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### Market Logic Software AG

Berlin

### Annual financial statements for the business year from 01/01/2016 to 12/31/2016

#### Balance sheet as of December 31, 2016

#### assets

	December 31, 2016 EUR	December 31, 2015 EUR
A. Fixed assets		
I. Purchased software	54,534	76,345
II. Factory and office equipment	157.751	110,532
III. Shares in affiliated companies	5,543	5,543
	217,828	192.420
B. Current Assets		
I. Receivables and other assets	1,572,083	1,289,034
II. Cash in hand, bank balances	848.903	1,041,278
	2,420,986	2,330,312
C. Prepaid expenses	44,858	32,076
D. Deficit not covered by equity		
Balance sheet loss, if not covered by equity	2,171,320	353.836
	4,854,992	2,908,644

#### liabilities

	December 31, 2016 EUR	December 31, 2015 EUR
A. Equity		
I. Share capital	200.013	188,247
II. Capital reserve	19,885,322	14,896,891
III. Balance sheet loss, if covered by equity	-20,085,335	-15,085,138
- Total balance sheet loss EUR 22,256,655 (previous year EUR 15,438,974) -		
- of which not covered by equity capital EUR 2,171,320 (previous year EUR 353,836) - cf. Item D. Assets		
	0	0
B. Provisions	2,883,987	1,680,305
C. Liabilities		
1. Liabilities to banks	176.873	318,371
2. Advance payments received on orders	876,637	92,722
3. Trade accounts payable	192.084	177.376
4. Liabilities to affiliated companies	0	2,203
5. Other Liabilities	725.411	637.667

	December 31, 2016 EUR	December 31, 2015 EUR
- of which from taxes EUR 195,153 (previous year EUR 96,333) -	1,371,004	1,228,339
	4,854,992	2,908,644

## Appendix for the 2016 financial year

### A. General information

Market Logic Software AG, based in Berlin (Market Logic Software), is a small corporation within the meaning of Section 267 (1) HGB. It is entered in the commercial register of the Berlin Charlottenburg District Court under the number HR B 151121.

The purpose of the company is to develop and market business software for product management.

The annual financial statements as of December 31, 2016 of Market Logic Software were prepared in accordance with §§ 242 ff. and §§ 264 ff. HGB as well as the Accounting Directive Implementation Act BilRUG and the provisions of the Commercial Code (HGB) and the Stock Corporation Act (AktG). There have been no changes in the disclosure compared to the previous year's figures due to the application of the new version of Section 277 (1) HGB by the BilRUG.

The relief provisions of §§ 274a and 288 HGB for small corporations were partially used. The cost of sales method in accordance with Section 275 (3) HGB is used for the income statement.

### B. Accounting and valuation principles

#### 1. Principle of going concern

The annual financial statements were prepared under the assumption of the going concern principle.

As of December 31, 2016, the company reported a deficit of EUR 2,171 thousand that was not covered by equity due to the further planned business expansion. The creditors have submitted subordination declarations for silent partnerships (EUR 485 thousand). On the basis of a valuation in preparation for the planned financing round, there are hidden reserves that exceed the deficit that is not covered by equity.

A financing round with a total volume of around EUR 28,000 thousand is planned to be concluded by May 2017, the negotiations on this have largely been concluded and the Management Board assumes that the financing round will be successfully implemented. The financial resources available, taking into account the conclusion of this financing round, are sufficient from today's point of view, taking into account the loans received, in accordance with the company's planning, to secure the continued existence of the company without further injection of equity and financial resources until the end of 2018 and beyond.

In its corporate planning, the Management Board assumes that sales will continue to rise from the 2017 financial year and that positive annual results (before interest and taxes) will be achieved from mid-2018. In the event that these are not achieved to a significant extent, the Market Logic Software will be dependent on further financing measures by the shareholders in order to secure the continued existence of the company. In addition, the successful implementation of the planned financing round by May 2017 at the latest is required to ensure the continued existence.

#### 2. Accounting and valuation methods

The following accounting and valuation methods are essentially decisive:

The company's assets and debts have been valued individually taking into account the principle of prudence and assuming that the company will continue as a going concern. Foreseeable risks and losses were taken into account when preparing the balance sheet.

Internally generated intangible fixed assets are not recognized.

The intangible assets and the tangible assets are valued at the acquisition costs plus incidental acquisition costs and minus acquisition price reductions. Depreciation is carried out on a pro rata temporis basis over the normal useful life.

Low-value moveable, wear-and-tear and independently usable assets with acquisition costs of up to EUR 150.00 are fully depreciated in the year of acquisition. For movable, wear-and-tear and independently usable assets with acquisition costs of more than EUR 150.00 and up to EUR 1,000.00, a collective item was created in accordance with Section 6 (2a) of the Income Tax Act, which is depreciated over five years. Overall, the item is of minor importance.

The financial assets relate to the subsidiary Market Logic Inc., Dover, Delaware / USA, which was founded in the 2014 financial year. The shares are valued at acquisition cost. Unscheduled depreciation is carried out in the event of a permanent decrease in value.

Receivables and other assets are stated at their nominal value and, as in the previous year, all have a remaining term of up to one year. Value adjustments of EUR 12 thousand were made. Receivables in foreign currencies are shown at the mean spot exchange rate on the reporting date.

The liquid funds are stated at their nominal value.

For payments made by the company up to the balance sheet date, which relate to services for a certain time after the balance sheet date, prepaid expenses were recognized.

The share capital is valued at nominal value.

Identifiable risks have been taken into account when measuring the provisions. They were valued with the necessary settlement amount based on reasonable commercial judgment. Long-term provisions were discounted in accordance with Section 253 (2) sentence 1 of the HGB.

Liabilities are shown at the settlement amount.

### C. Notes to the balance sheet

#### 1. Fixed assets

The accumulated acquisition costs of intangible assets and tangible assets amounted to EUR 476 thousand as of the balance sheet date (previous year: EUR 364 thousand). Cumulative depreciation for wear and tear was made in the amount of EUR 264 thousand (previous year: EUR 177 thousand).

List of shareholdings according to § 285 No. 11 HGB (shares in affiliated companies):

	Equity	Participation	Result 2016	Investment book value
	KEUR	%	KEUR	KEUR
Market Logic Inc., Dover, Delaware / USA	172	100%	81	6th

#### 2. Current Assets

Receivables and other assets include trade accounts receivable from third parties in the amount of EUR 636 thousand (previous year: EUR 405 thousand) with a remaining term of up to one year (previous year: up to one year).

There are receivables from affiliated companies in the amount of EUR 888 thousand (previous year: EUR 796 thousand) and result from license fees and the passing on of costs incurred.

The other assets (EUR 47 thousand; previous year: EUR 88 thousand) mainly contain deposits.

#### 3. Equity

##### Share capital

As of December 31, 2016, the share capital was composed of 200,013 no-par value bearer shares. It is divided as follows:

	December 31, 2016 EUR
Common stock	58,820
Series A preference shares	24,511
Series B preferred shares	19,611
Series C preferred shares	16,732
Series D preferred shares	11,248
E series preferred shares	15,401
Series F preferred shares	17,536
Series G preferred shares	9,755
Preferred shares series H	14,633
Series I preferred shares	11,766
	200.013

In accordance with the resolution of the Annual General Meeting on June 8, 2016 and a participation agreement concluded on June 2, 2016, the company's share capital was increased by EUR 11,766 to EUR 200,013 through the issue of 11,766 Series I preferred shares. The capital increase was entered in the commercial register on July 22, 2016.

##### Authorized and Conditional Capital

The Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital once or several times by a total of up to EUR 3,087.00 against cash contributions by June 30, 2015. The subscription right of the shareholders was excluded (Authorized Capital 2010 / I). The authorization has expired after the passage of time.

The Annual General Meeting on January 30, 2007 resolved to implement an employee participation program (2007 stock option program). In this context, the Management Board was authorized, with the approval of the Supervisory Board, to issue up to 6,975 subscription rights once or several times to future Management Board members and current or future employees as well as to members of the management bodies and employees of future affiliated companies. On the same day, the Annual General Meeting resolved to conditionally increase the company's share capital by up to EUR 6,975.00 by issuing up to 6,975 registered, restricted, no-par value shares (Conditional Capital 2007 / I). The conditional capital increase serves to redeem subscription rights, the issue of which the Management Board was authorized by the Annual General Meeting on January 30, 2007. The stock option program was closed by resolution of the Annual General Meeting on June 10, 2013. At the general meeting on the same day, a resolution was passed to reduce the conditional capital from EUR 6,975 to EUR 6,093 (conditional capital 2007 / I).

The Annual General Meeting on June 10, 2013 resolved to implement a new employee participation program (Stock Option Program 2013). In this context, the Management Board was authorized, with the approval of the Supervisory Board, to issue up to 7,656 subscription rights once or several times to current and future members of the Management Board and current and future employees of Market Logic Software AG by December 31, 2017. On the same day, the Annual General Meeting resolved to conditionally increase the company's share capital by up to EUR 7,656.00 by issuing up to 7,656 registered, restricted, no-par shares (no-par value shares) (Conditional Capital 2013 / I). With resolutions of the Annual General Meeting on June 8, 2016 and June 22, 2016 July 2016, the authorization to issue subscription rights and the conditional capital 2013 / I were expanded. The company's share capital has now been conditionally increased by up to EUR 13,907.00 through the issue of up to 13,907 registered, restricted, no-par value ordinary shares (no-par value shares) (Conditional Capital 2013 / I). The conditional capital increase serves to redeem subscription rights that (i) based on the authorization resolution of the Annual General Meeting of June 10, 2013 under Item 5 Item IV., (ii) based on the

authorization resolution of the Annual General Meeting of June 10, 2013 under Item 5 Item IV. In the version of the resolution of the Annual General Meeting of July 22, 2016 on Item 2, Item A.

#### **Capital reserve**

The capital reserve increased by EUR 4,988 thousand compared to the previous year. The increase results from payments made by the shareholders as part of the financing round concluded in the financial year in accordance with Section 272 (2) No. 4 of the German Commercial Code.

#### **Stock options**

The Annual General Meeting on January 30, 2007 resolved to implement an employee participation program (2007 stock option program). In this context, the Management Board was authorized to issue up to 6,975 subscription rights once or several times to future members of the Management Board and current or future employees as well as to members of the management bodies and employees of future affiliated companies.

As of December 31, 2015, a total of 6,821 options were issued to employees under the 2007 stock option program, 728 of which have expired. Of the options issued that did not expire, the vesting period for 6,179 options had expired as of December 31, 2015. The options can be exercised within a period of ten years after issue. The 2007 stock option program was closed by resolution of the Annual General Meeting on June 10, 2013; In the 2013 to 2016 financial years, no more options were issued under the 2007 option program.

The Annual General Meeting on June 10, 2013 resolved to implement an employee participation program (Stock Option Program 2013). In this context, the Management Board was authorized to issue up to 7,656 subscription rights to members of the Management Board and employees of the company once or several times. With resolutions of the Annual General Meeting on June 8, 2016 and July 22, 2016, the authorization to issue subscription rights was expanded.

As part of the 2013 stock option program, a total of 8,215 options were issued to employees by December 31, 2016, of which 564 have now expired, and 4,558 options to members of the Management Board.

#### **4. Provisions**

The other provisions essentially include personnel provisions (EUR 2,490 thousand; previous year: EUR 1,406 thousand), obligations from a silent participation agreement (EUR 120 thousand; previous year: EUR 102 thousand) and outstanding supervisory board and advisory board remuneration (EUR 107 thousand; previous year: EUR 107 thousand) 80).

#### **5. Liabilities**

The liabilities to banks exclusively include liabilities to Investitionsbank Berlin from promotional loans granted. The liabilities in the amount of EUR 177 thousand (previous year: EUR 178 thousand) have a remaining term of up to one year and in the amount of EUR 0 thousand (previous year: EUR 140 thousand) a remaining term of over one to five years.

The liabilities to affiliated companies resulted from outstanding deposits.

As in the previous year, other liabilities include liabilities from a silent partnership in the amount of EUR 485 thousand with a remaining term of between one and five years.

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

### **E. Other information**

#### **Employee**

The company had an average of 158 employees in the 2016 financial year.

#### **Organs of society**

##### **Board**

- Dr. Kay Iversen, engineer, Berlin
- Olaf Lenzmann, engineer, Recklinghausen
- Dr. Haiko van Lengen, management consultant, Wennigsen

##### **Supervisory board**

- Robert Hoog, chairman of the supervisory board, management consultant, Leinfelden-Echterdingen
- Alexander Kafka, Deputy Chairman of the Supervisory Board, Investment Banker, Berlin
- Dr. Dinnies Johannes von der Osten, Managing Director, Berlin
- Arno Bohn, management consultant, Freiburg
- Ywes Israel, Investment Manager, Berlin
- Dr. Thomas van Aubel, lawyer, Berlin

##### **Scientific Advisory Board**

- Prof. Dr. Dr. hc mult. Heribert Metten, Münster
- Prof. Dr. Hans-Willi Schroiff, Düsseldorf
- Prof. Dr. Manfred Kirchgeorg, Leipzig

**F. Events after the balance sheet date**

No events of particular significance occurred after the end of the 2016 financial year.

**Berlin, April 11, 2017**

***Dr. Kay Iversen, board member***

***Olaf Lenzmann, board member***

***Dr. Haiko van Lengen, board member***

**Development of fixed assets in the 2016 financial year**

	Acquisition costs / production costs			December 31, 2016 EUR
	1.1.2016 EUR	Accesses Euro	Departures EUR	
I. Intangible Assets				
Purchased software	95,655	0	0	95,655
II. Tangible assets				
Factory and office equipment	268,522	114.079	2.112	380,488
III. Financial assets				
Shares in affiliated companies	5,543	0	0	5,543
	369.720	114.079	2.112	481,687
			Depreciation	
	1.1.2016 EUR	Accesses EUR	Departures EUR	December 31, 2016 EUR
I. Intangible Assets				
Purchased software	19,310	21,811	0	41,121
II. Tangible assets				
Factory and office equipment	157.990	65,395	647	222,738
III. Financial assets				
Shares in affiliated companies	0	0	0	0
	177,300	87.206	647	263,859
			Book values	
		December 31, 2016 EUR		December 31, 2015 EUR
I. Intangible Assets				
Purchased software			54,534	76,345
II. Tangible assets				
Factory and office equipment			157.751	110,532
III. Financial assets				
Shares in affiliated companies			5,543	5,543
			217,828	192.420