the profit and loss under certain conditions in future | | | |
| Changes in reserve for currency conversion | 7.5 | 1,467 | 0 |
| Consolidated overall profit | | -20,495 | 22,566 |
| Thereof consolidated overall profit for the period owed to shareholders of the parent company | | -20,495 | 22,566 |

# Consolidated Balance Sheet for financial year 2016

## Assets

| in thousand Euro | Appendix | 12/31/2016 | in Comparison 12/31/2015 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Other intangible assets | | 9 | 0 |
| Financial assets | 7.1 | 79,126 | 78,025 |
| NON-CURRENT ASSETS - TOTAL | | 79,135 | 78,025 |
| CURRENT ASSETS | | | |
| Marketable securities | | 136 | 0 |
| Other assets | 7.2 | 4,167 | 15,530 |
| Tax receivables | 7.3 | 77 | 2 |
| Cash and cash equivalents | 7.4 | 129 | 9,502 |
| CURRENT ASSETS - TOTAL | | 4,509 | 25,033 |
| BALANCE SHEET TOTAL | | 83,644 | 103,058 |

# Liabilities

| in thousand Euro | Appendix | 12/31/2016 | in Comparison 12/31/2015 |
|---|---|---|---|
| STOCK CAPITAL | | | |
| Subscribed capital | 7.5 | 9,509 | 9,509 |
| Capital reserve | | 29,318 | 29,170 |
| Retained earnings | | 62,890 | 40,761 |
| Net result for the period apportionable to the limited liability shareholders of the company | | -21,962 | 22,566 |
| EQUITY, TOTAL | | 79,756 | 102,005 |
| | | | |
| LONG-TERM LIABILITIES | | | |
| Deferred taxes | 5.3 | 434 | 721 |
| Long-term provisions | 7.6 | 6 | 6 |
| NON-CURRENT LIABILITIES - TOTAL | | 439 | 726 |
| SHORT-TERM LIABILITIES | | | |
| Provisions | 7.6 | 213 | 212 |
| Trade payables | 7.7 | 58 | 52 |
| Payables to credit institutions | 7.7 | 2,190 | 0 |
| Payables to companies in which we participate | 7.7 | 910 | 0 |
| Other liabilities | 7.7 | 77 | 63 |
| CURRENT LIABILITIES - TOTAL | | 3,448 | 327 |
| BALANCE SHEET TOTAL | | 83,644 | 103,058 |

# Consolidated Statement of Changes in Equity for financial year 2016

| January 1, 2016 to December 31, 2016<br>in thousand Euro | Subscribed capital | Capital reserve | Retained earnings | Equity components attributable to shareholders total | Equity total |
|---|---|---|---|---|---|
| AS AT 01/01/2016 | 9,509 | 29,170 | 63,327 | 102,005 | 102,005 |
| Period result | | | -21,962 | -21,962 | -21,962 |
| Liquidation of reserve for currency conversion | | | 1,467 | 1,467 | 1,467 |
| CONSOLIDATED TOTAL PROFIT | | | -20,495 | -20,495 | -20,495 |
| Options program | | 148 | | 148 | 148 |
| Dividends | | | -1,903 | -1,903 | -1,903 |
| AS AT 12/31/2016 | 9,510 | 29,318 | 40,929 | 79,756 | 79,756 |
| Appendix | 7.5 | | | | |

# Consolidated Statement of Changes in Equity for financial year 2015

| January 1 to December 31, 2015<br>in thousand Euro | Subscribed capital | Capital reserve | Retained earnings | Equity components attributable to shareholders total | Equity total |
|---|---|---|---|---|---|
| AS AT 01/01/2015 | 9,509 | 29,170 | 42,187 | 80,866 | 80,866 |
| Period result | | | 22,566 | 22,566 | 22,566 |
| CONSOLIDATED TOTAL PROFIT | | | 22,566 | 22,566 | 22,566 |
| Dividends | | | -1,426 | -1,426 | -1,426 |
| AS AT 12/31/2015 | 9,509 | 29,170 | 63,327 | 102,005 | 102,005 |
| Appendix | 7.5 | | | | |

# Consolidated Cash Flow Statement for financial year 2016

| in thousand Euro | | | 01/01 - 12/31/2016 | in Comparison 01/01 - 12/31/2015 |
|---|---|---|---|---|
| | Period result | | -21,962 | 22,566 |
| + | Appreciation of the asset values of non-current assets | 6.3 | 19,715 | 4,821 |
| - | Value increase of financial instruments | 6.3 | -2,523 | -32,071 |
| -/+ | Gains/losses on the disposal of financial assets | 6.1/6.4 | 282 | -649 |
| +/- | Increase/decrease in accruals | 7.6 | 1 | -275 |
| +/- | Other non-operative expenses and income | 6 | 1,328 | 368 |
| + | Decrease in receivables and other assets | 7.2 | -1,305 | -368 |
| + | Increase in other liabilities | 7.7 | 931 | 12 |
| = | CASHFLOW FROM OPERATING ACTIVITIES | | -3,533 | -5,596 |
| - | Net cash flows from investments in intangible fixed assets | | -11 | 0 |
| + | Proceeds from disposals of financial assets and securities | 7.1 | 3,545 | 10,354 |
| + | Proceeds within the scope of short-term treasury management | 7.2 | 4,500 | 11,151 |
| - | Payments within the scope of short-term treasury management | 7.2 | -1,520 | -16,275 |
| - | Outgoing payments from disposals of financial assets and securities | 7.1 | -12,643 | -12,520 |
| = | CASHFLOW FROM INVESTING ACTIVITIES | | -6,128 | -7,290 |
| + | Incoming payments from taking out loans | 7.7 | 2,190 | 0 |
| - | Dividend payments | 7.5 | -1,902 | -1,426 |
| = | CASHFLOW FROM FINANCING ACTIVITIES | | 288 | -1,426 |
| | Net change in cash and cash equivalents | | -9,373 | -14,312 |
| + | Cash and cash equivalents at beginning of period | 7.4 | 9,502 | 23,814 |
| = | CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 7.4 | 129 | 9,502 |

# Notes to the Consolidated Financial Statements (IFRS)

## 1. INFORMATION ABOUT THE company

Heliad Equity Partners GmbH & Co. KGaA (Heliad) is based at Grüneburgweg 18, Frankfurt am Main and is registered in the commercial register of the Amtsgericht Frankfurt am Main under HRB 73524.

Heliad supports companies during their growth and change phases as an equity partner. By listing in the Entry Standard of the Frankfurt Stock Exchange, it receives funding from investors for sole investment of the funds to achieve capital gains and investment income. The success of the investments is evaluated on the basis of the fair value.

Heliad meets the definition of an investment company in accordance with IFRS 10.

## 2. BASICS OF THE CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements is presented in euros (EUR), the functional currency of the Group. Unless indicated otherwise, all amounts are rounded to thousands of euros (T-EUR). Rounding differences may result from this representation.

The company's financial year is the calendar year.

The consolidated financial statements comprises the balance sheet, profit and loss account and statement of comprehensive income, statement of changes in equity, statement of cashflows and the Notes. The consolidated profit and loss account is prepared using the total cost method.

The Framework for the Preparation and Presentation of IFRS financial statements defines materiality as a conditional factor under the qualitative requirements for the statement to determine the relevance of information in addition to their nature. The determination of the company-specific definition of materiality should be based on the primary objective factors. For the preparation of Heliad's consolidated financial statements, a threshold of 1% of the net asset value (NAV) as calculated for the most recently prepared financial statements is therefore to be regarded as material to the relevance of information.

The consolidated financial statements has been prepared in accordance with IAS 27 and has been prepared taking into consideration all standards and interpretations published and adopted within the framework of the EU endorsement process applicable as mandatory to financial year 2016. The revised accounting pronouncements had no material impact on the company's assets, financial position and results. The option of the early application of new standards has not been exercised.

The following standards, amendments to standards and interpretations were mandatory on or after Friday, January 1, 2016:

| Standard | Content and relevance for the statement |
|---|---|
| Amendment to IFRS 10, 12, IAS 28 | Investment companies: Application of the consolidation exception<br>Significant effects do not arise. |
| Amendment to IAS 16 and IAS 38 | Clarification of acceptable depreciation methods<br>Significant effects do not arise. |
| Amendment to IAS 11 | Accounting for the acquisition of shares in joint operations.<br>Clarification to allowable depreciation methods.<br>Significant effects do not arise. |
| Amendment to IAS 1 | Information initiative<br>The changes have an impact on the presentation of the financial statements and the scope of the appendix. |
| Amendment to IAS 16 and IAS 41 | Agriculture: Fruit-bearing plants<br>Significant effects do not arise. |
| Amendment to IAS 19 | Defined benefit plans: Employee contributions<br>Significant effects do not arise. |
| Amendment to IAS 27 | Equity method in separate financial statements.<br>Significant effects do not arise. |
| Improvements to IFRS 2012-2014 | Amendments to IFRS 5, IFRS 7, IAS 19, IAS 34<br>Significant effects do not arise. |
| Improvements to IFRS 2012-2014 | Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38<br>Significant effects do not arise. |

The following standards, amendments to standards and interpretations have already been approved by the EU. Mandatory application is only planned for the future.

| Standard | Content and relevance for the statement | Content and relevance for the statement |
|---|---|---|
| IFRS 9<br>“Financial instruments” | Complete replacement of IAS 39. Effects at Heliad were expected for the presentation and information in the appendix but not for the valuation base and subsequent valuation of financial instruments. | January 1, 2018 |
| IFRS 15<br>“Revenue from contracts with customers” | The regulations on the type, amount, and time of accrual and the insecurity of sales proceeds and the resulting cash flows from agreements with customers. Significant effects do not arise. | January 1, 2018 |

The following standards, amendments to standards and interpretations had not been approved by the EU upon preparation of the financial statements. The possible effects of this not yet approved standard are currently not being assessed on Heliad's financial statements.

| Standard | Contents |
|---|---|
| IFRS 14 “Regulatory deferrals and accruals” | Financial report preparation guidelines for “regulatory deferrals and accruals” that arise if a company delivers or renders goods or services at prices below a price regulation.. |
| IFRS 16 “Leasing” | IFRS governs the approach, valuation, statement and information obligations regarding lease relationship in company financial statements that balance according to IFRS.. |
| Amendment to IFRS 2 | Classification and valuation of company events with share-based remuneration. |
| Amendment to IFRS 4 | Application of IFRS 9 “Financial instruments” together with IFRS 4 “Insurance contracts”. |
| Amendment to IFRS 10 and IAS 28 | Sale or contribution of assets in associated companies or joint ventures. |
| Clarifications regarding IFRS 15 | Clarification of the topics of “Identification of performance obligations", “Principal/agent considerations” and “Licenses”. |
| Amendment to IAS 7 | Information initiative |
| Amendment to IAS 12 | Recognition of deferred tax claims for unrealized losses. |
| IFRIC 22 | Transfers of property held as financial assets. |
| Improvements to IFRS 2014-2016 | Transactions in foreign currency and considerations paid in advance. |
| Improvements to IFRS 2014-2016 | Amendments to IFRS 12 |
| Amendments to IAS 40 | Amendments to IFRS 1 and IAS 28 |

## 3. Basis of consolidation

The consolidated financial statements incorporates the financial statements of the parent company and the entities it controls. Heliad has control if:

- it can exert power over the investee,
- variable returns from its investment are excluded, and
- it can affect the level of yields using its authority to dispose.

Heliad reassesses whether it controls an investee or not if facts or circumstances indicate that one or more of the above-mentioned three criteria for control have changed.

If Heliad no longer has a voting majority, it still controls the investee if it nevertheless has a practical way of unilaterally determining the significant activities of the investee using its voting rights.

A subsidiary is included in the consolidated financial statements from the date on which Heliad gains control of the subsidiary until the date on which this control ends.

Subsidiaries of investment companies are excluded from full consolidation according to IFRS 10. Instead, an investment company is required to value its shares in subsidiaries at fair value in the profit and loss account, recognized as income or expenses, in accordance with IAS 39 (”Financial Instruments: Approach and assessment"). As a private equity company, Heliad meets the definition of an investment company in accordance with IFRS 10.

An exception exists for subsidiaries that provide “Investment Related Services”. These must be consolidated in the consolidated financial statements of the investment company. HEP Beteiligungs GmbH provides services relating to Heliad's investment activities as an intermediate holding company. It is therefore fully consolidated.

The following companies are included in the consolidated financial statements as at December 31, 2016 as companies controlled by Heliad:

| Investments | Seat | Share in capital in % | Consolidation method used |
|---|---|---|---|
| HEP Beteiligungs GmbH | Frankfurt am Main | 100.00 | Full consolidation |
| Stapp AG | Hamburg | 54.80 | IAS 39 |

assona Holding SE, which was included in the scope of consolidation as of 12/31/2015, was merged with the parent company Heliad Equity Partners GmbH & Co KGaA on the merger date January 1, 2016 in accordance with the provisions of the merger agreement.

Cubitabo GmbH is no longer managed by Heliad after the capital increase as in the previous year.

The annual financial statements of the companies included in the consolidated financial statements are based on uniform accounting and valuation principles. The reporting date for all companies included in the consolidated financial statements is December 31.

## 4. Investments with a share-ownership ratio greater than 20%

In the case of investments in associates, IAS 28 states that venture capital companies have the option of entering investments on the balance sheet according to the equity method or at fair value in accordance with IAS 39 "Financial Instruments: Approach and assessment”. Heliad makes use of this option and assesses the associates at fair value, recognized as income or expenses.

In the subsequent investment, the conditions for exercising the option were fulfilled, which was entered at fair value, recognized as income or expenses.

| Investments | stock capital nominal in thousand EUR | Heliad share as at 12/31/2015 In % | Start In % | End In % | Heliad share as at 12/31/2016 In % |
|---|---|---|---|---|---|
| Cubitabo GmbH, Berlin | 205 | 50.80 | 0.60 | 10.30 | 41.10 |

# 5. Accounting and valuation principles

The significant accounting policies that have been applied during the preparation of this financial statements are presented below. Unless indicated otherwise, the described methods were consistently applied to the represented periods.

## 5.1. MERGERS AND GOODWILL

Mergers are entered in the balance sheet using the purchase method. The cost of an acquisition is assessed as the sum of the transferred consideration, assessed at fair value on the acquisition date and the shares with no controlling influence. The non-controlling shares are assessed at the proportionate share of the identifiable net assets of the acquired company. Any transaction costs are recognized as expenses.

If an excess of the acquisition costs of the parent company's investment should arise during the course of the capital consolidation against the proportionate revalued equity of the subsidiary, this excess must be recognized as goodwill in accordance with IFRS 3. These may not be amortized as planned and an impairment test must instead be carried out once a year in accordance with IAS 36 to determine the impairment. The impairment is determined by calculating the amount of recoverable goodwill allocated to the cash-generating unit. If the recoverable amount of the cash-generating unit is less than the book value of this unit, an impairing loss is recognized. If events or circumstances indicate a potential impairment, the impairment test is carried out more frequently.

In case of mergers, the goodwill is calculated as an excess of the acquisition costs of the interest over the acquired share in the revalued equity of the acquired company, applying the provisions of IFRS 3. The recoverability of goodwill is tested at least once a year at the level of the cash-generating unit and, in the case of impairment, is entered as extraordinary depreciation at its recoverable amount.

As at December 31, 2016, no goodwill was recorded - as in the previous year.

## 5.2. FINANCIAL ASSETS

Financial assets are classified into the following four categories according to IAS 39:

- financial assets valued at fair value through profit or loss,
- financial assets held to maturity ,
- financial assets at fair value through profits or loss,
- loans and receivables.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition and reviews the classification at each reporting date.

The loans, securities and investments allocated to non-current assets are shown under the financial assets. All shares in companies are shown under investments that are not recorded as securities.
The securities allocated to investments and non-current assets are classified as "valued at fair value through profit or loss" (IAS 39).

Loans for which no fixed maturity has been agreed are accounted for at amortized cost.

When determining the fair value, Heliad used observable market data as much as possible. Based on the inputs used in the valuation techniques, the fair values are classified in the fair value hierarchy at different levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: Valuation parameters not involving the listed prices considered in Level 1 that however can be observed either directly (i.e. as a price) or indirectly (i.e. as a derivation from prices) for the asset or debt.
Level 3: Valuation parameters for the asset or liability that are not based on observable market data. Marktdaten beruhen.

In the event of a sale or if a sustainable impairment is established, the corresponding profit from the sale or expenses from the accumulated depreciation is included in the annual profit.

Changes to the value of the financial assets classified as "financial assets at fair value through profits or loss" are recognized as income or expenses in the profit and loss account under the income or expenses from the fair value assessment.

Impairment fundamentally leads to a direct reduction of the carrying amount of the affected financial assets, with the exception of trade receivables, where the carrying amount is reduced through an allowance account. If a trade receivable is deemed to be irrecoverable, the use is posted to the allowance account. Changes to the carrying amount of the allowance account are generally recognized in profit or loss (in other operating income or expenses).

Heliad only posts a financial asset if the contractual rights to the cash flows arise from the financial asset or if it transfers the financial asset to a third party, along with all substantial risks and benefits associated with ownership of the financial asset.

## 5.3. ONGOING AND DEFERRED TAXES

The current tax rates applicable to the period in which the temporary differences are expected to offset each other form the basis for the calculation of deferred taxes.

As in the previous year, a uniform tax rate of 31.9% was taken as a basis. In addition to the corporate income tax of 15,0% and the applicable solidarity surcharge of 5.5%, the trade tax rate for Frankfurt am Main of 16.1% was taken into account.

Offsetting of deferred tax assets against deferred tax liabilities are, where practicable, undertaken in accordance with the provisions of IAS 12.

Changes to deferred taxes are generally recognized as income or expenses, unless the underlying facts are also recognized as income or expenses and are not offset against the equity resulting in neither profit nor loss.

The timing differences are as follows:

| | Timing differences | | |
|---|---|---|---|
| in thousand Euro | 12/31/2016 | Difference | 12/31/2015 |
| Financial assets and securities | 27,208 | -17,989 | 45,197 |

This results in deferred taxes and income and expenses as follows:

| in thousend Euro | Deferred taxes | | | | Expenses (+)/income (-) | |
|---|---|---|---|---|---|---|
| | 12/31/2016 | | 12/31/2015 | | | |
| | Assets | Liabilities | Assets | Liabilities | 2016 | 2015 |
| Financial assets and securities | 0 | -434 | 0 | -721 | -287 | 368 |

Current tax expense is determined based on the taxable income for the year. Taxable income differs from the annual financial statements in the consolidated profit and loss account due to expenses and income that are taxable or deductible in later years or never. The Group's liability for current tax is calculated on the basis of the applicable tax rates.

## 5.4. Receivables and other assets

Receivables and other assets are valued according to the effective interest rate method for the first recorded at fair value, if necessary in consideration of transaction costs, and subsequently at continued acquisition costs. The impairments are recognized under other operating expenses.

## 5.5. LIQUID FUNDS

The cash and cash equivalents consist of bank balances.

## 5.6. PROVISIONS

Provisions are recognized as liabilities in accordance with IAS 37 if there are any current legal or constructive obligations arising from past events which are associated with a probable outflow of resources and whose amount can be reliably estimated. Non-current provisions are discounted if the interest effect of the discounting effect is significant.

## 5.7. LIABILITIES

Liabilities are valued according to the effective interest rate method for the first recorded at fair value, if necessary in consideration of transaction costs, and subsequently at continued acquisition costs.

## 5.8. RECOGNITION OF INCOME

Income from the sale of financial assets relates to the income from the sale of financial assets. The retirement of securities and financial assets relates to the carrying amount upon disposal of financial assets.

The disposal is generally accounted for on the settlement date. The income from the sale are also recognized on this day. The settlement date is the date on which the contracted services between the buyer and the seller are exchanged. Heliad is regularly involved in share transfers to portfolio companies.

Current income from dividends received are shown under income from investments. These are recorded on the day the dividend is declared.

## 5.9. TAXES ON INCOME

The tax on income and earnings includes current and deferred taxes.

## 5.10. CURRENCY CONVERSION

The consolidated financial statements was prepared in EUR. Receivables and liabilities in foreign currencies are valued at the closing prices applicable reporting date in the separate financial statements. Expenses and income are calculated using average rates in the separate financial statements. Currency differences arising from conversion are recognized as income or expenses.

The conversion of financial statements where the functional currency is not the euro was generally performed on the basis of average annual rates for the balance sheet items with closing prices on the reporting date and for the items of the profit and loss account. The shareholders' equity is, however, converted using historical rates. Changes to the value of the previous year's net assets due to changes in exchange rates are recognized in the equity as profit or loss.

Foreign currency transactions are converted at the exchange rate applicable on the date of the transaction in euros.

## 5.11. LEASING

Lease payments for operating leases are recognized linearly as an expense over the term of the lease. In this case, the leased asset is not activated in the Heliad Group.

## 5.12. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

Contingent liabilities are possible obligations towards third parties or already existing obligations where a drain of resources is improbable or their amount cannot reliably be determined. Contingent liabilities are not recognized in the balance sheet.

The specified volume of contingent 8.3. Liability obligations under subsection 8.3. correspond to the scope of liability existing on the reporting date and the residual payment obligations for agreed contributions for shares in partnerships not yet collected.

## 5.13. SIGNIFICANT ASSUMPTIONS AND ESTIMATES

The preparation of the consolidated financial statements requires assumptions and estimates that affect the amounts and classification of assets and liabilities, income and expenses and contingent liabilities which are entered in the balance sheet. The assumptions and estimates included in the consolidated financial statements primarily relate to the assessment of unlisted investments and the recognition and assessment of provisions. The assessment of listed investments and securities may also be subject to substantial short-term fluctuations.

Significant adjustments to the reported assets and provisions may be required in the next financial year for the following items by performing a reevaluation:

| in thousand Euro | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Securities | 49,832 | 69,275 |
| Investments | 21,326 | 8,750 |
| Provisions | 218 | 217 |

# 6. NOTES TO THE PROFIT AND LOSS ACCOUNT

## 6.1. INCOME FROM THE SALE OF FINANCIAL ASSETS

All shares in the funds Patriarch Classic Dividende 4 Plus and Patriarch Classic TSI were sold, along with shares in FinTech Group AG.

## 6.2. OTHER OPERATING INCOME

Other operating income mainly includes income from the liquidation of reserves.

## 6.3. INCOME AND EXPENSES FROM THE FAIR VALUE ASSESSMENT

Income and expenses from the fair value assessment include value adjustments of financial assets that can be recorded under profit or loss according to IAS 39.
More details are provided in section 7.1. on Investments.

## 6.4. RETIREMENT OF FINANCIAL ASSETS

The depreciation of the book value in particular concerns the shares in the funds Patriarch Classic Dividende 4 Plus and Patriarch Classic TSI were sold, along with shares in FinTech Group AG.

## 6.5. AMORTIZATIONS ON INTANGIBLE ASSETS

Intangible assets were amortized according to the plan in the amount of EUR 2,100 (previous year EUR 0,000).

## 6.6. OTHER OPERATING EXPENSES

The other operating expenses relate to the following items:

| in thousand Euro | 01/01/ - 12/31/2016 | 01/01/ - 12/31/2015 |
|---|---|---|
| Costs of management and liability | -3,305 | -5,715 |
| Expenses from currency differences | -1,467 | 0 |
| Consulting and audit costs | -203 | -122 |
| Expense from options | -148 | 0 |
| Creation of provisions | -130 | -167 |
| Accounting and marketing | -126 | -126 |
| Expense of litigation | -33 | -62 |
| Remaining other operating expenses | -187 | -59 |
| | -5,600 | -6,251 |

The remaining other operating expenses mainly include costs for investor relation measures and insurance. The costs of management and liability are calculated in accordance with the articles of association.

Expenses for options result from the valuation of the share options issues as part of the share option program. As Heliad does not employ its own employees and therefore has no personnel expenses, expenses for options are shown alongside the customary recognition in personnel expenses in other operating expenses. More information on the share option program can be found under subsection “8.10 Share option program.”

## 6.7. GAINS FROM INVESTMENTS AND SECURITIES

The income from investments and securities only involves dividends. Received dividends totaling EUR 61,000 (previous year: EUR 65,000) were taken into account when determining the cash flow from operations.

## 6.8. OTHER FINANCIAL INCOME AND INTEREST AND SIMILAR EXPENSES

The data mainly represents interest expenses and income from loans and bank accounts.

Received income totaling EUR 247,000 (previous year: EUR 820,000) and paid interest in the amount of EUR 19,000 (previous year: EUR 2,000) were taken into account when determining the cash flow from operations.

## 6.9. TAXES ON INCOME AND PROCEEDS

The tax on income relate to current and deferred taxes. Current income taxes correspond to the expected tax liability resulting from the taxable income of the current period.

| in thousand Euro | 01/01/ - 12/31/2016 | 01/01/ - 12/31/2015 |
|---|---|---|
| Current tax income/expense for the period | -38 | -18 |
| Deferred taxes arising from temporary differences for tax accounting | 287 | -368 |
| | 249 | -386 |

The reconciliation of the theoretically expected tax charge for a corporation and the amount actually specified in the consolidated financial statements are shown as follows:

| in thousand Euro | 01/01/ - 12/31/2016 | 01/01/ - 12/31/2015 |
|---|---|---|
| EARNINGS BEFORE TAX | -22,210 | 22,952 |
| Group tax rate | 31.9% | 31.9% |
| expected tax expenses | 7,085 | -7,322 |
| current tax expenses | 249 | -386 |
| actual tax rate | 1.1% | 1.7% |
| | | |
| expected tax expenses | 7,085 | -7,322 |
| Tax-exempted valuation and disposal result | -5,591 | -8,397 |
| Previously unrecognized deferred taxes on tax losses carried forwards | -1,486 | -1,077 |
| Taxes on non-deductible expenses and other tax effects | 241 | -384 |
| current tax expenses | 249 | -386 |

Paid taxes totaling EUR 38,000 (previous year: EUR 280,000) and obtained tax refunds totaling EUR 0 (previous year: EUR 32,000) were taken into account when determining the cash flow from operations.

The payment of dividends is subject to the relevant investment income tax deduction system in Germany.

The deferred tax expenses related mainly to the formation of deferred tax liabilities on the basis of the assessment of financial assets performed in deviation from the tax accounting.

As the parent company, Heliad generates tax-free income due to its business activities. In accordance with Section 8b KStG, 5% of the tax-free income remained as non-deductible business expenses.

Deferred tax on losses carried forward are not recognized because, due to the business pursued and their tax treatment, it is not likely that sufficient income will be generated in the future for the unused tax losses carried forward to be offset. The tax losses carried forward are as follows:

| in million Euro | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Losses carried forward corporate income tax | 51 | 48 |
| thereof usable | 0 | 0 |
| Losses carried forward trade tax | 23 | 23 |
| thereof usable | 0 | 0 |

The tax losses carried forward as at December 31, 2014 are determined subject to review by the tax authorities. The tax losses carried forward as at December 31, 2016 are based on the expected tax losses for the 2015 and 2016 financial years. The tax losses carried forward can be indefinitely carried over, taking the minimum taxation rules into account.

## 6.10. EARNINGS PER SHARE

The earnings per share are calculated as follows:

| in thousand Euro | 01/01/ - 12/31/2016 | 01/01/ - 12/31/2015 |
|---|---|---|
| Net profit for the period apportionable to the limited liability shareholders | -21,962 | 22,566 |
| Weighted average number of limited liability shares | 9,509,441 | 9,509,441 |
| Undiluted and diluted earnings per share (EUR) | -2.31 | 2.37 |

The earnings per share, related to the net profit or loss for the period attributable to the limited liability shareholders, is calculated as follows:

| in thousand Euro | 01/01/ - 12/31/2016 | 01/01/ - 12/31/2015 |
|---|---|---|
| Period result | -21,962 | 22,566 |
| thereof owed to shareholders of the parent company | -21,962 | 22,566 |
| Undiluted and diluted earnings per share (EUR) | -2.31 | 2.37 |

The average number of shares in circulation is calculated using a time weighting factor as follows:

| | Financial year 2016 | | Financial year 2015 |
|---|---|---|---|
| | 9,509,441 x 365/365 | | 9,509,441 x 365/365 |
| Average number of shares outstanding | 9,509,441 | | 9,509,441 |

The management of the general partner proposes to the shareholders' meeting that a dividend in the amount of EUR 0.15 per share (previous year: EUR 0.20) be distributed to the limited liability shareholders.

In Germany, dividends are subject to a withholding tax of 25% plus a solidarity surcharge of 5.5%.

# 7. NOTES ON THE BALANCE SHEET

## 7.1. FINANCIAL ASSETS

Financial assets include the following items:

| in thousand Euro | 01/01/ - 12/31/2016 | 01/01/ - 12/31/2015 |
|---|---|---|
| Investments | 21,326 | 8,750 |
| Securities | 49,832 | 69,275 |
| Loans to companies in which we participate | 653 | 0 |
| Loans | 7,315 | 0 |
| | 79,126 | 78,025 |

Heliad also finances its portfolio business through the granting of foreign capital. Provided it is assumed that it will later lead to a conversion to equity, these loans are shown in the non-current assets as "Loans to companies with which there is an investment relationship". A loan previously shown in the non-current assets is recorded under loans. Due to the relatively short interest-rate fixing period, the continued acquisition costs correspond to the fair value.
Further information on this subject can be found in Section 8.6. (Related parties and companies).

The investments and securities are "assessed at fair value through profit and loss" in the valuation category.

This does not include five (previous year: three) unlisted venture investments which are valued at acquisition cost in accordance with IAS 39.46 (c), as there is no price quoted on an active market and their fair value cannot be reliably determined.

The investments and securities for which a stock exchange price and regular trading on a stock exchange during the period under review existed on the reporting date, were assessed on the basis of this price on the reporting date (fair value hierarchy: Level 1). The fair value assessed in this way is not reduced by parcel agios or discounts for the sale of larger blocks of shares or by making deductions for selling costs.

| in thousand Euro | 12/31/2016 | 12/31/2015 |
|---|---|---|
| Booking value of sharemarket listed financial assets and securities of circulating capital | 49,968 | 69,275 |

Their assessment results in the following:

| in thousand Euro | 01/01/ - 12/31/2016 | 01/01/ - 12/31/2015 |
|---|---|---|
| Increase of the fair value of sharemarket listed financial assets and securities of circulating capital | 3 | 31,440 |
| Decrease of the fair value of sharemarket listed financial assets and securities of circulating capital | -19,713 | -4,793 |

The assessment of the unlisted investments which are "assessed at fair value through profit and loss" is performed using influence factors which can either be observed directly (as prices) or indirectly (from prices) (fair value hierarchy: Level 2). The assessment is performed on the basis of relevant comparison values of recent transactions for the financial capital of the portfolio company (financing rounds). If the observation of this size of influence is at a greater time interval at the valuation reporting date, a verification of the determined value basis is made using a proper and consistent method.

Their assessment results in the following:

| in thousand Euro | 01/01/ - 12/31/2016 | 01/01/ - 12/31/2015 |
|---|---|---|
| Increase of the fair value of non sharemarket listed financial assets and securities of circulating capital | 2,520 | 631 |
| Decrease of the fair value of non sharemarket listed financial assets and securities of circulating capital | 0 | -28 |

Investments in private equity funds (fair value hierarchy: Level 3) are valued on the basis of the net asset value for the previous quarter determined by the fund managers, with an individual reduction of 15%, resulting from the time delay of the net asset value rating.

## 7.2. OTHER ASSETS

The trade receivables of the previous year related exclusively to recharges from third-party invoices.

As at the reporting date, amortization of doubtful receivables totaled EUR 100,000, remaining unchanged.

As at the reporting date, financial assets in the amount of EUR 2.1 million have been overdue for 30-90 days and are not impaired as they are collateralized with a guarantee of the full amount.

An impairment is performed if a financial asset appears to be irrecoverable. This is the case if the financial asset is overdue and is not collateralized and no agreement could be reached on an extension of the payment period or if there is obvious evidence or facts which exclude the possibility of compensation.

Other assets includes a short-term loan, including accrued interest in the amount of EUR 4,110 (previous year: EUR 15,521). A loan recorded in the current assets in the previous year in the amount of EUR 7,105,000 was converted to non-current assets where it was shown under loans at the reporting date.

## 7.3. TAX RECEIVABLES

The tax receivables consist of business tax prepayments and capital gains taxes which were paid to the tax office within the context of distributions and interest income and whose full payment is anticipated within the scope of the tax assessment.

## 7.4. CASH AND CASH EQUIVALENTS

The bank balances are fully compliant with the financial resources and mainly consist of current accounts and money market accounts.

## 7.5. STOCK CAPITAL

### SUBSCRIBED CAPITAL

The equity amounts to EUR 9,509,441.00 (previous year: EUR 9,509,441.00) and is fully paid. It consists of 9,509,441 (previous year: 9,509,441) registered shares with a nominal value of EUR 1.00.

The shareholders' meeting of July 8, 2014 authorized the general partner to acquire treasury shares in the period up to July 7, 2019 of up to ten percent of the subscribed capital existing at the time the resolution was passed. The authorization may be exercised in whole or in part. The shares may be purchased via the stock exchange, by means of a public purchase offer or as a public invitation to submit offers for sale. With the consent of the supervisory board, the acquired shares may be sold on the stock exchange or through a public offer and can be fully or partially retracted.

With the consent of the supervisory board, the general partner is authorized to increase the stock capital of the company by issuing new no-par value registered ordinary shares in the form of shares with a notional value of EUR 1.00 per share in cash or in kind until August 27, 2017, in partial amounts totaling up to EUR 5,087,381.00 (Authorized Capital 2013). Subject to approval by the supervisory board, the general partner is authorized to exclude the subscription rights of the limited partners. With the approval of the supervisory board, the general partner is also authorized to establish the further details of the capital increase and other conditions of the share issue.

Until June 30, 2021, the personally liable partner is authorized, with the approval of the supervisory board, to issue, either as a one-off or several times, in the company or its domestic or foreign majority shareholding companies, ongoing option and/or convertible bonds, participation rights and/or participating bonds (or a combination of these instruments) (collectively "bonds)" to holders and/or in their name in the total nominal amount of up to EUR 50,000,000.00 with our without a runtime limitation and to grant the holders or creditors of bonds options or conversion rights (including with a conversion obligation) for the company's new no-par-value shares a pro-rata amount on the basic capital of in total up to EUR 3,803,261.00 according to the more detailed specifications of the bond conditions.
The basic capital is conditionally increased (2016/I conditional capital) by up to EUR 3,803,261.00 through the issue of up to 3,803,261 new no-par-value shares in the name of the company. The conditional capital increase is only made insofar as the holder or creditor of the option and/or conversion bonds, participating bonds and/or participation rights with option and/or conversion rights or obligations, that the company or its domestic or foreign majority shareholders issued based on the authorization decision by the Annual General Meeting of July 12, 2016 until June 30, 2021, makes use of its option or conversion rights from these bonds or fulfills its obligation of conversion, in particular in all cases provided the 2016/I conditional capital is required according to the option or conversion bond conditions.

The company's basic capital is conditionally increased the (2016/I conditional capital) by up to EUR 950,944.00 through the issue of up to 950,944 new no-par-value shares in its name. The 2016/II conditional capital is exclusively used to secure subscription rights issued based on the authorization of the Annual General Meeting of Shareholders held on July 12, 2016, as part of the 2016 share option program in the time up to and including June 30, 2021 to members of the management of the personally liable partner, to employees of the personally liable partner, and to employers of the company as well as members of the Executive Board and employees of companies affiliated with the company.

In financial year 2016, a total of 412,000 share option rights were issued to members of the management and employees of the personally liable partner that authorize the purchase of a company share per option right after a four-year waiting period expires.
Reference is made to the statement of changes in equity with regard to the development of the equity.

CAPITAL RESERVE
The capital reserve contains the amount gained from the issue of shares over the (mathematical) nominal value (issue premium).

In addition, the amount resulting from the valuation of the share options issued is recorded in the capital reserve.
More information on the share option program can be found under subsection 8.10 "Share option program."

RETAINED EARNINGS

Retained earnings include profits carried forward from previous periods. The retained amount for currency differences is also offset against retained earnings and summarized in the balance sheet.

The currency conversion difference previously shown under equity in the amount of EUR 1,466,000 was attributed to income due to the merger of assona Holding SE with the parent company.

During financial year 2016, Heliad distributed a dividend in the amount of EUR 0.20 per share (previous year: EUR 0.15 per share), a total of EUR 1,902,000, to its limited liability shareholders.

## 7.6. PROVISIONS

### OTHER LONG-TERM PROVISIONS

The archiving obligations are shown under the long-term provisions EUR 6,000 (previous year: EUR 6).

### TAX PROVISIONS AND OTHER CURRENT PROVISIONS

The other provisions are made up as follows:

| in thousand Euro | 12/31/2015 | Consumption | Resolution | Allocation | 12/31/2016 |
|---|---|---|---|---|---|
| Audit expenses | 58 | -58 | 0 | 58 | 58 |
| Provisions for taxation | 41 | 0 | 0 | 0 | 41 |
| supervisory board remuneration | 7 | -6 | -1 | 14 | 14 |
| Other | 107 | -60 | -5 | 58 | 100 |
| | 212 | -124 | -6 | 130 | 213 |

The other provisions include, inter alia, provisions for the preparation of tax returns and for outstanding invoices.

## 7.7. LIABILITIES

### PAYABLES TO CREDIT INSTITUTIONS

Raiffeisenbank Attersee-Süd eGen provided Heliad with a credit line for an amount of up to EUR 3 million as of September 2016. The credit agreement has a term running until 08/31/2019. The credit line, limited to 06/30/2017, amounts to EUR 5 million. The portion of the credit line used is currently charged 2.75% interest per annum. The amount of the interest rate is coupled with the development of the 3-month EURIBOR. The unused credit framework is subject to a fee of 0.75% per annum. As collateral, a share deposit was opened at Raiffeisenbank and was provided as a pledge. As at the reporting date, Heliad used an amount of EUR 2.2 million of this line.

### PAYABLES TO COMPANIES IN WHICH WE PARTICIPATE

The liabilities shown result from incoming payments to the equity of a portfolio company that have not yet been made.

### OTHER LIABILITIES AND TRADE PAYABLES

The shown liabilities have a term up to one year and are each assessed at the nominal value or the amount of expected utilization.

# 8. Other information

## 8.1. SEGMENT REPORTING

As the "chief operating decisions maker" in the sense of IFRS 8.7, the general partner of the company, Heliad Management GmbH regularly reviews information about the development of the company. It also makes its decisions regarding the allocation of resources at this level.

Information relevant to accounting is therefore only available for the company as a whole and is not allocated to individual segments. Heliad is accordingly managed as a ″single-segment entity“ (SSE), as a result of which the financial and other effects of business activities can be identified on the basis of the elements at hand in the consolidated financial statements and consolidated Management Report. The disclosure of operating segments is therefore unnecessary for these reasons.

The company value is mainly determined on the basis of the market value of investments as reflected in the equity according to IFRS. The net asset value is a central measure of success control and monitoring of the company. Attention is drawn to the section: 8.8. Capital Management.

The Heliad Group operates exclusively within German-speaking countries; the income was generated in Germany. The reported non-current assets are located in Germany.

## 8.2. ADDITIONAL INFORMATION ABOUT THE FINANCIAL INSTRUMENTS

The book values of the financial instruments, divided by category, for the effective dates December 31, 2016 and December 31, 2015 are transferred to the statement of financial position in the following table:

| DECEMBER 31, 2016<br>in thousand Euro | Fair<br>value hierarchy | Fair value | Assessed on continued acquisition costs | Balance sheet |
|---|---|---|---|---|
| NON-CURRENT ASSETS - FINANCIAL ASSETS | | | | |
| Fair value of financial assets regularly valued at fair value | | | | |
| Investments in the category "assessed at fair value through profit or loss" | Level 3 | 786 | | 786 |
| Investments in the category "assessed at fair value through profit or loss" | Level 2 | 13,590 | | 13,590 |
| Securities categorized as "assessed at fair value through profit and loss" | Level 1 | 49,832 | | 49,832 |
| Fair value of financial assets not regularly assessed at fair value, but for which the fair value is to be indicated | | | | |
| Loans, assessed at acquisition costs | Level 3 | 7,315 | | 7,315 |
| Loans to companies in which we participate, assessed at acquisition cost | Level 3 | 653 | | 653 |
| Investments,<br>valued at acquisition cost in accordance with IAS 39.46 c) | - | unreliable ascertainable | 6,949 | 6,949 |
| NON-CURRENT ASSETS - TOTAL | | 72,177 | 6,949 | 79,126 |

| DECEMBER 31, 2016<br>in thousand Euro | Fair<br>value hierarchy | Fair value | Assessed on con-<br>tinued acquisition<br>costs | Balance sheet |
|---|---|---|---|---|
| CURRENT ASSETS | | | | |
| Fair value of financial assets regularly valued at fair value | | | | |
| Securities categorized as "assessed at fair value through profit and loss" | Level 1 | 136 | | 136 |
| Fair value of financial assets not regularly assessed at fair value, but for which the fair value is to be indicated | | | | |
| Other assets classified as "Loans and receivables" | Level 2 | 4,167 | 4,167 | 4,167 |
| Cash and cash equivalents in the category "Loans and receivables" | Level 2 | 129 | 129 | 129 |
| CURRENT ASSETS - TOTAL | | 4,432 | 4,296 | 4,432 |

| DECEMBER 31, 2016<br>in thousand Euro | Fair<br>value hierarchy | Fair value | Assessed on contin-<br>ued acquisition<br>costs | Balance sheet |
|---|---|---|---|---|
| CURRENT LIABILITIES | | | | |
| Payables to credit institutions | Level 2 | 2,190 | 2,190 | 2,190 |
| Payables to shareholdings | Level 2 | 910 | 910 | 910 |
| Trade payables assessed at amortized cost | Level 2 | 58 | 58 | 58 |
| CURRENT LIABILITIES - TOTAL | | 3,158 | 3,158 | 3,158 |

| DECEMBER 31, 2015<br>in thousand Euro | Fair<br>value hierarchy | Fair value | Assessed on con-<br>tinued acquisition<br>costs | Balance sheet |
|---|---|---|---|---|
| NON-CURRENT ASSETS - FINANCIAL ASSETS | | | | |
| Fair value of financial assets regularly valued at fair value | | | | |
| Investments in the category "assessed at fair value through profit or loss" | Level 1 | 0 | | 0 |
| Investments in the category "assessed at fair value through profit or loss" | Level 2 | 4,053 | | 4,053 |
| Securities categorized as „assessed at fair value through profit and loss" | Level 1 | 69,275 | | 69,275 |
| Investments,<br>valued at acquisition cost in accordance with IAS 39.46 c) | - | Not<br>reliably<br>determinable | 4,696 | 4,696 |
| NON-CURRENT ASSETS - FINANCIAL ASSETS - TOTAL | | 73,329 | 4,696 | 78,025 |
| CURRENT ASSETS | | | | |
| Fair value of financial assets not regularly assessed at fair value, but for which the fair value is to be indicated | | | | |
| Other assets classified as "Loans and receivables" | Level 2 | 15,531 | 15,531 | 15,531 |
| Cash and cash equivalents in the category „Loans and receivables" | Level 2 | 9,502 | 9,502 | 9,502 |
| CURRENT ASSETS - TOTAL | | 25,033 | 25,033 | 25,033 |

| DECEMBER 31, 2015<br>in thousand Euro | Fair<br>value hierarchy | Fair value | Assessed on continued acquisition costs | Balance sheet |
|---|---|---|---|---|
| CURRENT LIABILITIES | | | | |
| Trade payables assessed at amortized cost | Level 2 | 52 | 52 | 52 |
| CURRENT LIABILITIES - TOTAL | | 52 | 52 | 52 |

Due to the short-term (remaining) term of the financial assets and liabilities that are not regularly assessed at fair value through profit or loss, there were no differences between the book value and the fair value result.

If the price of investments and securities valued in the fair value hierarchy at Level 1, were to increase (decrease) by 10%, the non-current assets would increase (decrease) by EUR 4,997,000 (previous year: EUR 6,928,000). These changes would result to an equivalent earnings effect in the profit and loss account.

The non-current assets do not include any significant financial instruments denominated in foreign currency.

When assessing the investments in the category "assessed at fair value through profit and loss", which are assessed at Level 2, no significant changes would have applied if they had been carried out with plausible alternative assumptions.

The fair values of the financial assets and liabilities listed above in Levels 2 and 3 are determined in accordance with generally accepted valuation methods.

The gains recognized in the profit and loss account are recognized in other financial income.
The value of financial assets may fall to zero in the event of the unfavorable business development of the issuer.

There were no transfers between levels of the fair value hierarchy.

A deposit with asset-backed securities at Raiffeisenbank Österreich was provided as collateral for a credit line. The credit line shall reduce accordingly upon the sale of shares from this deposit. In addition, no financial assets are granted as collateral for liabilities or contingent liabilities.

## 8.3. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

The residual payment obligations for agreed contingent contributions for shares in partnerships not yet claimed amounted to EUR 940,000 on the reporting date (previous year: EUR 1,073,000).

Future liabilities from service contracts total EUR 126,000 (previous year: EUR 126,000).

As at the reporting date, there were no guarantees and warranty obligations, as in the previous year.

As at December 31, 2016, there were no lease commitments in the Heliad Group, as in the previous year.

## 8.4. INFORMATION ON CORPORATE BODIES

The general partner, Heliad Management GmbH, Frankfurt am Main, is solely authorized and obliged to manage the company.

The Managing Director of the general partner is or was:
Stefan Feulner (until May 17, 2016)
Investment Banker, Bayreuth

Thomas Hanke (since May 17, 2016)
Investment Banker, Düsseldorf

The same members of the supervisory board have been appointed:

Volker Rofalski (Chairman)
Managing Director of only natural munich GmbH, Munich

Kai Panitzki (deputy chairman)
Management of FinLab AG, Frankfurt am Main
Stefan Müller (since May 19, 2016)
Chief representative of Börse Medien AG, Küps

Achim Lindner (until April 16, 2016)
Management of Börse Medien AG, Kulmbach

## 8.5. AUDITOR'S FEES

55,000 plus statutory VAT was recorded as expenses (previous year: EUR 49,000) as payment for the auditing services provided by the Group auditor.

In addition, fees for other services totaling EUR 3,000 plus statutory VAT (previous year: EUR 2,000) were also billed by the Group auditor for other services.

## 8.6. ASSOCIATED COMPANIES AND INDIVIDUALS

FinLab AG, Frankfurt am Main, held more than 25% of the shares in the company as at December 31, 2016. FinLab AG is also the sole shareholder of the general partner of the company, Heliad Management GmbH, Frankfurt am Main. On the basis of the voting majority presence at the General Meetings of July 12, 2016, FinLab AG was able to exert what amounted to controll influence over the company. Furthermore, it is expected that the voting majority presence will also occur at future shareholders' meetings, so that Heliad Equity Partners GmbH was a controlled enterprise of FinLab AG in accordance with Section 17 paras. 1 and 2 of the German Stock Corporation Act (AktG) as of December 31, 2016.

The directly controlling company (FinLab AG, Frankfurt am Main) was categorized as an associated enterprise with respect to other companies as at December 31, 2016 within the meaning of Section 15 AktG. Mr. Bernd Förtsch, Kulmbach, is directly controlling within the meaning of Section 17 para. 1 AktG.

According to Section 8a of the Articles of Association, the general partner receives an activity and liability remuneration of 2.5% p.a. of the value of the balance sheet equity of the Group as at the reporting date of the previous financial year according to IFRS accounting rules, plus any sales tax. In addition, the general partner receives a profit-related remuneration amounting to 20% of the company's approved net income for the year before taxes.

Heliad Management GmbH, Frankfurt am Main, received EUR 2,550,000 (previous year EUR 2,022,000) plus VAT for the activity and liability remuneration of Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main in accordance with the Articles of Association. The general partner received EUR 227,000 (previous year EUR 2,781,000) plus VAT as a profit-related remuneration in accordance with the Articles of Association.

In accordance with Section 8b of the Articles of Association, the general partner or an associated company can also provide consulting services for Heliad or its subsidiaries in place of those provided by third company, at the same level as would be paid to a third party.

FinLab AG, Frankfurt am Main, charged Heliad Equity Partners GmbH & Co. KGaA EUR 175,000 (previous year: EUR 187,000) for the services it provides in the areas of marketing, accounting and invoices from third parties, including any applicable sales tax charged.

Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, granted BF Holding GmbH, Kulmbach, an ongoing loan in the amount of EUR 7.0 million until 12/31/2017 (previous year: EUR 7.0 million). The loan is to be charged interest at 6% per annum up until 12/31/2016 and at 4.5% as of 01/01/2017. 2,000,000 shares (previous year: 2,000,000 shares) of the FinTech Group AG, Frankfurt am Main have been pledged in favor of the company as a security.

HEP Beteiligungs GmbH, Frankfurt am Main, granted Stapp AG, Hamburg, a loan of over EUR 1,000,000 (previous year: EUR 0.6 million). These loans are to be charged interest of between 4%-8% per annum.
Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, has invested in FinTech Group AG within the scope of capital increases. Mr. Bernd Förtsch exerts a significant influence over FinTech Group AG through his investments.
As at December 31, 2016, Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main, holds a total of 2,836,290 shares (previous year: 2,710,887 shares) in this company. The acquisition costs amounted to EUR 15.6 million as at December 31, 2016 (previous year: EUR 13.8 million).

As of the reporting date receivables owed by related parties and liabilities towards related parties amounted to EUR 43,000 (previous year: EUR 2,779,000).

The members of the supervisory board were entitled to supervisory board remuneration in the amount of EUR 48,000 plus VAT (previous year: EUR 48,000) in the reporting year.

## 8.7. RISK MANAGEMENT

The risk management objectives and methods have been established and documented in a risk manual. Three groups of risk have been created for systematization purposes:

1. STRATEGIC RISKS:

- Performance of the investment portfolio
- Financing
- Human resources

2. FINANCIAL RISKS, INCLUDING:
- Valuation risks from new investments
- Performance of existing investments
- Currency risk
- Liquidity risk
- Risks from guarantees, surety bonds and other off-balance sheet liabilities
- Legal risks

3. OPERATIONAL RISKS:
- Financial accounting, controlling and reporting
- Cash flows
- Data loss and other electronic data processing risks

For each area of potential risk, the early detection of risks, communication and risk management are controlled by defining and implementing appropriate countermeasures. The risks from financial instruments are of particular importance. The valuation risk is the risk that the fair value of investments will develop unfavorably. If the continued existence of an investment is in question, this investment or claims against the respective portfolio company may become worthless. The fair value of an investment can fundamentally depend on the individual business performance of the portfolio company and the overall economy, currency exchange rates and interest rates. As Heliad's portfolio company focuses its main activities in different sectors, Heliad's entire portfolio is relatively independent of cyclical fluctuations within the sectors due to its combination of sectors.

However, the value of individual portfolio companies may be heavily dependent on developments in individual sectors and sector-specific factors.
Fluctuating exchange rates only have a minor impact, as exchange rate-related fluctuations in value may also, however, have an indirect effect on the recoverability of portfolio companies if significant earning or asset effects occur as a result of exchange rate changes.

At the level of the parent company Heliad Equity Partners GmbH & Co. KGaA, Heliad only obtains outside financing to a small extent. The interest rate risk may, however, have an indirect effect to the extent that the investments in its portfolio are dependent on external financing. Heliad's liquidity risk is considered to be subordinate due to the existing liquidity, high equity ratio and available credit limit.

## 8.8. CAPITAL MANAGEMENT

As Managing Director, Heliad Management GmbH manages Heliad's capital, whereby the total equity entered in the balance sheet is taken into consideration.

Heliad manages its capital with the aim of maximizing income for its stakeholders. The net asset value (NAV) per share is an important indicator. The company aims to continuously increase the NAV. As of the reporting date, the NAV amounted to EUR 8.43 per share (previous year: EUR 10.87 per share).

The aim of the management is to allow the limited liability shareholders to participate in the value growth of these portfolio companies as reflected in Heliad's NAV figure by investing in high-performance companies and developing these investments.

Investments are only made if it can be ensured that Heliad is able to meet its payment obligations at all times. For this purpose, the cash and cash equivalents and planned cash inflows and outflows are monitored daily by the company's management.

As Heliad does not seek long-term debt financing, no additional control measures have been implemented with regard to capital management.

The details about the equity components are presented in the statement of financial position and explained in the Notes under subsection: 7.5. Equity.

## 8.9. EMPLOYEES

No people were employed by the company in the basis of consolidation, as in the previous year.

## 8.10. SHARE OPTION PROGRAM

Heliad's Annual General Meeting decided on July 12, 2016, that the management, with the approval of the supervisory board, may issue subscription rights to company shares, once or several times, that authorize the purchase of up to 950,944 company no-par-value shares in the name of the company with a term of up to six years as part of a share option program.

The subscription rights from the share options can be exercised for the first time after the legal waiting time of four years has expired in accordance with Article 193 para. 2 No. 4 AktG. It begins after the issue of the respective share options.

In addition to the waiting time expiring, performance targets being met is a condition for exercising the options. Every person entitled to subscription rights may exercise his or her subscription rights of the share-exchange rate of the company's share on any given sharemarket trading day:

| | |
|---|---|
| Objective 1: | Within the period from the day on which the subscription rights are issued until the expiration of two years after this day is increased by at least 50% or |
| Objective 2: | Within the period from the day on which the subscription rights are issued until the expiration of three years after this day is increased by at least 75% or |
| Objective 3: | Within the period from the day on which the subscription rights are issued until the expiration of four years after this day is increased by at least 100%. |

If option rights in share are exchanged, the subscription price must be paid on each share being obtained through an exchange.

The fair value was calculated on each issue date using a bionominal model. In this process, in addition to the criteria established in the option conditions (e.g. waiting time, performance objectives, non-forfeiture), dividend expectations of 3%, the volatility of the last six years of 41.02% (calculated based on the log returns) and a risk-free interest rate of -0.3% (returns from government bonds with a six-year term) were considered.

The expense from the option valuation is recorded in other operating expenses spread over the waiting time of four years according to each month and shown in the capital reserve.

As at the reporting date, no options can be exercised or forfeited and no options were exercised or forfeited.

Share options have no influence on the calculation of the diluted result as the market price is below the subscription price.

| Issue | Number | Reference price | Basic value | Performance target 1 | Performance target 2 | Performance target 3 | Fair value | value per share option |
|---|---|---|---|---|---|---|---|---|
| 10/27/2016 | 412,000 | EUR 6.50 | EUR 5.71 | EUR 8.57 | EUR 9.99 | EUR 11.42 | EUR 530,877.53 | EUR 1.29 |
| | | | | | | | | |
| Total | 412,000 | | | | | | EUR 530,877.53 | EUR 1.29 |

## 8.11. EVENTS AFTER THE BALANCE SHEET DATE

No further significant events occurred after the reporting date.

## 8.12. OTHER INFORMATION

The consolidated financial statements was prepared by the company. The supervisory board is expected to approve the consolidated financial statements and issue the supervisory board’s report at the supervisory board meeting on March 2, 2017. With the approval of the supervisory board, the consolidated financial statements will be released for publication.

Frankfurt am Main, March 2, 2017

Thomas Hanke
Managing Director of the general partner
Heliad Management GmbH

# Appendix

Consolidated assets analysis for 2016

| in thousand Euro | Acquisition costs | | | | | Allowances | | | | | Booking value | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1/1/2016 | Rebookings | Start of the period | End of the period | 12/31/2016 | 1/1/2016 | End of the period | Reductions in the period | Increases in the period | 12/31/2016 | 12/31/2016 | 12/31/2015 |
| I. INTANGIBLE ASSETS | 158 | | 11 | | 169 | -158 | | -2 | | -160 | 9 | 0 |
| II. FINANCIAL ASSETS | 33,964 | 7,315 | 14,736 | -3,028 | 52,988 | 44,061 | -799 | -19,647 | 2,523 | 26,138 | 79,126 | 78,025 |
| TOTAL FIXED ASSETS | 34,122 | 7,315 | 14,747 | -3,028 | 53,157 | 43,903 | -799 | -19,649 | 2,523 | 25,978 | 79,135 | 78,025 |

Consolidated assets analysis for 2015

| in thousand Euro | Acquisition costs | | | | Allowances | | | | | Booking value | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1/1/2015 | Start of the period | End of the period | 12/31/2015 | 1/1/2015 | End of the period | Reductions in the period | Increases in the period | 12/31/2015 | 12/31/2015 | 12/31/2014 |
| I. INTANGIBLE ASSETS | 158 | | | 158 | -158 | | | | -158 | | |
| II. FINANCIAL ASSETS | 28,672 | 11,213 | -5,921 | 33,964 | 19,409 | -2,598 | -4,821 | 32,071 | 44,061 | 78,025 | 48,081 |
| TOTAL FIXED ASSETS | 28,830 | 11,213 | -5,921 | 34,122 | 19,251 | -2,598 | -4,821 | 32,071 | 43,903 | 78,025 | 48,081 |

# Auditor's Opinion

# Auditor´s report

To Heliad Equity Partners GmbH & Co. KGaA, Frankfurt am Main:

We have audited the consolidated financial statements prepared by the Heliad Equity Partners GmbH & Co. KgaA, comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, for the business year from 01/01/2016 to 12/31/2016. The preparation of the consolidated financial statements in accordance with the IFRSs, as adopted by the EU, and supplementary provisions of the articles of incorporation is the responsibility of the company's Managing Director/s. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § (Article) 317 HGB („Handelsgesetzbuch": „German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the company's Managing Director/s, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRS, as adopted by the EU, and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements.

Bielefeld, March 2, 2017

PricewaterhouseCoopers GmbH
Auditing company

| | |
|---|---|
| Peter Krupp | ppa. Thomas Angele |
| Auditor | Auditor |

# Annual financial statements and Notes (HGB)

# Profit and Loss Account for financial year 2016

| | Amounts in EUR | 01/01/ - 12/31/2016 | in comparison 01/01/ -12/31/2015 |
|---|---|---|---|
| 1. | Other operating income | 829,935.27 | 6,088,986.19 |
| 2. | Amortizations on intangible assets | -2,083.00 | 0.00 |
| 3. | Other operating expenses | | |
| | thereof exchange rate differences | -10.32 | 0.00 |
| 4. | Income from investments | 49,114.66 | 64,838.86 |
| 5. | Income from other securities and loans of financial assets | 954,614.08 | 320,149.44 |
| | thereof from affiliated companies | 521,764.08 | 320,149.44 |
| 6. | Other interest and similar income | 291,336.59 | 1,112,437.81 |
| 7. | Amortizations on financial assets and securities of circulating capital | -965,891.53 | -170,978.24 |
| 8. | Interest and similar expenses | -19,430.84 | -2,088.00 |
| 9. | Tax on income | -38,267.40 | -16,286.35 |
| 10. | Annual deficit/surplus | -2,870,950.62 | 1,137,230.28 |
| 11. | Unappropriated retained earnings brought forward | 11,714,532.45 | 12,479,190.37 |
| 12. | Net profit | 8,843,581.83 | 13,616,420.65 |

# Balance Sheet
# for financial year 2016

## Assets

| Amounts in EUR | 12/31/2016 | in Comparison 12/31/2015 |
|---|---|---|
| A FIXED ASSETS | | |
| I. Intangible assets | | |
| 1. Concessions acquired against payment, commercial protection rights and similar rights and values as well as the licenses to such rights and values | 8,627.00 | 0.00 |
| | | |
| II. Financial assets | | |
| 1. Shares in affiliated companies | 25,000.00 | 188,282.00 |
| 2. Loans to affiliated companies | 20,007,359.32 | 10,320,595.24 |
| 3. Other financial assets | 6,444,168.87 | 635,385.58 |
| 4. Loans to companies in which we participate | 400,850.00 | 0.00 |
| 5. Securities | 25,368,614.48 | 25,269,509.97 |
| | 52,245,619.67 | 36,413,772.79 |
| B CURRENT ASSETS | | |
| I. Receivables and other assets | | |
| 1. Receivables from companies in which we participate | 0.00 | 2,673,541.67 |
| 2. Other assets | 2,653,575.77 | 11,194,788.31 |
| | 2,653,575.77 | 13,868,329.98 |
| | | |
| II. Securities | 136,300.00 | 0.00 |
| | | |
| III. Bank balances | 109,307.79 | 7,412,551.10 |
| | 2,899,183.56 | 21,280,881.08 |
| C DEFERRED INCOME | 39,759.76 | 8,896.38 |
| BALANCE SHEET TOTAL | 55,193,562.99 | 57,703,550.25 |

# Liabilities

| Amounts in EUR | 12/31/2016 | in Comparison 12/31/2015 |
|---|---|---|
| A STOCK CAPITAL | | |
| I. Subscribed capital | 9,509,441.00 | 9,509,441.00 |
| II. Capital reserve | 34,297,488.48 | 34,297,488.48 |
| III. Net profit | 8,843,581.83 | 13,616,420.65 |
| | 52,650,511.31 | 57,423,350.13 |
| B PROVISIONS | | |
| I. Provisions for taxation | 40,685.00 | 40,685.00 |
| II. Other provisions | 176,456.00 | 124,640.00 |
| | 217,141.00 | 165,325.00 |
| C LIABILITIES | | |
| I. Payables to credit institutions | 2,190,159.08 | 0.00 |
| - thereof with a remaining term of up to one year | 2,190,159.08 | 0.00 |
| II. Trade payables | 58,403.98 | 44,667.50 |
| - thereof with a remaining term of up to one year | 58,403.98 | 44,667.50 |
| III. Payables to affiliated companies | 14,280.00 | 7,140.00 |
| - thereof with a remaining term of up to one year | 14,280.00 | 7,140.00 |
| IV. Other liabilities | 63,067.62 | 63,067.62 |
| - thereof with a remaining term of up to one year | 63,067.62 | 63,067.62 |
| - thereof taxes | 0.00 | 0.00 |
| | 2,325,910.68 | 114,875.12 |
| BALANCE SHEET TOTAL | 55,193,562.99 | 57,703,550.25 |

# Notes (HGB) for financial year 2016

## 1. General information

Heliad Equity Partners GmbH & Co. KGaA (Heliad) is based at Grüneburgweg 18, Frankfurt am Main and is registered in the commercial register of the Amtsgericht Frankfurt am Main under HRB 73524.

The annual financial statements of Heliad Equity Partners GmbH & Co. KGaA was prepared in accordance with the provisions of Book III of the German Commercial Code (Handelsgesetzbuch) and the German Stock Companies Act (Aktiengesetz).

In accordance with Article 267 para. 1 HGB, the company is a small incorporated company and has made use of the relief provisions for small incorporated companies.

The structuring scheme of the profit and loss account was structured based on the German Accounting Directive Implementation Act for the financial year.
The profit and loss account was prepared using the total cost method.

## 2. Accounting and valuation principles

The annual financial statements of Heliad Equity Partners GmbH & Co. KGaA is categorized in accordance with Sections 266 et seqq. HGB. The assessment of assets and liabilities has been performed in accordance with the valuation regulations under commercial law, observing the generally accepted accounting principles.

The financial assets and marketable securities are valued at cost or at the fair value through profit or loss. Acquisitions of company shares with a stock capital in a currency other than euro were also recognized at cost and therefore entered in the balance sheet at the average spot exchange rate applicable at the time of acquisition.

The valuation of other financial assets and shares in affiliated companies depend on the type of company to be valued on the basis of customary valuation methods, such as the discounted cash flow method and multiple valuation. In doing so, all available information, including information provided by the company, is taken into account.

Investments in funds are valued on the basis of information provided by the funds, particularly the net asset value, if available.

The receivables, other assets, bank balances and deferred income are shown at nominal value.

The provisions are assessed at the amount determined on the basis of prudent business judgment, taking all known risks into consideration.

The liabilities are recognized at the settlement amount.
If this results in any deferred tax liabilities, these are offset against deferred taxes. If this then results in an overhang of deferred taxes, use will be made of the right to vote pursuant to Section 274 paragraph 1 (2) HGB.

The valuation of assets and liabilities in foreign currencies are valued in accordance with Section 256a HGB on the reporting date on the basis of the spot exchange rate.

## 3. Information and Notes to the Consolidated Balance Sheet

### Fixed assets

In the reporting year, financial assets were amortized pursuant to Article 253 para. 3 Clause 4 HGB in the amount of EUR 899,000 (previous year: EUR 171,000).

Similarly, no appreciations took place pursuant to Article 253 para. 5 HGB in the previous year.

### Receivables, other assets and deferred income

Receivables, other assets and deferred income have a remaining term of up to one year.

### Stock capital

The equity amounts to EUR 9,509,441.00 (previous year: EUR 9,509,441.00) and is fully paid. It consists of 9,509,441 (previous year: 9,509,441) registered shares with a nominal value of EUR 1.00.

The shareholders' meeting of July 8, 2014 authorized the general partner to acquire capital stock in the period up to July 7, 2019 to the extent of up to ten percent of the subscribed capital existing at the time the resolution was passed. The authorization may be exercised in whole or in part. The shares may be purchased via the stock exchange, by means of a public purchase offer or as a public invitation to submit offers for sale. With the consent of the supervisory board, the acquired shares may be sold on the stock exchange or through a public offer and can be fully or partially retracted.

With the consent of the supervisory board, the general partner is authorized to increase the stock capital of the company by issuing new no-par value registered ordinary shares in the form of shares with a notional value of EUR 1.00 per share in cash or in kind until August 27, 2017, in partial amounts totaling up to EUR 5,087,381.00 (Authorized Capital 2013). Subject to approval by the supervisory board, the general partner is authorized to exclude the subscription rights of the limited partners. With the approval of the supervisory board, the general partner is also authorized to establish the further details of the capital increase and other conditions of the share issue.

Until June 30, 2021, the personally liable partner is authorized, with the approval of the supervisory board, to issue, either as a one-off or several times, in the company or its domestic or foreign majority shareholding companies, ongoing option and/or convertible bonds, participation rights and/or participating bonds (or a combination of these instruments) (collectively "bonds)" to holders and/or in their name in the total nominal amount of up to EUR 50,000,000.00 with or without a runtime limitation and to grant the holders or creditors of bonds options or conversion rights (including with a conversion obligation) for the company's new no-par-value shares a pro-rata amount on the basic capital of in total up to EUR 3,803,261.00 according to the more detailed specifications of the bond conditions.

The basic capital is conditionally increased (2016/I Conditional Capital) by up to EUR 3,803,261.00 through the issue of up to 3,803,261 new no-par-value shares in the name of the company. The conditional capital increase is only made so far as the holder or creditor of the option and/or conversion bonds, participating bonds and/or participation rights with option and/or conversion rights or obligations, that the company or its domestic or foreign majority shareholders issued based on the authorization decision by the Annual General Meeting of Shareholders held between July 12, 2016 until June 30, 2021, makes use of its option or conversion rights from these bonds or fulfills its obligation of conversion, in particular in all cases provided the 2016/I Conditional Capital is required according to the option or conversion bond conditions.

The company's basic capital is conditionally increased the (2016/I Conditional Capital) by up to EUR 950,944.00 through the issue of up to 950,944 new no-par-value shares in its name. The 2016/II conditional capital is exclusively used to secure subscription rights
issued based on the authorization of the Annual General Meeting of Shareholders held on July 12, 2016, as part of the 2016 share option program in the time up to and including June 30, 2021 to members of the management of the personally liable partner, to employees of the personally liable partner, and to employers of the company as well as members of the Executive Board and employees of companies affiliated with the company.
In financial year 2016, a total of 412,000 share option rights were issued to members of the management of the personally liable partner, to employees of the personally liable partner and to the company's employees in addition to the members of executive management and employees of companies affiliated with the company that authorize the purchase of a company share per option right after a four-year waiting period expires.

Retained earnings from the previous year amounted to EUR 13,616,420.65. It was reduced by a dividend distribution in the amount of EUR 1,901,888.20/EUR 0.20 per share (previous year: EUR 1,426,416.15/EUR 0.15 per share).

### Liabilities

All liabilities have a maturity of up to one year.

Raiffeisenbank Attersee-Süd eGen provided Heliad with a credit line for an amount of up to EUR 3 million as of September 2016. The credit agreement has a term running until 08/31/2019. Limited until 06/30/2017, the credit line amounts to EUR 5 million.
A share deposit was opened at Raiffeisenbank and given as a pledge as collateral. As at the reporting date, Heliad used an amount of EUR 2.2 million of this line.

## 4. Other financial obligations and contingent liabilities

The residual payment obligations for agreed contingent contributions for shares in partnerships not yet claimed amounted to EUR 940,000 on the reporting date (previous year: EUR 1,073,000).

The company issued a letter of support for a maximum of EUR 1,000,000 (previous year: 500,000) to HEP Beteiligungs GmbH, Frankfurt, which expires on December 31, 2016. This is not likely to be claimed due to the low level of liabilities of the company towards third parties.

As at the reporting date, there were moreover no guarantees and warranty obligations.

# 5. Other information

## Appropriation of net income

The management of the general partner proposes to the general meeting of shareholders that EUR 0.15 per share should be distributed from the annual net income to the limited liability shareholders and that the remaining profit should be carried forward as profit.

## Consolidated financial statements

As the parent company, Heliad Equity Partners GmbH & Co. KGaA prepares a consolidated financial statements according to the IFRS as adopted by the EU, as at December 31, 2016 and a consolidated management report for the individual and consolidated financial statements for financial year 2016. The consolidated financial statements will be published in the electronic German Federal Gazette.

## List of investments

| company | based | stock capital<br>in thousand EUR | Proportion in Capital<br>in % | Financial year | Profit<br>in thousand EUR |
|---|---|---|---|---|---|
| Direct investments | | | | | |
| HEP Beteiligungs GmbH | Frankfurt am Main | -855 | 100.0 | 2016 | -434 |
| Indirect investments | | | | | |
| Cubitabo GmbH | Berlin | 286 | 41.1 | 2015 | -1,253 |
| Stapp AG | Hamburg | -134 | 54.8 | 2015 | -746 |

## Information about the existence of investments in the company

FinLab AG, Frankfurt am Main, reported the existence of an investment in the amount of 25.147% in Heliad Equity Partners GmbH & Co. KGaA through various assignments on February 10, 2012.

## Information on corporate bodies

The general partner, Heliad Management GmbH, Frankfurt am Main, has subscribed capital in the amount of EUR 25,000. It is solely authorized and obliged to manage the company.

The Managing Director of the general partner is:

Thomas Hanke
Investment Banker, Düsseldorf
(as of May 17, 2016)

Stefan Feulner
Investment Banker, Bayreuth
(until May 17, 2016)

The following people are members or have been appointed members of the supervisory board:

Volker Rofalski (Chairman)
Managing Director of only natural munich GmbH, Munich

Kai Panitzki (deputy chairman)
Management of FinLab AG, Frankfurt am Main

Achim Lindner
Management of Börsenmedien AG, Kulmbach
(until 04/16/2016)

Stefan Müller
Chief representative of Börsenmedien AG, Kulmbach
(since 05/19/2016)

In Frankfurt am Main, on March 2, 2017

Thomas Hanke
Managing Director of the general partner
Heliad Management GmbH

# Supervisory Board Report

# supervisory board Report for financial year 2016

## Dear shareholders,

we conscientiously carried out the task of supervising management according to law and the Articles of Association, as in the previous year. The director of the personally liable partner informed members of the supervisory board on an ongoing basis, orally and in writing, of all questions of planning and company development, the income and financial situation, the risk situation, risk management, and compliance. The supervisory board was included in all important company events and regularly consulted with company management regarding company policies and fundamental questions. The strategic direction and the status of its implementation were discussed and agreed by management with the supervisory board. The supervisory board was consistently involved with such matters that are subject to the participation of the supervisory board in accordance with the law and Articles of Association. Collaboration with management was consistently shaped by mutual trust, necessary confidentiality and open discussion.

### MEETINGS AND DECISIONS IN FINANCIAL YEAR 2016.

In all meetings that took place in financial year 2016, the supervisory board discussed the further development of Heliad's business activities. Consultation and decisions of the supervisory board in particular relate to the following topics:

- Discussion and debate on the possible sale of shares to HEP Beteiligungs GmbH, FinTech Group AG and DEAG Deutsche Entertainment AG.
- Discussion, debate and approval of new commitments or the expansion of positions in Libify GmbH, Muume AG, MT Holding AG (Tiani Spirits), mybetterlife GmbH, Stapp AG, MagForce AG, Springlane GmbH, Cubitabo GmbH and AlphaPet Ventures GmbH investments.
- In addition, the extension of the loan granted to BF Holding was approved.
- In the balance sheet meeting held on 03/17/2016, the annual financial statement for 2015 was discussed and approved and information on the current course of business and the development of the portfolio companies was provided. Due to the resignation of Mr. Achim Lindner from the supervisory board as of 04/30/2016, the legal appointment of Mr. Stefan Müller was proposed.
- The subject of the supervisory board meeting held on 05/30/2016 was the constitution of the supervisory board where Mr. Volker Rofalski was reelected to Chairman of the supervisory board. In addition, the development of portfolio companies and possible new investments, in addition to the share option program and the new PR strategy, were discussed.
- The subject of the supervisory board meeting held on 07/12/2016 was the current course of business and the liquidity situation of the companies. Furthermore, the development of portfolio companies and the presentation of possible new investments were discussed.

## AUDITING OF THE FINANCIAL STATEMENTS WITHOUT OBJECTIONS

On July 12, 2016, the Annual General Meeting of Shareholders appointed PricewaterhouseCoopers AG, auditing company, Frankfurt am Main, Bielefeld branch, as the auditor for financial year 2016. It audited the existing financial statements and consolidated financial statements of Heliad Equity Partners GmbH & Co. KGaA for financial year 2016 and the consolidated management report and supplied an unrestricted auditor's opinion. The report from the auditor contains no comments regarding any inaccuracies of the information according to Article 289 Para. 4 and Article 315 para. 4 HGB.
The supervisory board received the audited annual financial statements and consolidated financial statements for financial year 2016 and the consolidated management report in good time, which it itself verified and discussed the documents in detail with management. The details given in the consolidated management report on information according to Articles 289 Para. 4 and 315 Para. 4 HGB were discussed with management and verified by the supervisory board itself. The result of the verification gave no occasion for objections to the details of the consolidated management report. In the meeting of March 2, 2017, we approved the annual financial statements and suggested presenting the annual financial statements at the company's Annual General Meeting of Shareholders for assessment in accordance with Article 286 para. 1 clause 1. In the meeting held on March 2, 2017, the consolidated financial statements were also approved.

Heliad Equity Partners GmbH & Co. KGaA reflects on a challenging financial year in which the operative support of existing portfolio companies as well as the executed transactions and changes made formed the basis for the successful development of the company.

## INSPECTION OF THE MANAGEMENT REPORT ON RELATIONSHIPS WITH AFFILIATED COMPANIES

The report prepared by the management of the personally liable partner on the relationships with affiliated companies (dependence report) in accordance with Article 312 AktG for financial year 2016 was presented along with the auditing report given to the supervisory board which was prepared for this purpose by the auditor.
The auditor inspected the dependence report and issued the following unrestricted auditor's opinion in accordance with Article 313 AktG:
Based on the result of the audit, we provided the report of the Executive Board on the relationships with affiliated companies for the financial year running from January 1 to December 31, 2016 with the following opinion:

- "According to our conscientious audit and assessment, we confirm that the information in the report is correct,
- in that the transactions listed in the report, the company's performance was no unreasonably high and disadvantages have been offset,
- in that the measures listed in the report do not include circumstances for a significantly different assessment from that of the Executive Board".

The supervisory board inspected the independence report from management and the audit report from the auditor's itself. The supervisory board came to the conclusion that the audit report – as well as the report carried out by the auditor itself – comply with legal requirements. The supervisory board inspected the independence report in particular for completeness and accuracy, therefore making sure that the group of affiliated companies was established with the required care and the necessary provisions to record the reportable transactions and measures were taken. No indications of objections to the independence report could be seen in this inspection. Following the conclusive result of its inspection, the supervisory board does not raise any objections to the final declaration of the Executive Board and approves the result of the audit by the auditor.

We would like to thank the management and employees of the personally liable partner for their actions and commitment and for their constructive and successful work in financial year 2016.

Frankfurt am Main, in March 2017

Volker Rofalski
For the supervisory board

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