

## Search Result

arago GmbH	Accounting /	Annual financial statements for the business year	07/03/2018
<b>Surname</b>	<b>Area</b>	<b>information</b>	<b>V. date</b>

### arago GmbH

Frankfurt am Main

## Annual financial statements as of December 31, 2015 and management report

### Management report for the 2015 financial year

#### I. Foundations of society

##### 1. Business model

Arago GmbH is held by private and institutional investors.

The headquarters of arago GmbH and its subsidiary arago automation consulting GmbH are located in Frankfurt am Main. Arago GmbH also has a branch in England (Exeter) and a newly established subsidiary, arago US Inc., based in Wilmington, Delaware, and offices in New York in the United States of America.

The company has specialized in the automation of IT operations. The core business of arago GmbH is the development and licensing of software products that enable customers to optimize their external and internal processes. It uses modern technologies such as artificial intelligence and machine learning to automatically operate the entire IT stack, from the infrastructure to individual applications and heterogeneous IT environments. The core product HIRO (known as Autopilot until February 24, 2016) is a knowledge-based automation solution that enables companies to

While the German sales organization of arago GmbH covers the EMEA area, the American sales organization covers the area of the American double continent.

##### 2. Development and research

The arago development and research team grew from 14 to 21 people in the 2015 financial year. Their activities were primarily focused on the core product HIRO, the knowledge community TabTab and the implementation of other technologies. After the first publication in spring 2015, the semantic data platform GraphIT was rolled out globally. Furthermore, in December there was a release of HIRO version 5.3.1, with a variable concept and a new knowledge item language that enables easier understanding and better cooperation between company departments. In addition, new functionalities including the AutoInstaller, the new customer portal HIRO Dashboard and a revised Knowledge Item (KI) editor has been published. In addition, the development team concentrated on the refinement of the user interface and began to develop the ConnectIT framework, which serves as a connection abstraction for the business processes to GraphIT.

The HIRO knowledge community TabTab, which was only established in 2014, made significant progress.

A critical mass of content was generated and functionalities added to solve problems collaboratively by dividing them and translating them into knowledge items. Furthermore, functionalities have been added that allow a so-called peer review of the stored knowledge.

As in the previous year, the cooperation with the Institute for Distributed Systems at the University of Ulm should be emphasized in the research area. The aim of the research work is primarily the topics of distributed, event-based processing in graph databases, which are initially to be published as scientific papers and later incorporated into the product development of GraphIT and HIRO. In addition, arago GmbH started a new research project in cooperation with the Fraunhofer Institute for Graphic Data Processing, which was successfully completed in the financial year. The aim of the project was the prototypical implementation of an integrated visualization and analysis surface,

In addition, arago GmbH started a new collaboration with Cogia Intelligence GmbH with a focus on semantic analysis of HIRO tickets. The primary goal of the research project is to automatically trigger actions in HIRO, such as the extrapolation of technical and numerical ticket data with text data.

#### II. Economic report

##### 1. Macroeconomic and industry-specific framework conditions

The German inflation-adjusted gross domestic product (GDP) was 1.7% higher than in the two previous years, in which GDP growth was 1.5% (2014) and 0.2% (2013).

In 2015, German private consumption rose by 0.2% on an annual average compared to the previous year. The inflation rate was again lower than in the two previous years (2014: 0.9%; 2013: 1.5%). The annual average unemployment rate fell again in 2015 compared to the previous year from 6.7% to 6.4%.

In 2015 the world economy grew by 3.1% compared to the previous year.

Arago GmbH's customers come from various branches of industry across the globe.

The current market share of arago GmbH is still small, so that macroeconomic data hardly reflect the business development.

The increase in software spending in Germany was forecast to be 6.8% in 2015. The increase in global spending on software was estimated at 6.7% in 2015.

##### 2. Business development in 2015

The course of business in 2015 was not satisfactory, but significant changes were made to bring about a positive development.

In particular, the following changes were made:

- Establishment of a subsidiary in the United States
- Expansion of the sales and implementation team at arago GmbH from 5 to 17 employees
- Hiring of a Chief Marketing Officer, a Chief Financial Officer and a Head of Sales for EMEA
- Significant expansion of our pipeline of customer orders and further awareness of our brand

### 3. Location of the company

#### a) Earnings position

In the 2015 financial year, sales were EUR 3,204 thousand (previous year: EUR 10,963 thousand), which is 71% lower than in the previous year. The company did not sell any HIRO licenses in the financial year and at the same time had a sharp decline in sales for contracts based on time and material expenditure.

The annual loss for the financial year in the amount of EUR 7,890 thousand represents a decrease compared to the previous year (EUR 459 thousand surplus) of EUR 8,349 thousand. Investments in the company's operational structures are the main reasons for this development. The gross margin (sales revenues less cost of materials) decreased from 76% to 41%.

Personnel expenses increased significantly from EUR 4,329 thousand in 2014 to EUR 5,853 thousand in 2015, which corresponds to an increase of 35%. The expansion in the area of personnel is due to the global market launch of HIRO.

The company also established a US subsidiary as part of the market launch of HIRO, which will increase the operating cost base for the arago group during the time of market launch until sales are generated with HIRO.

#### b) Financial position

The financial situation is relatively stable and typical for a company in the transition from the "start-up" to the "take-off" phase. Thanks to the contributions made by the investor in 2014, equity amounts to EUR 22,620 thousand or 95% of the balance sheet total (previous year: 93%). Excess funds are broadly invested in various investments in fixed and current asset securities. The returns and interest rates differ for each investment.

The cash and cash equivalents fell significantly compared to the previous year from EUR 26,956 thousand to EUR 14,870 thousand, which is due to the costs incurred in relation to the introduction of HIRO and the decline in the operating cash flow in the area of services based on time and material expenditure.

#### c) Financial position

As of December 31, 2015, the balance sheet total was EUR 23,899 thousand, a decrease of 27% compared to the previous year. This decline is mainly due to the decline in sales, as described above, and the decline in liquid funds. The tangible assets increased from KEUR 114 to KEUR 149. The intangible assets increased from KEUR 1 to KEUR 299, due to investments in a new ERP system.

Trade accounts receivable fell from EUR 2,225 thousand to EUR 554 thousand due to the decline in business with services billed at cost.

The company has share capital of EUR 114 thousand and a capital reserve of EUR 26,983 thousand. The equity ratio is 95% taking into account the profit carried forward in the amount of EUR 3,400 thousand and an annual deficit for the year of EUR 7,890 thousand. The equity ratio reflects the absence of outside capital and the dependency on shareholder capital.

### 4. Financial performance indicators

The return on sales in 2015 was negative 246.3% (previous year: + 4.2%). Due to the capital contribution by the investor in 2014 and the decrease in net profit in 2015, the return on equity was a negative 34.9% in 2015 (previous year: + 1.5%).

### 5. Overall statement

The 2015 financial year was a disappointing year for arago GmbH. However, meaningful changes have been made to the operating model which management believes will contribute to positive growth for HIRO in 2016 and beyond.

### III. Supplementary report

There were no significant events after the end of the reporting period.

### IV. Opportunity and risk report and forecast report

#### 1. Forecast report

In view of the economic situation, our previous performance and our order capacity, arago GmbH expects a significant increase in earnings in the future. On the basis of the contracts with customers that are already known, we expect an upturn on the license market in 2016, which in turn will have a positive effect on orders, cash flow and sales, and thus also on the return on sales and return on equity. Overall, we expect positive impulses in 2016 (which can already be proven in relation to the first half of the year), but we still expect a loss in 2016, as we are still trying to achieve growth through increased efforts with expanded sales and marketing activities. However, it is difficult to reliably estimate the sales development in 2016 under the current conditions. It depends on how and when the orders in the pipeline can be realized. Our latest forecast assumes sales of EUR 7,102 thousand for 2016. While we still expect a net loss in 2016, there will be a clear improvement over the loss in 2015. how and when the orders in the pipeline can be realized. Our latest forecast assumes sales of EUR 7,102 thousand for 2016. While we still expect a net loss in 2016, there will be a clear improvement over the loss in 2015. how and when the orders in the pipeline can be realized. Our latest forecast assumes sales of EUR 7,102 thousand for 2016. While we still expect a net loss in 2016, there will be a clear improvement over the loss in 2015.

Liquidity has been decreasing since the end of 2014. In our liquidity forecast, we are assuming EUR 16,000 thousand in cash on December 31, 2016, based on sales of EUR 7,102 thousand and services provided by arago GmbH to its US subsidiary. The company has carried out various liquidity analyzes based on the previous year's level with different income and expenditure for 2016. The company remains solvent in all scenarios.

The management decided to liquidate the subsidiary arago automation Consulting GmbH in 2016 in order to simplify the business structure and to take over the existing employees from arago automation Consulting GmbH to arago GmbH.

#### 2. Opportunity and risk report

The company's internal control system must ensure compliance with the laws and other regulations applicable to the company and ensure the correctness and reliability of internal and external accounting. Furthermore, the internal control system has to check compliance with the principles, procedures and measures (regulations) used by management in the company, which serve the organizational implementation of decisions. Structural and process organization, IT and accounting, receivables and liabilities management and human resources are all important parts of the internal control system.

The monitoring of the business activity takes place within the framework of the monthly reporting, which is transmitted to the shareholders.

**a) Risk report**

The business success of arago GmbH in 2016 will largely depend on the development of the economy and the closely related spending behavior of customers and their willingness to invest in new, future-proof IT products and solutions and to quickly conclude corresponding contracts.

Possible risks lie in recognizing and reacting to the constantly changing structure of customer requirements for IT products, services and services.

Price and currency risks are limited by carefully drafting contracts. One difficulty is in recruiting qualified sales and service personnel to sell vertical solutions. In addition to technical knowledge, extensive process know-how in the various industries is a basic requirement. Long training or recruiting phases lead to increased risks for the short-term sales development.

The company has a solvent customer base. Bad debt losses are the absolute exception. In addition, there has been a longstanding collaboration with a large number of customers.

Beyond this, no particular risks are known that would hinder positive business development and long-term corporate success.

**b) Opportunity report**

With its flexible and innovative product portfolio, which enables customers to achieve significant efficiency gains and cost savings, arago GmbH is excellently positioned to support and accompany customers in their own transformation as well as securing and expanding their competitiveness in the global environment over the long term.

We will continue to face competition on the market with experience, innovation, reliability and a high level of quality.

In connection with the expansion and further development of the product portfolio as well as the plan to set up a sales unit, arago GmbH is looking forward to an extremely positive business development.

**Frankfurt am Main, October 10, 2016**

*H.-C. Boos*

*G. Carbone*

**Balance sheet as of December 31, 2015****assets**

	December 31, 2015		December 31, 2014	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Intangible Assets				
Acquired concessions, industrial property rights and similar rights and values as well as licenses to such rights and values		299,292.25		443.00
II. Tangible assets				
1. Technical systems and machines	13,579.00		0.00	
2. Other equipment, factory and office equipment	134,982.00	148,561.00	113,743.00	113,743.00
III. Financial assets				
1. Shares in affiliated companies	31,000.01		31,000.00	
2. Securities held as fixed assets	2,158,724.93		2,560,302.29	
3. Other loans	0.00	2,189,724.94	28,306.77	2,619,609.06
		2,637,578.19		2,733,795.06
B. Current Assets				
I. Inventories				
Prepayments made		35,082.00		0.00
II. Receivables and other assets				
1. Trade accounts receivable	553,830.10		2,225,071.18	
2. Receivables from affiliated companies	1,832,564.31		0.00	
3. Other assets	2,489,137.72	4,875,532.13	79,420.18	2,304,491.36
III. Securities				
Other securities		1,199,798.64		718,742.07
IV. Cash in hand and bank balances		14,870,101.34		26,955,884.81
		20,980,514.11		29,979,118.24
C. Prepaid expenses		276,084.16		103,107.41
D. Deferred Tax Assets		4,387.84		1,375.87
		23,898,564.30		32,817,396.58

**liabilities**

	12/31/2015	December 31, 2014
	EUR	EUR
A. Equity		
I. Drawn capital	113,819.00	113,819.00
II. Capital reserve	26,983,277.00	26,983,277.00
III. Retained earnings		

	December 31, 2015		December 31, 2014	
	EUR	EUR	EUR	EUR
Other retained earnings	12,904.00		12,904.00	
IV. Profit carried forward	3,400,084.70		2,941,076.74	
V. net loss for the year (previous year net income)	-7,890,462.63		459,007.96	
	22,619,622.07		30,510,084.70	
<b>B. Provisions</b>				
1. Tax provisions	249,172.00		664,154.62	
2. Other provisions	561,977.73		230,040.55	
	811,149.73		894,195.17	
<b>C. Liabilities</b>				
1. Liabilities to banks	0.00		376,772.55	
- of which with a remaining term of up to one year EUR 0.00 (previous year EUR 376,772.55) -				
2. Advance payments received on orders	1,333.38		0.00	
- of which with a remaining term of up to one year EUR 1,333.38 (previous year EUR 0.00) -				
3. Trade accounts payable	230,263.86		776,782.13	
- of which with a remaining term of up to one year EUR 230,263.86 (previous year EUR 776,782.13) -				
4. Liabilities to affiliated companies	20,402.51		41,006.71	
- of which with a remaining term of up to one year EUR 20,402.51 (previous year EUR 41,006.71) -				
5. Other Liabilities	143,513.75		218,555.32	
- of which from taxes EUR 121,514.12 (previous year EUR 109,530.93) -				
- of which in the context of social security EUR 6,197.13 (previous year EUR 5,999.79) -				
- of which with a remaining term of up to one year EUR 143,513.75 (previous year EUR 218,555.32) -				
	395,513.50		1,413,116.71	
D. Deferred income	72,279.00		0.00	
	23,898,564.30		32,817,396.58	

#### Income statement for the period from January 1 to December 31, 2015

	2015		2014	
	EUR	EUR	EUR	EUR
1. Sales		3,204,173.72		10,962,957.66
2. Reduction of the inventory of work in progress		0.00		-266,625.00
3. Other operating income		1,071,747.19		233,005.75
4. Cost of materials				
Expenses for purchased services		-1,896,418.52		-2,664,274.31
5. Personnel expenses				
a) Wages and salaries	-5,039,849.35		-3,661,603.17	
b) Social security and pension and support expenses	-813,546.99	-5,853,396.34	-667,484.52	-4,329,087.69
- of which for pensions EUR 68,522.38 (previous year EUR 65,692.07) -				
6. Depreciation on intangible assets and property, plant and equipment		-85,808.29		-96,916.88
7. Other operating expenses		-4,422,081.90		-3,205,205.03
8. Income from other securities and loans from financial assets		159,395.66		38,690.54
9. Other Interest and Similar Income		3,064.44		31,671.65
- of which from affiliated companies EUR 1,317.57 (previous year EUR 11,275.18) -				
10. Depreciation on financial assets and on securities held as current assets		-157,061.58		-7,597.68
11. Interest and Similar Expenses		-20,168.49		-8,623.85
12. Results of ordinary business activity		-7,996,554.11		687,995.16
13. Taxes on income and earnings (income, previous year expenses)		109,275.48		-225,005.20

	2015		2014	
	EUR	EUR	EUR	EUR
14. Other taxes		-3,184.00		-3,982.00
15. Net loss for the year (previous year net income)		-7,890,462.63		459,007.96

### Appendix for the 2015 financial year

#### of arago GmbH, Frankfurt am Main

#### GENERAL INFORMATION

The annual financial statements as of December 31, 2015 of arago GmbH were prepared on the basis of the accounting regulations of the German Commercial Code. In addition to these regulations, the provisions of the GmbH Act had to be observed.

The total cost method was used for the profit and loss account. According to the size classes specified in Section 267 HGB, the company is a medium-sized corporation.

#### ACCOUNTING AND VALUATION PRINCIPLES

**Acquired intangible assets** were valued at cost and, if they are subject to wear and tear, reduced by scheduled depreciation over their normal useful life. **Internally generated intangible assets** were not capitalized.

The **fixed assets** were valued at acquisition cost and if subject to depreciation less depreciation. Scheduled depreciation was carried out on a straight-line basis over the expected useful life of the assets. Movable fixed assets up to a value of 410.00 euros were fully written off in the year of acquisition. The following useful lives are used as a basis:

- Software: 3 years
- Technical systems and machines: 10 years
- Factory and office equipment: 3-13 years

**Financial assets** were valued at acquisition cost or, if there is a probable permanent impairment, at the lower fair value on the balance sheet date. If the reason for an impairment no longer applies, a write-up is made up to the amount of the acquisition costs.

**Payments on account for inventories** are shown at their nominal value.

**Receivables and other assets** were reported at their nominal value. Individual value adjustments were made for identifiable risks. Write-ups in the area of current assets were made if the reasons for the write-downs made in previous years no longer existed.

In the case of **securities held as current assets**, the equity securities and other securities accounted for were shown at acquisition cost or at the stock market price if this was below acquisition cost on the reporting date.

The **other provisions** were created for uncertain liabilities. All identifiable risks were taken into account. The provisions were recognized in the amount of the settlement amount required according to prudent business judgment, taking into account future price and cost increases.

**Liabilities** were shown at the settlement amount.

**Receivables and liabilities in foreign currencies** were converted in accordance with Section 256a of the German Commercial Code (HGB) using the mean spot exchange rate on the balance sheet date. In the case of assets and liabilities with a remaining term of up to one year, unrealized conversion gains were also recognized.

As **prepaid expenses** expenditure shall be identified before the reporting date that represent expenses for a certain time after this date. As **deferred income** revenues are presented before the reporting date, which can be recognized as income until after the closing date.

#### INFORMATION AND EXPLANATIONS ON INDIVIDUAL ITEMS OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT:

##### Capital assets

The immediate depreciation of low-value assets in the financial year amounted to EUR 14 thousand (previous year: EUR 31 thousand). The development of the fixed assets and the depreciation in the 2015 financial year, including the historical acquisition costs and the accumulated depreciation, are shown in the schedule of assets (appendix to the notes).

The loans to shareholders and former shareholders in the amount of EUR 28 thousand included in the other loans were written off in full in the 2015 financial year due to permanent impairment and then derecognized.

##### Current assets

All claims have a remaining term of up to one year.

The receivables from affiliated companies include trade accounts receivable in the amount of EUR 597 thousand (previous year: EUR 0 thousand) and loan receivables in the amount of EUR 1,236 thousand (previous year: EUR 0 thousand).

The other assets include receivables from the German tax authorities in the amount of EUR 2,422 thousand (previous year: EUR 53 thousand), which are mainly due to excessively high advance payments and excess sales tax.

##### accruals

The tax provisions include trade tax for the 2014 assessment period.

The other provisions essentially include provisions for vacations not yet taken in the amount of EUR 179 thousand (previous year: EUR 103 thousand), for outstanding invoices in the amount of EUR 149 thousand (previous year: EUR 0 thousand), for the preparation and review of the annual financial statements EUR 84 thousand (previous year: EUR 74 thousand) and for commission payments in the amount of EUR 109 thousand (previous year: EUR 28 thousand).

##### liabilities

As in the previous year, all liabilities have a remaining term of up to one year.

There are no liabilities secured by liens or similar rights.

The liabilities to affiliated companies relate exclusively to deliveries and services.

**Profit and Loss Account**

The other operating income in the amount of EUR 1,071 thousand (previous year: EUR 233 thousand) mainly includes income from affiliated companies in the amount of EUR 646 thousand (previous year: EUR 0 thousand) and income from the disposal of financial assets in the amount of EUR 225 thousand (previous year: EUR 17 thousand). The other operating income also includes income from currency conversion in the amount of EUR 76 thousand (previous year: EUR 6 thousand), the other operating expenses include expenses from currency conversion in the amount of EUR 39 thousand (previous year: EUR 12 thousand).

**OTHER INFORMATION**

- There are other financial obligations amounting to EUR 1,607 thousand. These obligations relate to rental (EUR 1,331 thousand) and leasing contracts (EUR 276 thousand). The rental and leasing contracts end between 2016 and 2020.

in EUR	December 31, 2015	of which up to 1 year	between 1 and 5 years
Obligations from rental and leasing contracts	KEUR 1,607	EUR 423 thousand	EUR 1,184 thousand

- The average number of employees during the financial year (excluding salaried employees) was 78 (previous year: 70).

**Names of the members of the corporate bodies****Members of the management**

1. Hans-Christian Boos, Chief Executive Officer
2. Dr. Bernhard Walther, Managing Director (from November 21, 2014 to January 15, 2015)
3. Quinton Holland, Chief Financial Officer (from April 17, 2015 to September 18, 2015)
- 4th George Carbone, Chief Financial Officer (from October 1, 2015)

About the indication of the remuneration is gem. No information provided in accordance with Section 286 (4) of the German Commercial Code.

**Members of the Advisory Board**

1. Dr. Bernhard Walther, Chairman, Managing Director (joined December 10, 2014, dormant until January 15, 2015)
2. Phillip Freise, Vice Chairman, Master of Business Administration
3. Martin Varsavsky, Master of Business Administration (left March 6, 2016)
- 4th Eric-Sandy Soong, Master of Business Administration
5. Dr. Lucian Schönefelder, Dr. oec and lic. Oec HSG
- 6th Alexander Geiser, Bachelor of Arts (entry March 25, 2015)

In 2015, the members of the Advisory Board received remuneration of EUR 250 thousand.

**Information on shareholdings in other companies with an amount of at least 20% of the shares:**

At least 20% of all shares are held in the companies listed below:

Name of the company: arago automation consulting GmbH

Company headquarters: Frankfurt am Main

Amount of the capital share: 25,000.00 euros (corresponds to 100.00%)

Equity as of December 31, 2015: EUR 39,466.27 \*)

Net loss for 2015: EUR 10,127.81 \*)

\*) Data from unaudited annual financial statements as of December 31, 2015

Company name: arago US, Inc.

Company headquarters: Wilmington, Delaware (United States of America)

Amount of the capital share: USD 0.01 (corresponds to 100.00%)

Equity as of December 31, 2015: USD -1,472,444

Net loss for 2015: USD 1,472,444 \*)

\*) Data from unaudited annual financial statements as of December 31, 2015

**Duty to prepare consolidated financial statements**

Arago GmbH is exempt from preparing consolidated financial statements and a group management report as of December 31, 2015 by making use of the size-dependent exemption provision of Section 293 (1) HGB.

**Frankfurt am Main, October 10, 2016****The Board**

**Hans-Christian Boos**

**George Carbone**

**Development of fixed assets in the 2015 financial year**

	acquisition cost			
1.1.2015	Additions	Disposals	12/31/2015	
EUR	EUR	EUR	EUR	EUR

	acquisition cost			
	1.1.2015 EUR	Additions EUR	Disposals EUR	12/31/2015 EUR
<b>I. Intangible Assets</b>				
Acquired concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	8,109.44	299,385.25	0.00	307,494.69
<b>II. Tangible assets</b>				
1. Technical systems and machines	0.00	14,549.06	0.00	14,549.06
2. Other equipment, factory and office equipment	284,085.05	143,349.87	-39,023.64	388,411.28
	284,085.05	157,898.93	-39,023.64	402,960.34
<b>III. Financial assets</b>				
1. Shares in affiliated companies	31,000.00	0.01	0.00	31,000.01
2. Securities held as fixed assets	2,560,302.29	894,545.34	-1,296,122.70	2,158,724.93
3. Other loans	28,306.77	0.00	-28,306.77	0.00
	2,619,609.06	894,545.35	-1,324,429.47	2,189,724.94
	2,911,803.55	1,351,829.53	-1,363,453.11	2,900,179.97
<b>Depreciation</b>				
	1.1.2015 EUR	Depreciation in the financial year EUR	Disposals EUR	12/31/2015 EUR
<b>I. Intangible Assets</b>				
Acquired concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	7,666.44	536.00	0.00	8,202.44
<b>II. Tangible assets</b>				
1. Technical systems and machines	0.00	970.06	0.00	970.06
2. Other equipment, factory and office equipment	170,342.05	84,302.23	-1,215.00	253,429.28
	170,342.05	85,272.29	-1,215.00	254,399.34
<b>III. Financial assets</b>				
1. Shares in affiliated companies	0.00	0.00	0.00	0.00
2. Securities held as fixed assets	0.00	0.00	0.00	0.00
3. Other loans	0.00	28,306.77	-28,306.77	0.00
	0.00	28,306.77	-28,306.77	0.00
	178,008.49	114,115.06	-29,521.77	262,601.78
<b>Book values</b>				
		12/31/2015 EUR	December 31, 2014 EUR	
<b>I. Intangible Assets</b>				
Acquired concessions, industrial property rights and similar rights and values as well as licenses to such rights and values		299,292.25		443.00
<b>II. Tangible assets</b>				
1. Technical systems and machines		13,579.00		0.00
2. Other equipment, factory and office equipment		134,982.00		113,743.00
		148,561.00		113,743.00
<b>III. Financial assets</b>				
1. Shares in affiliated companies		31,000.01		31,000.00
2. Securities held as fixed assets		2,158,724.93		2,560,302.29
3. Other loans		0.00		28,306.77
		2,189,724.94		2,619,609.06
		2,637,578.19		2,733,795.06

### Auditor's report

We have audited the annual financial statements - consisting of the balance sheet, income statement and notes - including the bookkeeping system and the management report of arago GmbH, Frankfurt am Main, for the financial year from January 1 to December 31, 2015. The bookkeeping and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the company's management. Our task is to provide an assessment of the annual financial statements, including the bookkeeping, and the management report on the basis of the audit we have carried out.

We have carried out our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code (HGB), taking into account the generally accepted German auditing principles established by the Institut der Wirtschaftsprüfer (IDW). Accordingly, the audit is to be planned and performed in such a way that inaccuracies and violations that have a material impact on the presentation of the asset, financial and earnings position conveyed by the annual financial statements in accordance with the principles of proper bookkeeping and the management report are given with sufficient certainty be recognized. When determining the audit activities, knowledge of the business activity and the economic and legal environment of the company as well as expectations of possible errors are taken into account. As part of the audit, the effectiveness of the accounting-related internal control system and the evidence supporting the information in the books and records, the annual financial

statements and the management report are assessed primarily on the basis of random samples. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe

Our audit has not led to any reservations.

In our opinion, based on the knowledge gained during the audit, the annual financial statements comply with the statutory provisions and, in compliance with the principles of proper bookkeeping, provide a true and fair view of the assets, financial and earnings position of arago GmbH. The management report is consistent with the annual financial statements, as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

**Frankfurt am Main, October 10, 2016**

**KPMG AG**  
**auditing company**

*Höfter, auditor*

*Krauss, auditor*

---