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valantic GmbH (formerly: DABERO Service Group GmbH)	Accounting / financial reports	Consolidated financial statements for the financial year from January 1, 2017 to December 31, 2017	02/22/2019
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valantic GmbH

(formerly: DABERO Service Group GmbH)

Munich**Consolidated financial statements for the financial year from January 1, 2017 to December 31, 2017****Group management report for the 2017 financial year****BASIC INFORMATION ON THE GROUP****Valantic's strategy, philosophy and values**

"To make valantic the most respected digital solutions and consulting brand in Europe" is our guiding principle. Valantic was created through the partnership of highly specialized IT solutions, consulting and software companies that are market leaders in their segment. This strategy - growth through We are maintaining the partnership of compatible and complementary companies in terms of performance. Our aim is to expand our range of services through highly qualified employees, new technologies and the connection of other companies that are market leaders in their field. We maintain flat hierarchies and lean structures. We are shaped by strong entrepreneurial personalities, whose "can-do mentality" embodies our promise to our customers.

When selecting new group companies, it is crucial that they can benefit from the common size: range of services, shared customer access, exchange of know-how, management synergies, better financing conditions and access to IT experts. This applies above all to established, high-end consulting and solutions companies of the upper middle class, which, due to a strongly consolidating market, lack the necessary size to continue to grow strongly, but which occupy a niche market leadership in their field of activity. The main criteria for admission to the group are stable sales and earnings development, a market-leading position or emerging market leadership in its segment as well as a broad customer structure and stable management that intends to continue to actively support the development of the company. Our top managers are mostly the founders of the group companies and entrepreneurs who take responsible risks and lead their ideas to success in unconventional ways. Even after joining the valantic Group, the company's management team remains responsible, or is given the opportunity to manage their company successfully and independently.

Structure of valantic

In 2017, the focus was on the further development of internal structures, the establishment of a joint recruiting and marketing team, and the re-branding of the group. In the course of this re-branding project, the DA-BERO Group and its group companies have renamed themselves valantic in line with the "one-firm" concept. This goes hand in hand with a joint branding that strengthens us both in customer relations and in recruiting it supports the joint projects and collaborations of the competence centers with each other, primarily externally but also internally.

At the end of 2017, valantic comprised seven competence centers, some of which consisted of several individual companies.

Current service portfolio

Valantic's service portfolio can be divided into two areas: Software Products & Solutions and Consulting Solutions.

Our "Software Products & Solutions" include specialized specialist applications and add-on solutions for standard software from leading manufacturers:

- Software solution as a supplement to the ERP system for the entire supply chain in order to generate real-time data for analysis, visualization and planning purposes using an in-memory planning suite
- Simulation software for supplier network and transport planning for location selection and optimization of inventory and transport costs
- SAP complementary products in the area of master data management to reduce maintenance effort and improve quality
- A product suite for optimizing electronic interbank trading and trading with institutional investors through efficient and convenient prices, quoting and trading of financial instruments such as bonds, derivatives, swaps, currencies and repos (clear market leadership in Germany)
- Compliance solutions for information about authorities, fraud processing and legally compliant data cleansing

In the "Consulting Solutions" area, we offer consulting and technology solutions for the digital transformation of our customers. We understand both existing systems and new and innovative technologies and focus on the following:

- Conception and implementation of cognitive (AI), predictive, big data and business analytics systems based on SAP, IBM (Watson, Cognos TM1), along with other special solutions

- Front-to-back e-commerce shop (B2C / B2B) design, integration and consulting based on leading technologies such as SAP hybris or Spryker
- Customer engagement consulting, implementation of individual cloud CRM solutions based on SAP and mobile apps development
- SAP S / 4HANA transformation and SAP consulting and implementation along the entire SAP product range (via SAP Gold Partnership) for medium-sized and large companies as well as SAP system integration and license sales
- Advice and support on compliance and fraud management as well as general IT security advice, operation and managed services for IT security solutions
- Management and digital consulting across the entire value chain in the field of supply chain management and logistics
- Strategy consulting on Industry 4.0, Smart Factory, Lean Logistics and Logistics 4.0; Implementation of sales and operations planning solutions (e.g. SAP IBP), supply chain management solutions and logistics optimization
- Enterprise software management and development based on Java, WebSp-Here, Lotus Domino, Cpages, SharePoint and .NET / ASP
- Advice on the professional and technical integration of interbank trading systems and the implementation of regulatory requirements, especially in the areas of supervisory law and bank management
- Advice on migration from the IBM Notes and Domino Family to .NET and Java

The group's service portfolio was structured in such a way that valantic can support customers as part of the digital transformation as a "preferred partner". This service portfolio, which specializes in the digital transformation of business processes, has persuaded various customers to commission valantic instead of the world's largest providers and competitors.

valantic uses various financial and non-financial performance indicators to manage and develop the group. These are defined for the individual units and for the group as a whole and are regularly reviewed. In terms of financial indicators, in addition to sales growth, particular attention is paid to the development of the return on sales (sales revenues in relation to earnings - EBITDA). In addition to an absolute growth in sales and earnings, the aim is to constantly increase profitability. This is mainly supported by the constant review of the range of services offered. When it comes to non-financial performance indicators, valantic places particular emphasis on employee and customer satisfaction. Here, too, the group strives for a constant improvement of the already high satisfaction values and invests specifically in these areas.

Research and Development

The valantic Group continued to develop its existing product portfolio and created new solutions in the 2017 financial year. The aim is to secure the existing competitive advantage in the future. The drivers of innovation are continuously increasing customer requirements and the increased complexity of IT systems. Especially in the areas of SCM, GRC and banking, new high-end solutions have been and are currently being developed to expand the existing product range and to serve existing and new customers in combination with appropriate services. As part of the development, the group primarily relies on the internal experts and supports them as required by external service providers.

The development costs incurred are not capitalized at group level. These can be found primarily in the personnel costs and other operating expenses.

Economic report: general

With a 79% share of group sales, Germany is the most important market for valantic. According to the Federal Statistical Office, the German economy grew steadily and solidly in 2017. The gross domestic product rose by 2.2% in 2017 (1.9% in 2016).¹ With 12% of group sales, Switzerland is the second most important regional market for valantic. After a growth of 1.4% in the federal economy in 2016, it achieved a slight growth in real GDP of 1.0% in 2017.² Higher growth rates are expected in 2018 and 2019, with 2.3% real GDP growth in 2018 and 1.9% in 2019.³ This growth is being carried by robust domestic demand and the positive global economic situation. With around 3% of sales, Austria is still a small market in the valantic portfolio. With a growth of 3.0% of the real gross domestic product in 2017 and a forecast consistently high growth rate of 3.0% for 2018, valantic is also relying on an economic area that continues to be promising.^{4th}

¹ Federal Statistical Office, press release No. 011 from January 11, 2018, https://www.destatis.de/DE/PresseService/Presse/press release en/2018/01/PD18_011_811.html

² State Secretariat for economy, <https://www.seco.admin.ch/seco/de/home/economic situation---economic policy/economic situation/gdp-quarterly estimates-.html> ³ State Secretariat for Economic Affairs, <https://www.seco.admin.ch/seco/de/home/economic situation---economic policy/economic situation/konjektivprognosen.html>

In summary, it can be said that the overall economic situation in valantic's core markets is characterized by steady and solid economic growth.

According to the industry association BITKOM (Federal Association for Information Technology, Telecommunications and New Media), the German market for IT consulting and solutions⁵ once again recorded strong growth in 2017 with market growth of 3.9% (2016 3.6%). In a report from February 2018, the association also assumes a market volume for IT consulting and solutions of EUR 62.0 billion in 2017. In 2018, sales are expected to grow by 3.9% to EUR 64.4 billion.⁶ Also a current study by the industry expert Lünendonk⁷ among IT consulting and system integration companies⁸ in Germany confirms the assessment for the development of the market. It is precisely in this area that valantic sees itself very well positioned with its current service portfolio.

Economic report: business development

valantic can also look back on a very good development in the 2017 financial year. Total output (sales plus changes in inventories) and EBITDA on the basis of the figures consolidated under commercial law increased significantly compared to the previous year. The total output increased by EUR 14,051 thousand to EUR 79,916 thousand in 2017, which corresponds to a growth of 21%. While the EBITDA (earnings before interest, taxes, depreciation and special items) was still KEUR 9,034 in 2016, KEUR 11,158 was reached in 2017 and the result increased by KEUR 2,124 or 24%. The EBITDA margin rose slightly from 13.7% in 2016 to 14.0% in 2017.

The transaction costs incurred in the context of intended but not carried out acquisitions are shown in the special effects in the financial year. In the same period of the previous year, special personnel payments (retention bonuses) and costs for refinancing and other one-off expenses were also included there. These costs are adjusted when calculating the key performance indicator EBITDA in order to be able to better assess the development compared to the previous year and the operating profitability. In 2017 this is EUR 272 thousand (previous year: EUR 2,095 thousand). In the previous year, EUR 900 thousand of this were one-time costs that burden interest and similar expenses and are also considered separately here.

The development based on pro forma values is much more meaningful. For this purpose, the companies acquired during the year in 2016 are included in the analysis for the whole year. Here valantic was able to achieve a growth in total output of 6% to EUR 79,916 thousand (2016 EUR 75,264 thousand). The growth in sales is due, on the one hand, to an increase in the number of employees of around 4% and the associated higher productivity. On the other hand, it was possible to increase the income from the sale of license and maintenance income from its own solutions. The EBITDA could be increased from KEUR 10,656 to KEUR 11,158 (+5%). From a pro forma perspective, the EBITDA margin remained almost stable at 14.0% (2016 14.2%). The growth in earnings is somewhat weaker than the growth in sales, as 2017 was negatively impacted on the one hand by higher non-capitalized costs for the development of new solutions and on the other hand by one-off internal and external costs associated with rebranding. These costs will no longer be incurred on this scale in 2018.

⁴ Federal Ministry of Finance, <https://www.bmf.gv.at/Wirtschaftspolitik/in-oesterreich/aktuellwirtschaftsdaten.html> ⁵ Definition of valantic for the relevant market; is made up of the weighted values of the IT Services & Software markets of the BITKOM industry association ⁶ BITKOM, <https://www.bitkom.org/Marktdaten/ITK-Konjendung/ITKMarkt-Deutschland.html> ⁷ Lünenonk, Der Markt IT consulting and IT services in Germany, <http://lunenonk.de/> ⁸

This includes providers who "generate more than 60 percent of their sales with IT consulting, individual software development and system integration, i.e. with change the business"

The group largely achieved the goals set for the 2017 financial year. For the 2018 financial year, the management expects further growth in sales and EBITDA.

A key success factor for further growth is the acquisition of qualified employees. Therefore, the Shared Service Center Recruiting, which was founded in 2016, was expanded further in 2017. The aim is to be able to attract more highly specialized specialists in the highly competitive IT consulting and solutions for valantic.

Earnings, financial and asset position

The management of valantic GmbH assesses the economic situation of the group very positively. The presentations and explanations under the following points provide an overview of the Group's economic development:

Earnings situation

The total output of the group in the financial year was EUR 79,916 thousand. In the financial year, changes in inventories for work in progress amounting to EUR 937 thousand were formed. For a breakdown of sales by market, we refer to the notes to the consolidated financial statements.

Personnel expenses in the Group are significantly influenced by variable performance-based remuneration for management and employees. At the end of the financial year, 527 people were employed.

The goodwill shown in the balance sheet is depreciated on a straight-line basis over 10 years and has a significant impact on depreciation. The other operating expenses consist largely of travel expenses, costs for buildings, vehicle costs and consulting costs.

The interest result mainly consists of interest payments for financial liabilities to banks as well as for bullet interest liabilities to shareholders.

The consolidated annual result amounts to EUR 227 thousand and is significantly influenced by the regular amortization of goodwill and software capitalized as part of the initial consolidation.

Financial condition

The financial resources (EUR 13,574 thousand, previous year: EUR 15,068 thousand) consist of bank balances, most of which are held in euros, less current account lines used (EUR 275 thousand). The financial resources decreased by EUR 1,390 thousand compared to the previous year. The group received EUR 4,186 thousand from ongoing business activities. The cash flow from operating activities was somewhat burdened by the build-up of trade accounts receivable, which rose disproportionately due to the strong year-end business. In addition, significantly higher income tax payments (EUR 2,968 thousand) than in the previous year (EUR 1,373 thousand) were made, some of which related to previous periods. The outflows from financing activities in the amount of EUR 2,525 thousand were used for the repayment of financial loans (EUR 1,670 thousand) and the payment of interest on financial liabilities (EUR 855 thousand). In addition, payments for purchase price shares from companies not acquired in the financial year (EUR 2,893 thousand) and for investments in intangible assets and property, plant and equipment (EUR 611 thousand) were made in the cash flow from investing activities. On the other hand, there are receipts from disposals from the scope of consolidation of EUR 416 thousand, so that a total outflow of EUR 3,088 thousand is recorded here. The devaluation of the Swiss franc had a negative impact on the financial resources of EUR 222 thousand.

Valantic was solvent at all times.

For a detailed presentation of the financial position, we refer to the consolidated cash flow statement (Annex IV).

Financial position

In the 2017 financial year, investments in intangible assets and property, plant and equipment in the amount of EUR 980 thousand were offset by scheduled depreciation in the amount of EUR 7,067 thousand. Additions to goodwill result from the over-fulfillment of earn-out agreements by companies not acquired in the financial year. The residual book value of the goodwill amounts to EUR 25,651 thousand. The share of long-term assets is 52%.

The deferred work in progress, goods and advance payments as of December 31, 2017 are shown under inventories. The work in progress was valued at production cost.

The risk of default in trade receivables is low overall, as these are largely directed against major customers with a high credit rating.

As of December 31, 2017, equity shows an uncovered deficit of EUR 3,882 thousand. The deficit results primarily from high, non-cash depreciation on goodwill and the software discovered during the initial consolidation. The parent company, valantic GmbH, on the other hand, has positive equity. It is even more meaningful to consider economic equity as the sum of equity on the balance sheet and liabilities to shareholders, which are provided with a declaration of subordination. As of December 31, 2017, this economic equity amounted to EUR 17,422 thousand and thus 24.6% of the balance sheet total. As of December 31, 2016, it was EUR 16,212 thousand or 21.5%.

The need for provisions has decreased compared to the previous year, primarily due to the reduction in tax provisions. Except for a portion of EUR 12 thousand, the provisions are due in the short term.

Of the liabilities, EUR 15,477 thousand are due between 1 and 5 years and almost entirely relate to liabilities to banks. The liabilities to shareholders are subordinated to EUR 21,304 thousand and are just as long-term (> 5 years) as liabilities to banks amounting to EUR 8,125 thousand. The remaining liabilities under other liabilities are short-term. The change in other liabilities compared to the previous year is mainly due to the reduction in liabilities from parts of the purchase agreement.

The accounting for deferred tax liabilities is mainly based on the capitalization of intangible assets, which were recognized at fair value in the course of the acquisition of valantic Supply Chain Excellence AG and valantic Trading Solutions AG.

FORECAST, RISK AND OPPORTUNITY REPORT

FORECAST REPORT

The valantic management sees the current development in the digitization of business processes as a key growth driver for the coming years. This development strengthens the structural growth opportunities of the IT consulting and solutions market in general and valantic in particular, as valantic is an optimally positioned partner for existing and potential customers. In the area of large customers in particular, the management sees the opportunity for cross-group projects and thus a further expansion of cross-selling activities. Possible risks from the dependency on individual customers are manageable. The customer relationships with all major customers in the group are of a long-term nature and management does not expect any significant decline in sales for any of the top 10 customers. With the successful re-branding and the associated uniform appearance, the management expects additional opportunities in the acquisition of major projects, but also in the recruiting of new employees and thus an increase in operational growth.

Under the umbrella term of digitization, the areas of Customer Engagement and Commerce, Banking Automation, SAP S / 4HANA, Industry 4.0, Internet of Things and Artificial Intelligence / BigData will lead to a high and growing demand for IT services, consulting and solutions. valantic can demonstrate know-how in all of these areas and will benefit from economic growth in the DA-CH region as well as the strong growth in sales in the relevant markets. In the technological area, the management expects a strong increase in demand for SAP S / 4 HANA consulting; Here, too, valantic sees itself well positioned and can support customers with projects.

The fragmentation with ongoing consolidation of the German IT service market represents a significant opportunity for valantic. A significant company size and uniform branding are convincing arguments in customer discussions and represent an increasingly important competitive advantage in the context of new acquisitions. Numerous IT service companies are acquired by potential customers regarded as too small to be listed as a reliable business partner with "Preferred Supplier Status". For this reason, valantic is pursuing the goal of achieving the necessary size in the coming years through strong organic and inorganic growth in order to be able to act as a strong partner with more and more international corporations and leading medium-sized companies.

Valantic's goal is to achieve additional growth through further acquisitions in addition to the operational growth of the existing group companies. To this end, the management conducts ongoing discussions with potential new group companies. Based on the existing group companies, the group expects a slight increase in sales revenues and results in 2018 (EBIT-DA before special items and results from other periods). The EBITDA margin should also be increased slightly.

It cannot be ruled out that there will be deviations from the forecast due to one-off effects. If further acquisitions are made in the next year, the forecast could possibly be significantly exceeded.

Risk report

Liquidity and credit risks

To ensure the long-term success of the company, it is essential to identify risks and to eliminate or limit them through suitable control measures. Over time, valantic has introduced graded risk management and control systems at the level of the group companies and at the level of the group management. These are intended to support management in identifying risks and developments that jeopardize the continued existence of the company at an early stage. The risk management and control systems are further developed annually and adapted to the changed requirements of the group and its environment.

At the level of the competence center, board members and management teams act independently and independently. However, the controlling systems used in the individual companies and the management organizations in the companies ensure a high level of transparency, which enables timely information on the development of the competence centers. The work of the individual board members and managing directors is monitored and controlled by the group management via the corresponding control bodies such as supervisory boards and shareholders' meetings and also on the basis of ongoing monthly reports. The rules of procedure for the management of the group companies regulate information obligations and approval requirements. In addition, there is an intensive and regular exchange between the management of the individual group companies and with the group management. Group-wide, periodically meeting committees such as the Partner Committee, the Sales Board and a finance meeting serve the regular exchange of information and group transparency.

At valantic GmbH level, there is group or corporate controlling, the function and efficiency of which is regularly checked. This is systemically based on integrated planning, controlling and reporting instruments that ensure the ongoing business analysis of the individual companies through to the group. All company figures flow into the system at group level on a monthly basis.

The annual business planning in the sense of a budget to be approved for the following financial year - consisting of an income statement, budgeted balance sheet and financial plan - is based on bottom-up planning of the individual companies, which are presented in planning discussions with the management of valantic GmbH is discussed. The budget is supplemented by an annual plan for the two following years. The monthly target / actual analysis as well as the comparison with the respective period of the previous year enable adequate management of both the individual companies and the group. The results of the analyzes are discussed in a personal conversation with management, discussed possible deviations and, if necessary, decided on appropriate measures. An escalation process is defined for significant deviations from the planning, which provides for various measures such as immediate, more in-depth testing through to the initiation of restructuring steps. After the end of the first quarter of the following financial year, the planning will be reviewed as a whole and any need for adjustments will be determined.

Financial risks

Various risks arise from the obligation to service external financing. On the one hand, contractually agreed repayments must be made. In order to meet these payment obligations at all times, valantic IT Group GmbH must have appropriate liquidity available. The liquidity risk is limited due to the company's current financial position (earnings position, cash and cash equivalents and positive cash flow from operating activities). There is also a risk of interest rate changes, as the interest rate for external financing also consists of an interest margin and the EURIBOR. Interest cap transactions (CAP) were concluded to hedge an increase in EURIBOR, which limit the interest rate risk to a maximum of 2%. The management of valantic GmbH does not currently assume that this will result in a risk in the medium term.

A further risk in connection with the external financing can arise from the non-compliance or deterioration of the financial ratios listed in the loan agreement. However, both as of December 31, 2017 and during the year, valantic complied with all key financial figures with a sufficient margin from the upper and lower limits. For the future, valantic will continue to monitor compliance and receive an early indication through regular forecasts should changes arise here. However, the management currently sees only a very low risk, as the debt in relation to earnings power (EBITDA) has been reduced and at least constant results are expected for the future.

When investing any liquidity reserves, there is generally the risk that investments will fail due to the insolvency of a bank or another address. For this reason, the companies in the group ensure that their liquidity reserves are conservatively invested in banks. There is currently no investment in the form of securities etc. Ensuring the solvency of the valantic companies is an important corporate goal. With the implemented liquidity planning and control, possible bottlenecks are made transparent in good time and appropriate steps are initiated. As part of corporate planning, the liquidity and financing situation is forecast for the planning horizon of three years.

There is only a minor currency risk, as the majority of sales are converted into EUR and most of the cash and cash equivalents are held in EUR.

To finance the working capital, the operating companies have liquid funds and working capital financing in the form of an overdraft facility in sufficient amounts. The repayment of purchase price loans is geared towards the future profitability of the acquired subsidiaries.

Legal risks

As part of their operational business, the companies sometimes assume contractual liabilities and warranties in the contracts with their customers. These are partially covered by insurance or claims against third parties. Appropriate provisions are set up at the companies concerned for all legal risks and if specific risks arise from the contractual liabilities.

Regulatory Risks

Changes in legislation or in the interpretation of laws can affect the sales and profitability of the companies in the group. Should the legal requirements in Germany change, e.g. in the area of taxes and social security contributions, labor law, service or work contract law, this can lead to higher costs or higher liability risks for the company. Due to the fact that its business activities are still largely concentrated in Germany, there are currently no regulatory risks for the group arising from foreign legal systems and cultures.

In summary, the management sees valantic as very well positioned to manage the identified risks and to identify new risks at an early stage. In addition to the implemented processes, the group also benefits from the decentralized management structure in which managers and employees take on a lot of responsibility and therefore feel

Opportunity report

Employee

The group companies' appearance under a common brand has further increased the group's visibility and attractiveness. The opportunity to help shape the future success of the group and to work in a dynamic environment with short decision-making paths and a flat hierarchy attracts some of the most capable minds in the industry. In addition, the opportunity to work on complex and challenging projects is a strong incentive for new employees to become part of valantic. Valantic also invests constantly in further training and in management concepts, thus ensuring that both young and long-term employees can constantly develop and thus remain loyal to the group. This effect is reinforced by the long-time employment of the managers. Colleagues gained through acquisitions were quickly convinced of the advantages of belonging to a group. This includes, among other things, the diverse perspectives with regard to personal and professional development within the group. In order to be able to continue to stand up to the acute shortage of skilled workers and the advancing demographic change, valantic is also active in cooperation with universities in order to retain talent over the long term through the internship and trainee stages. Those gained through acquisitions were quickly convinced of the advantages of belonging to a group. This includes, among other things, the diverse perspectives with regard to personal and professional development within the group. In order to be able to continue to stand up to the acute shortage of skilled workers and the advancing demographic change, valantic is also active in cooperation with universities in order to retain talent over the long term through the internship and trainee stages. This includes, among other things, the diverse perspectives with regard to personal and professional development within the group. In order to be able to continue to stand up to the acute shortage of skilled workers and the advancing demographic change, valantic is also active in cooperation with universities in order to retain talent over the long term through the internship and trainee stages. This includes, among other things, the diverse perspectives with regard to personal and professional development within the group. In order to be able to continue to stand up to the acute shortage of skilled workers and the advancing demographic change, valantic is also active in cooperation with universities in order to retain talent over the long term through the internship and trainee stages. This includes, among other things, the diverse perspectives with regard to personal and professional development within the group. In order to be able to continue to stand up to the acute shortage of skilled workers and the advancing demographic change, valantic is also active in cooperation with universities in order to retain talent over the long term through the internship and trainee stages.

valantic has extensive technological know-how, especially in trend technologies. The described change in the IT market, which affects both IT companies and companies from traditional industries, opens up great sales potential for the group. The expertise in technological topics enables the valantic group companies to find access to new business areas with significant growth potential and thus to differentiate themselves from the competition. The anchoring of valantic in the German-speaking area and the medium-sized character is very much appreciated by customers and is a great advantage over competitors. But entering new market segments and regions through organic or acquisitive growth also creates new opportunities. The group is currently working on various IT solutions that have a high additional earnings potential.

The constant improvement of internal organization and cooperation is a high priority for valantic. The use of modern systems and well thought-out processes makes it possible to work together efficiently across groups. The introduction of further systems holds great potential. The priority here is the sharing of know-how and available resources as well as the intensification of existing and new customer relationships and the successful implementation of customer projects.

In addition to the core markets of Germany, Austria and Switzerland, other countries also offer potential for growth. Further growth opportunities are opening up internationally, especially in the area of own solutions. When working with service providers in the nearshore area, there may be an option to support the desired growth. A successful collaboration is already taking place in individual projects. The main criteria here are reliability, quality and also a cultural fit. The management of the group continuously reviews both cases, taking into account opportunities and risks.

In the 2018 financial year, valantic should also grow through acquisitions, as these represent an important part of the corporate strategy and development. In addition to the risks from acquisitions described, these also represent a significant opportunity to accelerate growth for the further, targeted and strategic development of the group. The focus of acquisition activities is on medium-sized IT companies whose business model has already proven itself in the past as these companies will benefit most from joining a larger group. The management of va-lantic GmbH holds numerous discussions about this every year.

In summary, it can be stated that the overall risk to which valantic is exposed can be viewed as limited and manageable, taking into account the risk management used. The group-wide risk management system and the associated organizational measures enable the management to find out about risks promptly in order to initiate appropriate measures. At the time this report was completed, there were no existential risks. On the other hand, the structures were further optimized in the past financial year in order to be able to use the existing opportunities successfully. This applies to the development of additional employees through joint recruiting in the group, the development of new solutions for customers and the use of synergy potential. All of these measures were covered by the step of appearing under a new brand. In addition, the positive operational development is additionally reinforced by potential future acquisitions.

The management sees valantic as very well positioned. The current service portfolio is geared to the needs of customers in the context of digitization and is optimally supported by the flexible organizational structure. Overall, the management expects the positive development of recent years to continue in the future.

Munich, May 14, 2018

Dr. Holger von Daniels, managing director

Joachim Lauterbach, managing director

Consolidated balance sheet as of December 31, 2017 and 2016

ASSETS

	December 31, 2017 TEUR	December 31, 2016 TEUR
A. FIXED ASSETS		
I. Intangible Assets		
1. Purchased software	7,847	10,460

	December 31, 2017 TEUR	December 31, 2016 TEUR
2. Goodwill	25,651	29,087
	33,498	39,547
II. Tangible assets		
Operating and office equipment	1,267	1.317
	1,267	1.317
III. Financial assets		
Cooperative shares	0	0
	0	0
Total fixed assets	34,765	40,864
B. CURRENT ASSETS		
I. Inventories		
1. Work in progress	1,568	624
2. Goods	349	263
3. Advance payments made	10	34
	1.927	922
II. Receivables and other assets		
1. Trade accounts receivable	15,060	12,361
2. Other assets	744	1,190
	15,803	- 13,551
III. Other securities		
Other securities	-	48
	-	48
IV. Cash in hand and bank balances	13,849	15,320
Total current assets	31,579	29,841
C. PREPAID EXPENSES	739	832
D. DEFECTIVE AMOUNT NOT COVERED BY EQUITY	3,882	3,998
	70.964	75,534

LIABILITIES

	December 31, 2017 TEUR	December 31, 2016 TEUR
A. EQUITY		
I. Drawn capital	100	100
II. Difference in equity from currency conversion	- 112	119
III. Consolidated balance sheet loss	- 3,994	- 4,217
IV. Non-controlling interests	125	-
V. Deficit not covered by equity	3,882	3,998
Total equity	-	-
B. PROVISIONS		
1. Provisions for pensions and similar obligations	317	436
2. Tax provisions	842	1,637
3. Other provisions	11,490	10,917
Total provisions	12,649	12,990
C. LIABILITIES		
1. Liabilities to banks	23,796	25,444
2. Advance payments received on orders	1,949	1,161
3. Trade accounts payable	4,040	4,245
4. Liabilities to shareholders	21.304	20,210
- of which loans with subordination: EUR 17,534 thousand; Previous year: EUR 17,534 thousand		
- of which bullet interest liabilities with subordination: EUR 3,770 thousand; Previous year: EUR 2,677 thousand		
5. Other Liabilities	3,859	6,872
Total liabilities	54,948	57,932
D. PREPAID EXPENSES	1,069	1,527
E. PASSIVE DEFERRED TAXES	2,298	3,086
	70.964	75,534

Consolidated income statement for the 2017 and 2016 financial years

	2017 kEUR	2016 kEUR
1. Sales	78,979	65,680
2. Increase in the number of work in progress	937	185
3. Other operating income	1,734	890
4. Cost of materials		
a) Expenses for purchased goods	3,960	3,776
b) Expenses for purchased services	11,884	9,275
5. Personnel expenses		
a) Wages and salaries	37,622	31,301
b) Social security and pension and support expenses	5,501	4,503
6. Depreciation		
a) on intangible and tangible fixed assets (excluding goodwill and software acquired as part of the initial consolidation)	695	698
b) on software acquired as part of the initial consolidation	2,580	1,670
c) on the goodwill	3,792	3,621
7. Other operating expenses	11,776	10,045
8. Income from other securities	1	1
9. Other Interest and Similar Income	11	16
10. Interest and Similar Expenses	2,131	2,770
11. Taxes on income and earnings	1,475	1,376
12. Profit after tax	248	- 2,263
13. Other taxes	21st	17th
14. Consolidated net income / consolidated net loss	227	- 2,280
15. Non-controlling interests	- 4th	-
16. Group loss carryforward	- 4,217	- 1,937
17. Consolidated balance sheet loss	- 3,994	- 4,217

CONSOLIDATED CASH FLOW STATEMENT FOR the 2017 financial year

	2017 kEUR
Consolidated net income	227
+ Depreciation on fixed assets	7,067
- Decrease in provisions	- 50
- Increase in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	- 3,475
+ Increase in trade payables and other liabilities that cannot be allocated to investing or financing activities	241
- Profits from the disposal of fixed assets	- 294
+ Interest income	2,120
+ Income tax expense	1,475
- Income tax payments	- 2,968
Cash flow from operating activities	4,342
- Payments for investments in intangible assets	- 76
- Payments for investments in property, plant and equipment	- 547
+ Payments from disposals from the scope of consolidation	416
- Payments of purchase price shares from companies not acquired in the financial year	- 2,893
+ Interest received	11
Cash flow from investing activities	- 3,088
- Payments from the repayment of financial loans	- 1,670
- Interest paid and similar expenses	- 855
Cash flow from financing activities	- 2,525
Change in cash funds affecting cash	- 1,272
+ / - Changes in financial resources due to exchange rates	- 222
+ Financial resources at the beginning of the year	15,068
Financial resources at the end of the year	13,574
Composition of financial resources [T €]	December 31, 2017
Cash and bank balances	13,849
- Current account liabilities to banks	- 275
Financial resources at the end of the year	13,574

CONSOLIDATED STATEMENT OF EQUITY 2017

	Subscribed capital EUR thousand	Parent Company Equity (MU) differences from currency translation EUR thousand	Equity EUR thousand	Group loss carryforward EUR thousand
As of 01/01/2016	100		88	- 1,937
Currency conversion	-		31	-
Group result	-		-	-
As of 01/01/2017	100		119	- 1,937
Appropriation of earnings	-		-	- 2,280
Sale to minorities	-		-	-
Currency conversion	-		- 232	-
Group result	-		-	-
As of December 31, 2017	100		- 112	- 4,217

	Annual result of the parent company TEUR	Parent Company Equity (MU) Difference for the lower consolidated result compared to the MU EUR thousand	Sum of TEUR
As of 01/01/2016	-	-	- 1,749
Currency conversion	-	-	31
Group result	- 90	- 2,189	- 2,280
As of 01/01/2017	- 90	- 2,189	- 3,998
Appropriation of earnings	90	2,189	-
Sale to minorities	-	-	-
Currency conversion	-	-	- 232
Group result	368	- 145	223
As of December 31, 2017	368	- 145	- 4,006

	Minority interests before consolidated earnings and currency translation EUR thousand	Non-controlling interests (minorities) Consolidated earnings attributable to minorities EUR k	Currency conversion attributable to minorities in EUR thousand	Sum of TEUR
As of 01/01/2016	-	-	-	-
Currency conversion	-	-	-	-
Group result	-	-	-	-
As of 01/01/2017	-	-	-	-
Appropriation of earnings	-	-	-	-
Sale to minorities	122	-	-	122
Currency conversion	-	-	- 1	- 1
Group result	-	4th	-	4th
As of December 31, 2017	122	4th	- 1	125

	Group equity TEUR
As of 01/01/2016	- 1,749
Currency conversion	31
Group result	- 2,280
As of 01/01/2017	- 3,998
Appropriation of earnings	-
Sale to minorities	122
Currency conversion	- 232
Group result	227
As of December 31, 2017	- 3,882

Additional information on group equity as of December 31, 2017: *

of which available for distribution to the shareholders:	KEUR 43
of which subject to statutory distribution bans:	KEUR 0
of which subject to a distribution block according to the articles of association:	KEUR 0

* these details refer to the parent company, valantic GmbH

Notes to the consolidated financial statements for the 2017 financial year

I. General information

Valantic GmbH (formerly DABERO Service Group GmbH; parent company) is based in Munich and is listed in the commercial register of the Munich Local Court under the registration number HRB 199123. The consolidated financial statements of valantic GmbH for the group financial year from January 1 to December 31, 2017 are prepared on the assumption that the company will continue as a going concern and in accordance with the provisions of Sections 290 ff. Of the German Commercial Code (HGB).

The going concern results, despite the negative group equity, by the positive equity of the parent company and by the subordination agreement of the shareholders regarding the shareholder loans to valantic GmbH and the positive continuation prognoses for the group companies.

In order to improve the clarity of the presentation, from which notations are given in the appendix, if permitted.

II. Consolidation

Scope of consolidation

In addition to the financial statements of valantic GmbH, the financial statements of the subsidiaries listed below are included in the consolidated financial statements. The annual financial statements of the subsidiaries included are drawn up as of the parent company's reporting date.

The structure, approach and valuation are carried out in the scope of consolidation according to uniform group regulations.

The shareholdings in accordance with Section 313 (2) HGB can be seen in the following overview:

No company	Seat	Shares in capital in%	currency
1. valantic GmbH	Munich	100%	EUR
Direct investments by valantic GmbH			
2. valantic T Group GmbH	Munich	100% *	EUR
3. valantic MP GmbH & Co. KG	Mannheim	92%	EUR
4. valantic MP Verwaltungs GmbH	Munich	100%	EUR
Indirect holdings through dependent subsidiary			
5. valantic .more GmbH	Munich	100%	EUR
6. valantic Operation 1 GmbH	Munich	100%	EUR
7. valantic Operation 2 GmbH	Munich	100%	EUR
8. valantic BS GmbH	Saint Augustine	100%	EUR
9. valantic Trading Solutions AG	Magdeburg	100%	EUR
10. valantic Business Analytics GmbH	Hamburg	100%	EUR
11. valantic Supply Chain Excellence AG	Munich	100%	EUR
12. valantic ERP Services AG	Langenfeld +	100%	EUR
13. valantic CEC Germany GmbH	Mannheim	100%	EUR
14. quadracon GmbH	Mannheim	100%	EUR
15. valantic CEC Schweiz AG	St. Gallen (CH)	100%	CHF
16. valantic .more AT GmbH	Vienna (AT)	100%	EUR
17. valantic Financial Services GmbH	Frankfurt am Main	100%	EUR
18. novem business services AG	Hamburg	100%	EUR
19. valantic Business Analytics Swiss AG	Zurich (CH)	100%	CHF

* 10% of which indirectly through valantic MP GmbH & Co. KG

The main changes in the scope of consolidation in the reporting year relate to:

- By merger agreements of July 20, 2017, Wassermann Expert Services GmbH became valantic Supply Chain Excellence AG (formerly Wassermann Unternehmensberatung AG) and movento digital GmbH became valantic CEC Deutschland GmbH (formerly: movento GmbH) with effect from January 1st Merged retrospectively in 2017.
- Valantic MP GmbH & CO was founded on August 3, 2017. KG, Mannheim, and valantic MP Verwaltungs GmbH through the parent company. In the valantic MP GmbH & CO. KG shares in valantic IT Group GmbH with a nominal value of € 2,500.00, thus a stake of 10%, were inserted.
- On August 23, 2018, the parent company sold 7.8% of the shares in valantic MP GmbH & CO. KG to minority shareholders.
- On December 4th, 2017, the founding of valantic Operation 1 GmbH and valantic Operation 2 GmbH was notarized by the parent company. The entry in the commercial register was made on December 14, 2017.

The changes in the scope of consolidation do not have any significant effects on comparability with the previous consolidated financial statements.

Consolidation Methods

When preparing the consolidated financial statements, the regulations on capital consolidation (Section 301 HGB), debt consolidation (Section 303 HGB), elimination of interim results (Section 304 HGB), expense and income consolidation (Section 305 HGB), deferred taxes (Section 306 HGB) and currency conversion (§ 308a HGB) are observed.

The capital consolidation (initial consolidation) was carried out according to the revaluation method (Section 301 (1) sentence 2 HGB). The acquisition costs of the shares in the subsidiaries included are offset against the proportionate net assets based on the fair values of the assets and liabilities taken over from these companies at the time

of initial consolidation. Any difference remaining after offsetting is reported as goodwill. If third-party shares are acquired during the group financial year, the difference on the acquisition date is determined and allocated to the existing goodwill.

The sale of shares in subsidiaries without losing their status as a subsidiary is shown as a sale process.

Receivables and liabilities between the companies included in the consolidated financial statements have been offset against each other. Intra-group sales and other income are offset against the corresponding expenses. There are no significant interim results from business transactions between included companies.

When converting the annual financial statements drawn up in a foreign currency, all assets and liabilities, with the exception of capital, are converted at the closing rate. The capital is converted at historical rates. The income statements are converted using the monthly average rates. Any resulting conversion difference is shown in equity under the item "Equity difference from currency conversions" in accordance with Section 308a of the German Commercial Code (HGB).

III. Accounting and valuation methods

The following accounting and valuation methods are used in the consolidated financial statements: Assets and debts are generally valued individually.

assets

Software developed in-house, which is partially capitalized at production cost (development cost) at individual company level, is not included in the balance sheet determination at group level.

Intangible fixed assets purchased from third parties are capitalized at cost and depreciated on a straight-line basis over their expected useful life, pro rata temporis in the year of acquisition. Computer programs acquired for a fee are usually amortized over a normal useful life of 5 years.

Goodwill is amortized on a straight-line basis over its normal useful life of 10 years. Valantic GmbH sees the useful life at 10 years, as the acquired companies have an above-average market and competitive position. By implementing your products for customers with long-term or usually annually renewing service contracts, there is a high level of security with regard to future income. In addition, the acquired group companies have a very good market position due to their positioning in subject areas with constantly increasing requirements, such as banking regulations or the documentation and information obligation in the telecommunications industry.

Tangible assets are generally valued at acquisition or production cost, insofar as they can be worn down, less scheduled depreciation. The additions are valued at the cost of acquisition or production cost that must be capitalized. Depreciation on additions to property, plant and equipment is always pro rata temporis.

In the case of property, plant and equipment with temporary use, straight-line depreciation is carried out over the normal useful life. The tax depreciation tables are used to estimate the normal useful lives and, provided that the useful lives specified there lie within the estimation framework that is justifiable under commercial law, are taken into account.

With regard to the accounting for low-value assets, the tax regulation of Section 6 (2) EStG is applied under commercial law. Acquisition or production costs of wear-and-tear moveable fixed assets that are capable of independent use are recognized in full in the financial year of acquisition, production or contribution. Irrespective of whether the use is limited in time, impairment losses are made to the lower fair value in the event of a likely permanent decrease in value of fixed assets. If the reason for an unscheduled depreciation no longer applies,

The orders in progress that have not yet been billed on December 31, 2017, are valued at an hourly rate determined on the basis of commercial production costs in accordance with Section 255 (2) HGB.

The goods are valued at acquisition cost.

Receivables and other assets are valued at their nominal value, taking into account the lowest value principle.

Cash in hand and bank balances are shown at their nominal value.

Expenses before the balance sheet date are recognized as prepaid expenses insofar as they represent expenses for a certain period after this point in time.

liabilities

The parent company's share capital is recognized as subscribed capital at nominal value.

The provisions are valued in the amount of the settlement amount required according to prudent business judgment. The other provisions contain all identifiable risks and uncertain liabilities up to the date of the preparation of the balance sheet. They cover obligations that are identifiable in terms of reason, but are indefinite in terms of their amount or when they will occur.

Provisions have been set up for contingent pension obligations. The existing pension obligations are shown in accordance with actuarial reports after offsetting them against the plan assets. When determining the actuarial liability amount, the "projected unit credit method" was applied in each case.

The following assumptions were made for the calculations:

Interest rate:	3.68%
	or 3.71%
Expected wage and salary increases:	0.00%
Underlying mortality table:	2005 mortality tables
	G by Prof. Dr.
	Klaus Heubeck

The pension obligations of valantic IBS GmbH were valued according to IDW RS HFA 30 at their acquisition costs.

The liabilities are stated at their settlement amount.

Income before the balance sheet date is recognized as deferred income, insofar as it represents sales for a certain period after this point in time.

Foreign currency conversion

Assets and debts denominated in foreign currencies are converted in accordance with Section 256a of the German Commercial Code (HGB) at the mean spot exchange rate on the reporting date, and the resulting exchange rate differences are shown in income and expenses.

Deferred taxes

Deferred taxes are accounted for on temporary differences between tax and commercial law accounting values with a group-wide average tax rate of 30.0%. On the liabilities side, there are temporarily different valuations due to different legal regulations in commercial and tax law at the level of the financial statements included in the consolidated financial statements and due to consolidation measures. The differences are mainly based on the values of software products determined as part of the revaluation.

IV. Notes on the consolidated balance sheet

Capital assets

The development of the individual items of fixed assets and depreciation are shown in the following schedule:

DEVELOPMENT OF THE GROUP FIXED ASSETS FROM DECEMBER 31, 2016 TO DECEMBER 31, 2017

	Acquisition and production costs				
	12/31/2016 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Currency differences EUR thousand	12/31/2017 EUR thousand
I. Intangible Assets					
1. Purchased software	15,394	78	8th	- 3	15,460
2. Goodwill	37,431	356	0	0	37,787
	52,826	433	8th	- 3	53,247
II. Tangible assets					
Operating and office equipment	5,758	547	151	- 23	6.130
III. Financial assets					
Cooperative shares	0	0	0	0	0
	58,584	980	159	- 26th	59,378
	Depreciation				
	12/31/2016 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Currency differences EUR thousand	12/31/2017 EUR thousand
I. Intangible Assets					
1. Purchased software	4,934	2,690	8th	- 3	7,613
2. Goodwill	8,345	3,792	0	0	12,137
	13,279	6,481	8th	- 3	19,750
II. Tangible assets					
Operating and office equipment	4,441	585	150	- 13	4,863
III. Financial assets					
Cooperative shares	0	0	0	0	0
	17,720	7,067	158	- 16	24,613
	Residual book values				
			12/31/2017 EUR thousand		12/31/2016 EUR thousand
I. Intangible Assets					
1. Purchased software			7,847		10,460
2. Goodwill			25,651		29,087
			33,498		39,547
II. Tangible assets					
Operating and office equipment			1,267		1.317
III. Financial assets					
Cooperative shares			0		0
			34,765		40,864

Company Value

The additions to goodwill relate to over-fulfillment of earn-out agreements by companies not acquired in the financial year.

Receivables and other assets

All trade receivables (as in the previous year) have a remaining term of less than one year. Of the other assets, EUR 57 thousand (previous year: EUR 0) have a remaining term of more than one year.

Equity

The development of equity can be found in the consolidated equity statement (Annex V).

accruals

The pension provisions amount to EUR 317 thousand (December 31, 2016: EUR 436 thousand). The settlement amount of the pension provisions was EUR 817 thousand as of December 31, 2017. The plan assets valued at fair value in accordance with Section 253 (1) sentence 4 HGB and offset against the pension provisions in accordance with Section 246 (2) sentence 2 HGB amounted to EUR 500 thousand on the balance sheet date. The fair value of the plan assets corresponds to the amortized acquisition costs in accordance with Section 255 Paragraph 4 Clause 3 HGB.

The other provisions (EUR 11,490 thousand; December 31, 2016: EUR 10,917 thousand) mainly include personnel provisions, variable purchase price components, provisions for vacation and overtime, provisions for warranties, costs for the annual financial statements, outstanding invoices and archiving costs. Of the other provisions, EUR 12 thousand (December 31, 2016: EUR 3,003 thousand) have a remaining term of more than one year.

liabilities

Type of liability	Total amount	thereof with a remaining maturity
-------------------	--------------	-----------------------------------

Type of liability	Total amount KEUR	of up to one year kEUR	of more than one year kEUR	of more than five years kEUR
1. Liabilities to banks	23,796	1,688	13,983	8,125
(Previous year)	(25,444)	(1,921)	(13,436)	(10,087)
2. Advance payments received on orders	1,949	1,949	0	0
(Previous year)	(1,161)	(1,161)	(0)	(0)
3. Trade accounts payable	4,040	4,040	0	0
(Previous year)	(4,245)	(4,245)	(0)	(0)
4. Liabilities to shareholders	21.304	0	0	21.304
(Previous year)	(20,210)	(0)	(0)	(20,210)
5. Other Liabilities	3,859	2,365	1,494	0
(Previous year)	(6,872)	(6,412)	(460)	(0)
total	54,948	10,042	15,477	29,429
(Previous year total)	(57,932)	(13,740)	(13,898)	(30,293)

The liabilities to banks relate to EUR 23,500 thousand (December 31, 2016: EUR 25,167 thousand) mainly loans taken out to finance the acquisition of the operating companies, as well as overdraft facilities of EUR 275 thousand (December 31, 2016: EUR 252 thousand). The following essential securities were provided for the loans:

- Pledging of shares or shares in the major subsidiaries
- Global assignment of receivables, claims and rights (including those from deliveries and services and insurance, loans and corporate contracts) of the main subsidiaries,
- Pledging of credit accounts at banks of the main subsidiaries as well
- Assignment of intangible rights of valantic Trading Solutions AG and valantic Supply Chain Excellence AG

The risk of a claim on the collateral is estimated to be very low, since valantic GmbH receives sufficient cash flows to service the loans via the subsidiaries.

The liabilities to shareholders in the amount of EUR 21,304 thousand (December 31, 2016: EUR 20,210 thousand) relate to a large extent (EUR 17,534 thousand; December 31, 2016: EUR 17,534 thousand) to loans, which in addition to the loans to banks in the context of the acquisition of the individual operational Units were added. These are all provided with a subordination and pay interest at a final rate of 6% pa. The liabilities are other liabilities.

Other liabilities include tax liabilities of EUR 1,849 thousand (December 31, 2016: EUR 1,978 thousand) and social security liabilities of EUR 262 thousand (December 31, 2016: EUR 282 thousand). All other liabilities from taxes and social security have a remaining term of less than one year.

Deferred taxes

On the liabilities side, there are temporarily different valuations due to different legal regulations in commercial and tax law at the level of the financial statements included in the consolidated financial statements and due to consolidation measures. The differences are mainly based on the software products determined during the revaluation. A group-wide average tax rate of 30.0% is used to determine deferred taxes.

The deferred tax liability on the balance sheet date was EUR 2,298 thousand (December 31, 2016: EUR 3,086 thousand). The change affecting earnings in the amount of EUR 788 thousand is essentially based on a reduction in the commercial law valuations of the software products determined as part of the revaluation through their scheduled depreciation.

V. Notes on the income statement

The consolidated profit and loss account is structured according to the total cost method. The sales can be broken down as follows:

	2017 KEUR	%
country		
Germany	62,132	79%
Switzerland	9,299	12%
Austria	2,394	3%
Great Britain	2,248	3%
Czech Republic	1,940	2%
Others	966	1 %
total	78,979	100%

The other operating income mainly includes offset payments in kind and the release of provisions and value adjustments, income from insurance payments and profits from the sale of financial assets. Income from currency translation amounts to EUR 15 thousand (2016: EUR 11 thousand), income from other accounting periods is EUR 536 thousand (2016: EUR 179 thousand). Of the income unrelated to the accounting period, EUR 212 thousand (2016: EUR 0 thousand) relate to the reversal of a pension provision.

Personnel expenses include expenses for old-age pensions in the amount of EUR 258 thousand (2016: EUR 167 thousand).

Other operating expenses include expenses unrelated to the accounting period in the amount of EUR 29 thousand (2016: EUR 12 thousand) and expenses from currency translation in the amount of EUR 14 thousand (2016: EUR 42 thousand).

Other interest and similar income comes from bank balances with EUR 6k (2016: EUR 13k).

Interest and similar expenses come with EUR 1,094 thousand (2016 EUR 1,086 thousand) from shareholder loans and EUR 813 thousand (2016 EUR 722 thousand) from bank and other loans. EUR 30 thousand (2016: EUR 900 thousand) similar expenses were due as a one-off fee to the financing banks as part of the refinancing. The discounting of provisions results in expenses of EUR 149 thousand (2016: EUR 44 thousand).

Taxes on income and earnings without deferred taxes amount to EUR 2,260 thousand (2016: EUR 1,870 thousand). The change in recognized deferred taxes resulted in income of EUR 785 thousand (2016: EUR 494 thousand).

VI. Notes on the cash flow statement

In the cash flow statement, the cash flows are broken down according to DRS 21 of the German Accounting Standards Committee eV according to business, investment and financing activities.

The payments from companies not acquired in the financial year with purchase price components relate to earn-out payments, which are due when the results specified at the time of purchase are achieved. The financial resources include the items in cash and bank balances minus current account lines that have been used. Of the credit balance, EUR 75 thousand (December 31, 2016: EUR 80 thousand) on deposit accounts are not immediately available. The credit accounts at banks are available as collateral in the ordinary course of business, despite their predominant pledging.

VII. Additional information**Average number of employees**

In addition to a managing director, an average of 531 employees (previous year: 449) were employed in the financial year. As of December 31, 2017, 17 of these were employed on the management board or in the management of the operating subsidiaries.

Contingent liabilities and other financial obligations

In the past, the Group has received funding of EUR 2,115 thousand from the public sector, which could be reclaimed in whole or in part in the event of violations of the conditions specified in the approval notice (in particular the creation of 23 permanent jobs). According to current estimates, recovery is very unlikely as the funding period has already expired and all requirements have been met at national level. Only a possible examination at European level could lead to a reclaim.

The total amount of other financial obligations for the following 5 years amounts to EUR 7,438 thousand, of which EUR 2,528 thousand for the following year.

Auditor's fee

The auditor's fees for auditing services amounted to EUR 82 thousand (2016: EUR 51 thousand) in the financial year. In the financial year, provisions of EUR 0 thousand (2016: EUR 2.5 thousand) were set aside for tax advisory services; expenses included EUR 58 thousand (2016: EUR 33 thousand) for other services.

Supplementary report

On January 15, 2018, Joachim Lauterbach, Königstein, was appointed as the other managing director of the parent company. No other events of particular importance with a material impact on the earnings, financial or asset situation occurred after the end of the financial year.

Proposal for the use of results

The result of the parent company is to be carried forward to the new account.

Managing directors

The management includes:

- Dr. Holger von Daniels; München, Betriebswirt
- Joachim Lauterbach (ab 15. Januar 2018); Königstein, Betriebswirt

Die Geschäftsführer sind einzelvertretungsberechtigt und von den Beschränkungen des §181 BGB befreit.

Hinsichtlich der Angabe zu den Geschäftsführerbezügen (§ 314 Abs. 1 Nr. 6 HGB) wird von der Ausnahmeregelung analog §286 Abs. 4 HGB Gebrauch gemacht.

München, den 14. Mai 2018

Dr. Holger von Daniels, Geschäftsführer

Joachim Lauterbach, Geschäftsführer

Bestätigungsvermerk des Abschlussprüfers

Wir haben den von der valantic GmbH, München, aufgestellten Konzernabschluss zum 31. Dezember 2017 - bestehend aus Bilanz, Gewinn- und Verlustrechnung, Anhang, Kapitalflussrechnung, Eigenkapitalspiegel - und den Konzernlagebericht für das Geschäftsjahr vom 1. Januar bis zum 31. Dezember 2017 geprüft. Die Aufstellung von Konzernabschluss und Konzernlagebericht nach den deutschen handelsrechtlichen Vorschriften liegt in der Verantwortung der gesetzlichen Vertreter der Gesellschaft. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Konzernabschluss und den Konzernlagebericht abzugeben.

Wir haben unsere Konzernabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Konzernabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und durch den Konzernlagebericht vermittelten Bildes der Vermögens-Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld des Konzerns sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben im Konzernabschluss und Konzernlagebericht überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der Jahresabschlüsse der in den Konzernabschluss einbezogenen Unternehmen, der Abgrenzung des Konsolidierungskreises, der angewandten Bilanzierungs- und Konsolidierungsgrundsätze und der wesentlichen Einschätzungen der gesetzlichen Vertreter sowie die Würdigung der Gesamtdarstellung des Konzernabschlusses und des Konzernlageberichts. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet.

Unsere Prüfung hat zu keinen Einwendungen geführt.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Konzernabschluss den gesetzlichen Vorschriften und vermittelt unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Ertrags-, Vermögens- und Finanzlage des Konzerns. Der Konzernlagebericht steht in Einklang mit dem Konzernabschluss, entspricht den gesetzlichen Vorschriften und vermittelt insgesamt ein zutreffendes Bild von der Lage des Konzerns und stellt die Chancen und Risiken der zukünftigen Entwicklung zutreffend dar.

Hamburg, 18. Mai 2018

AC CHRISTES & PARTNER GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Christes, chartered accountant

Schulze, auditor

Approval of the consolidated financial statements

The 2017 consolidated financial statements were approved at the shareholders' meeting on June 29, 2018.
