

Suchergebnis

Swyx Solutions GmbH (vormals: Swyx Solutions AG)	Rechnungslegung/ Finanzberichte	Konzernabschluss zum Geschäftsjahr vom 01.01.2017 bis zum 31.12.2017	25.01.2019
Name	Bereich	Information	V.-Datum

**Swyx Solutions GmbH (vormals: Swyx Solutions AG)**

Dortmund

Konzernabschluss zum Geschäftsjahr vom 01.01.2017 bis zum 31.12.2017

Consolidated Financial Statements as of 31 December 2017

AUDITOR'S REPORT**Swyx Solutions GmbH (formerly: Swyx Solutions AG) Dortmund**

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in EUR	Note	31. Dec 17	31. Dec 16
ASSETS			
Non-current assets			
Intangible assets	16	5,692,138	5,162,151
Property, plant and equipment	17	371,656	562,354
Finance Lease	17	371,821	-
Other financial assets	20	10,376	86,009
Deferred tax assets	24	629,630	16,352
		7,075,620	5,826,865
Current assets			
Inventories	19	4,152,979	3,911,980
Trade and other receivables	18	12,746,844	12,583,288
Other financial assets	20	157,317	134,714
Cash and cash equivalents	21	4,312,804	2,155,622
		21,369,944	18,785,604
Assets held for sale			
Assets		28,445,564	24,612,469
EQUITY AND LIABILITIES			
Equity			
Subscribed Capital	22	2,881,470	2,881,470
Share Premium	22	11,732,425	11,732,425
Reserves	22	(3,378,265)	(6,177,905)
Equity attributable to shareholders of Swyx Solutions AG		11,235,630	8,435,990
Non-current liabilities			
Other provisions	23	71,546	42,652
Lease Liabilities	25	322,766	-
Deferred Income	26	2,427,623	2,372,004
		2,821,935	2,414,656
Current liabilities			
Provisions for personnel expenses and Other provisions	23	1,602,393	2,204,964
Financial debt		3,797	14,190

in EUR	Note	31. Dec 17	31. Dec 16
ASSETS			
Trade and other payables	25	6,848,308	7,779,127
Lease Liabilities	25	49,028	-
Non-financial liabilities	26	4,072,751	2,869,280
Deferred Income	26	1,811,723	894,263
		14,387,999	13,761,824
Equity and liabilities		28,445,564	

Consolidated income statement - Swyx Solutions GmbH (formerly: Swyx Solutions AG), Dortmund

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in EUR	Note	2017	2016
Revenues	7	41,273,866	33,795,609
Own work capitalised	16	686,086	732,455
Other operating income	8	196,549	206,420
Cost of materials	9	(17,051,190)	(12,993,247)
Personnel expenses	10	(11,851,231)	(10,646,377)
Amortisation, depreciation for intangible assets and property, plant and equipment	11	(2,391,485)	(1,343,408)
Other operating expenses	12	(8,502,091)	(8,413,449)
Financial result			
Interest result net	13	(26,131)	(17,963)
Total expenses		(39,822,128)	(33,414,445)
Earnings before tax an income		2,334,373	1,320,039
Income tax expenses	14	486,245	(3,560)
Group profit		2,820,618	1,316,479
Attributable to:			
Shareholders of Swyx		2,820,618	1,316,479
Earnings per share			
Non diluted	15	0.98	0.46
Diluted		0.96	0.45

Consolidated statement of comprehensive income - Swyx Solutions GmbH (formerly: Swyx Solutions AG), Dortmund

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in EUR	Note	2017	2016
Group profit or loss		2,820,618	1,316,479
Currency translation differences		(762)	(23,748)
Recognised in other comprehensive income	3	(762)	(23,748)
Recognised in profit or loss			
Cashflow hedges	25	(20,215)	(5,689)
Recognised in other comprehensive income		71,899	53,154
Recognised in profit or loss		51,684	(58,843)
Items that will be reclassified subsequently to profit or loss when specific conditions are met		(20,977)	(29,437)
Other comprehensive income net of tax		(20,977)	(29,437)
Group total comprehensive income		2,799,640	1,287,042
Attributable to:			
Shareholders of Swyx		2,799,640	1,287,042

Consolidated statement of changes in shareholders' equity - Swyx Solutions GmbH (formerly: Swyx Solutions AG), Dortmund

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in EUR	Note	Subscribed capital	Reserves	Currency translation differences	Equity
Closing balance at 31 Dec. 2015		2,881,470	4,236,960	30,518	7,148,948
Profit or loss		-	1,316,479		1,316,479
Effects Clashflow hedge	25		(5,689)		(5,689)
Other changes	3			(23,748)	(23,748)
Total comprehensive income			1,310,790	(23,748)	1,287,042

in EUR	Note	Subscribed capital	Reserves	Currency translation differences	Equity
Changes of stock option plans					
Capital increase/decrease		-			
Withdrawals/dividend distribution					
Closing balance at 31 Dec. 2016		2,881,470	5,547,750	6,770	8,435,990
Profit or loss		-	2,820,618		2,820,618
Effects Clashflow hedge	25		(20,215)		(20,215)
Other changes	3			(762)	(762)
Total comprehensive income			2,800,402	(762)	2,799,640
Changes of stock option plans					
Capital increase/decrease		-			
Withdrawals/dividend distribution					
Closing balance at 31 Dec. 2017		2,881,470	8,348,153	6,008	11,235,631

Consolidated cash flow statement - Swyx Solutions GmbH (formerly: Swyx Solutions AG), Dortmund

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in EUR	Note	2017	2016
Operating activities			
Group profit or loss		2,820,618	1,316,479
Income tax	14	(486,245)	3,560
Depreciation, amortisation, impairment losses and write-ups	11	2,391,485	1,343,408
Net interest	13	(1,470)	(505)
Other non-cash items		(40,292)	(15,554)
Changes in provisions		(573,677)	772,001
Changes in other assets and liabilities		1,128,573	(521,997)
Cashflow from operating activities		5,238,991	2,897,391
Investing activities			
Purchase of intangible assets	16	(2,647,200)	(2,734,915)
Purchase of property, plant and equipment	17	(439,639)	(453,392)
Sale of property, plant and equipment	17	386,017	-
Purchase Finance Lease	17	(379,993)	-
Interest received		1,470	505
Cashflow from investing activities		(3,079,345)	(3,187,802)
Cashflow from financing activities		-	-
Change in cash and cash equivalents		2,159,646	(290,410)
Currency translation effects an cash and cash equivalents		(2,464)	(13,102)
Cash and cash equivalents at beginning of period	21	2,155,622	2,459,134
Cash and cash equivalents at end of period	21	4,312,804	2,155,622

Notes to the consolidated financial statements for the financial year 2017

1 General Notes

1.1 General

Swyx Solutions GmbH (until 9 April 2018 Swyx Solutions AG, head office: Emil-Figge-Str. 86, 44227 Dortmund) is registered in the commercial register (Handelsregister) kept at the local court (Amtsgericht) of Dortmund under reference number HRB 29881. Swyx Solutions GmbH is the parent company of the Swyx Solutions Group. The Group is an international provider of services for the Telecom industry. The Swyx Solutions Group is among the leading providers of "unified communications" solutions in Europe, which are specifically customised for the needs of medium-sized companies.

1.2 Principles Applied in the IFRS Consolidated Financial Statements

The consolidated financial statements for the year ended 31 December 2017 of the Swyx Solutions Group are prepared in accordance with the International Financial Reporting Standards (IFRS) passed and issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC), as adopted by the European Union (EU).

The Swyx Solutions Groups consolidated financial statements are prepared in application of the regulations contained in Directive (EC) No. 1606/2002 of the European Parliament and Council dated 19 July 2002 concerning the application of international accounting standards, in conjunction with Article 315e (3) of the German Commercial Code (Handelsgesetzbuch – HGB). In addition, the supplementary provisions of commercial law were taken into account.

The consolidated financial statements were prepared in EUR.

The income statement was prepared using the nature of expense method. As required by IAS 1, balance sheet items are classified as either current or non-current.

The preparation of consolidated financial statements in accordance with IFRS involves management making estimates and judgments that affect the recognition and measurement of items in the balance sheet and/or income statement and of the

disclosure of contingent assets or liabilities.

The Executive Board of Swyx Solutions GmbH prepared the consolidated financial statements as at 31 December 2017. This marks the end of the reporting period.

The consolidated financial statements were authorised to be issued by the Company's Executive Board on 30 May 2018.

2 Application of new and revised standards and interpretations

2.1 Overview

These consolidated financial statements were prepared by applying all standards and interpretations issued by the IASB and IFRS IC as adopted by the EU and being effective as at 31 December 2017.

2.2 Endorsed standards, amendments and interpretations

The following is a list of the new or amended standards and interpretations endorsed in European law and which the Swyx Solutions Group had to apply in 2017 for the first time.

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Standard / Interpretation	Effective date according to IASB	Effective date in the EU
Amendments IAS 7 Cash Flow Statements/Disclosure Initiative	1.1.2017	1.1.2017
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1.1.2017	1.1.2017

Only non-significant consequences from the first-time application of these endorsed standards, interpretations and amendments on the consolidated financial statements were affected due to additional or modified disclosure requirements resulting from the application of those standards, interpretations or amendments.

The following is a list of the new or amended standards and interpretations endorsed in European law and which the Swyx Solutions Group has not voluntarily applied prematurely.

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Standard / Interpretation	Effective date according to IASB	Effective date in the EU
IFRS 15 Revenue from Contracts with Customers	1.1.2018	1.1.2018
IFRS 9 Financial Instruments	1.1.2018	1.1.2018
IFRS 16 Leases	1.1.2019	1.1.2019
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1.1.2018	1.1.2018

These standards and interpretations are to be applied in the Consolidated Financial Statements of the Swyx Solutions Group in the 2018 and 2019 financial year onwards.

IFRS 15: Revenue from Contracts with Customers

The standard applies to all contracts with customers except for leases within the scope of IAS 17, financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10 and IFRS 11, IAS 27 and IAS 28, insurance contracts within the scope of IFRS 4 and non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers.

It provides a single, principles based five-step model to be applied to all contracts with customers. Reporting entities are required to identify contracts with the customer and the performance obligations in these contracts, to determine the transaction price and allocate it to the performance obligations and to recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15 revenue should be recognised at a point in time or over time, if a continuous transfer of control takes place.

Where revenue is variable, a new recognition threshold has been introduced by the standard. This threshold requires that variable amounts are only included in revenue if, and to the extent that, it is highly probable that a significant revenue reversal will not occur in the future as a result of re-estimation. However, a different approach is applied for sales and usage-based royalties from licences of intellectual property; for such royalties, revenue is recognised only when the underlying sale or usage occurs.

The standard provides detailed guidance on various issues such as identifying distinct performance obligations, accounting for contract modifications and accounting for the time value of money. Detailed implementation guidance is included on topics such as sales with a right of return, customer options for additional goods or services, principal versus agent considerations, licensing, and bill-and hold arrangements. IFRS 15 also introduces new guidance on costs of fulfilling and obtaining a contract, specifying the circumstances in which such costs should be capitalised. Costs that do not meet the criteria must be expensed when incurred. Finally, the standard introduces new, increased requirements for disclosure of revenue in an IFRS reporter's financial statements.

The Swyx Solutions Group is currently assessing the impact of the new regulations of IFRS 15. Due to the complexity of the standard, this assessment is still ongoing and no definitive statement on the impact of the regulations on the financial statements can be made. In any case, additional notes disclosures are expected to become necessary due to the application of IFRS 15.

IFRS 9: Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business

model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liabilities credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liabilities credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Swyx Solutions Group is currently assessing the impact of the new regulations of IFRS 9. Due to the complexity of the standard, this assessment is still ongoing and no definitive statement on the impact of the regulations on the financial statements can be made. In any case, additional notes disclosures are expected to become necessary due to the application of IFRS 9.

IFRS 16: Leases

IFRS 16 will require lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset and a lease liability. For many businesses, however, exemptions for short-term leases and leases of low value assets will greatly reduce the impact. IFRS 16 also changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods, changes the accounting for sale and leaseback arrangements largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements.

Swyx Solutions Group is still assessing the possible impacts of the new standard requirements and can therefore not yet describe the impacts of the new regulations on the financial statements in all details.

However the Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. Regarding assets of low value the Company plans to elect to account for lease payments as an expense on a straight-line basis over the lease term on a lease-by-lease basis. Moreover the company expects changes in the accounting for office rent and company cars and balance sheet extensions due to the above mentioned changes in lease accounting.

2.3 Non-endorsed standards, amendments and interpretations

The following lists the new or amended standards and interpretations to be applied that have been published by the IASB but have not been endorsed in European law.

Standard / Interpretation	scrollen ↔	
	Effective date according to IASB	Effective date in the EU
Amendments to IFRS 10 and IAS 28: Sale or Contribution of assets between an Investor and its Associate or Joint Venture (EU Endorsement has been postponed)	1.1.2019	tbd
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	1.1.2018	tbd
IFRS 14 Regulatory Deferral Accounts (the European Commission has decided not to launch the EU endorsement process of this interim standard and to wait for the final standard)	1.1.2016	tbd
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1.1.2018	tbd
Amendments to IAS 40: Transfer of Investment Property	1.1.2018	tbd
Annual Improvements to IFRSs 2015-2017 Cycle	1.1.2019	tbd

All other standards, amendments and interpretations in the table above are expected to have no or only marginal impact on the Swyx Solutions Group consolidated financial statements.

3 Group accounting principles

3.1 Subsidiaries

In addition to Swyx Solutions GmbH, the consolidated financial statements include major subsidiaries whose voting rights Swyx has the direct majority of. Subsidiaries are entities controlled by the Group. All active subsidiaries are fully owned by Swyx Solutions GmbH and were founded by the parent company. The basis of consolidation representing the subsidiaries included in the consolidated financial statements has been based on the control concept of IFRS 10 for the first time. No consolidation or accounting impact resulted from this application compared to the consolidation under IAS 27 in the previous years. For the list of consolidated subsidiaries see note 34.

Intercompany transactions, balances and unrealised gains and losses from transactions between consolidated Swyx Solutions Group subsidiaries are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

3.2 Foreign currency translation

3.2.1 Functional and reporting currency

Items included in the financial statements of each of the Swyx Solutions Group's entities are measured using the respective functional currency. Functional currencies include EUR and GBP. These are the currencies of the primary economic environment in which the entity operates.

The functional currency of the parent company of the Swyx Solutions Group is EUR. The consolidated financial statements are presented in EUR.

3.2.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation date at which items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

3.2.3 Group companies and exchange rates

The results and balance sheet items of all Group entities that have a functional currency other than the EUR are translated into EUR as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses are translated with exchange rates at the date of the transactions and all resulting exchange differences are recognised in other comprehensive income.

The table below shows the utilisation of the relevant foreign exchange rates (EoY) for Swyx Solutions Group's consolidated financial statements of all periods presented:

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Balance sheet date	31.12.2017	31.12.2016
GBP / EUR	0.88723	0.85618

4 Summary of accounting policies

4.1 General

The principal accounting and valuation methods applied in preparing the Swyx Solutions Group consolidated financial statements are set out below. The methods described have been consistently applied to the reporting periods presented. Numbers are rounded according to the mercantile rounding method.

4.2 Intangible assets

Intangible assets acquired are measured on initial recognition at acquisition cost including incidental acquisition costs, less any price reductions or trade discounts.

Intangible assets with finite useful lives are amortised by the straight-line method over the estimated useful life. Furthermore, they are tested for possible impairment, insofar as there are any indications that the intangible asset may be impaired.

Prepayments and internally generated intangible assets under development are not amortised until completion.

Acquired software licences are recognised on the basis of the costs incurred for their acquisition as well as for the preparation of the software for its intended use. The costs are amortised over their useful life of three to five years.

The useful lives and amortisation periods are reviewed annually and if necessary prospectively adjusted to reflect altered expectations.

4.3 Property, plant and equipment

Property, plant and equipment is recognised at its acquisition cost or at its fair value for lease equipment. For subsequent measurement, acquisition or first time recognised values are reduced by depreciation using the straight-line method. Depreciation is recognised on a pro rata basis in the year of acquisition. The amount of scheduled depreciation is affected by the recoverable residual value at the end of the useful life of an asset.

Furthermore, tests of a possible impairment are made insofar as any events or indications are present that indicate a possible impairment within the framework of an impairment test of property, plant and equipment. Detailed information on impairment testing is provided in section 4.4.

The useful lives used for property, plant and equipment by the Swyx Solutions Group are between three and fifteen years:

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Intangible assets	3 - 5 years
Technical plante and machinery	3 - 4 years
IT equipment	3 - 5 years
financial lease	7.75 years
Other equipment and office equipment	3 - 15 years

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the disposal proceeds and the carrying amounts of the other property, plant and equipment, and are recognised in the income statement under other operating income and other operating expenses, respectively.

4.4 Impairment testing of non-financial assets

Intangible assets with finite useful lives as well as property, plant and equipment are regularly tested for impairment if relevant events or changes in circumstances indicate that the carrying amount may no longer be recoverable. For this test, the recoverable amount of the respective asset is compared with its carrying amount.

The recoverable amount of an asset is defined as the higher of fair value less the costs of disposal, and the value in use. The fair value represents a market-based measurement and corresponds to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In contrast, the value in use corresponds to the present value of the future cash flows expected from the operational use of the asset. If the carrying amount of the asset exceeds the recoverable amount an impairment loss amounting to the excess of the carrying amount over the recoverable amount is recognised.

Swyx Solutions Group's testing of development projects as non-financial assets is based on future sales of standard product licenses and its directly planned cash flows as well as on an apportionment of indirectly related cash flows in line with the apportionment achieved in the reported period. The recoverable amounts exceed the carrying amounts so that no impairment losses are to be recognised.

In the reported period Swyx Solutions Group does not own any assets with indefinite useful life.

4.5 Financial Instruments

4.5.1 Financial Assets classification

Swyx Solutions Group's financial assets are those of the category loans, receivables, and derivative financial.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets unless they fall not due more than twelve months after the balance sheet date. Otherwise they are reported as noncurrent assets.

When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value.

Loans and receivables are recognised subsequent to initial recognition at amortised cost using the effective interest method, less impairment amounts. Financial liabilities are recognised at amortised cost (4.5.2). An entity shall recognise a financial asset or a financial liability in its statement of financial position only when the entity becomes a party to the contractual provisions of the instrument.

Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedge item, with cash flow hedges reducing the risk of cash flow variability associated with a recognised asset or liability.

Impairment of financial Instruments

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate if applicable. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease results from circumstances arising after the initial recognition of the impairment, the reversal of the previously recognised impairment loss is recognised in the income statement.

4.5.2 Financial liabilities

On initial recognition, financial liabilities are classified as amortised cost as the Swyx Solutions Group does not make use of the option to designate non-derivative financial liabilities as measured at fair value (fair value option) through profit or loss. On the subsequent measurement of non-derivative financial liabilities, the amortised costs are recognised using the effective interest method.

Liabilities in foreign currencies are translated at the closing rate. Liabilities are classified as short-term liabilities if the payment obligation is due within one year. Otherwise they are recognised as non-current liabilities.

4.6 Accounting for leases as lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases from the lessee's perspective. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. The Swyx Solutions Group acts mostly as lessee in operating lease agreements. The leased assets are attributed — from an economic point of view — to the lessor.

Leases in which a significant portion of the risks and rewards of ownership are transferred to the lessee are classified as finance leases from the lessee's perspective. Therefore finance leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. Payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

4.7 Inventories

Inventories are generally recognised at cost plus any incidental costs on an individual asset cost basis, otherwise on the basis of the average cost method. Inventories are measured at each closing date at the lower of cost or net realisable value.

4.8 Cash and cash equivalents

Cash and cash equivalents include cash balances, bank deposits and other current highly liquid financial assets with an original term of at most three months.

4.9 Equity

The components of equity are accounted for in accordance with the provisions of IAS 32. On initial recognition, financial instruments must be classified as a financial liability, as a financial asset or as equity in accordance with the economic substance of contracts and the definitions in IAS 32.

The other comprehensive income recognised in equity consists of currency translation differences and effects from cash flow hedges which are accounted for not yet affecting profit or loss pursuant to IAS 39.

4.10 Share-based payment

Swyx Solutions Group has an equity-settled share-based payment scheme for executives and managerial employees. Settlement is in Swyx Solutions AG shares. The amount of the equity-settled payment obligation is the fair value of the options at the grant date. This is independently assessed using Black-Scholes valuation models. Swyx recognises share-based payments in personnel expenses on a straight-line basis over the vesting period with a matching increase in additional paid-in capital. The variables incorporated in

the valuation model and the fair values of the equity instruments as well as a description of the share-based payment schemes and its conditions are presented in section 22.

After the balance sheet date all shares of Swyx Solutions AG were purchased by Voip Holding GmbH. All share options were either exercised before the closing date or due to a change of control clause within the scheme converted into a payment entitlement upon closing.

4.11 Other provisions

All other provisions are recognised in accordance with IAS 37, provided the Swyx Solutions Group has a present legal or constructive obligation as a result of a past event, when utilisation of these provisions is more likely than not and the amount can be estimated reliably. The estimate of the settlement amount takes future cost increases into account.

Provisions are recognised at their settlement amount and are not netted with positive earnings contributions.

Where there are a number of similar obligations, the likelihood of recourse is estimated on the basis of the portfolio of these obligations.

Long-term provisions are discounted if the interest effect is material. The discount rate takes account of the current market situation and, if applicable, the specific risks of the liability. The increase in a previously discounted provision due to passage of time is recognised as an interest expense.

4.12 Current and deferred tax

The income tax expense for the period is the total of current and deferred tax. Income tax is recognised in the income statement, unless it relates to items recognised directly in equity or in other comprehensive income. In this case, the tax is likewise recognised in equity or in other comprehensive income.

The current income tax charge comprises the actual tax claims and liabilities for the current and earlier periods. It is measured as the amount expected in refund from the tax authority or as a payment to the tax authority.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the IFRS financial statements. The measurement of deferred tax takes account of tax rates and tax laws that apply or have been enacted by the balance sheet date and that are expected to apply when the deferred tax is realised. Deferred tax assets arising from temporary differences and loss carry-forwards are recognised only to the extent that it is probable that a future taxable profit will be available against which the temporary difference or the loss carry-forward can be charged. When deferred tax assets are recognised, they are tested annually for impairment.

Deferred tax liabilities arising from temporary differences in connection with investments in subsidiaries and associates are recognised, unless the timing of the reversal of the temporary differences cannot be determined by the Swyx Solutions Group and it is probable that these will not be reversed in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and when the deferred taxes assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.13 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. It is recognised net of value added tax and sales deductions. Generally, revenue is recognised after the goods or services have been provided. Revenue is recognised when the amount of revenue can be reliably measured and when it is sufficiently probable that future economic benefits will accrue to the entity.

Revenues from the Swyx Update Service (SUS) are deferred in so far as they relate to future services to be rendered to customers and are amortised over the corresponding contractual or actual service period. SUS is a subscription based service that enables users of SwyxWare solutions to benefit from software updates and associated new features and enhancements through ongoing SwyxWare releases for the duration of their service contract period.

To more closely match the requirements of individual businesses and to give customers full peace of mind with regards to having access to on-going product enhancements, there are multiple options for the duration of the Swyx Update Service contract i.e. Swyx Update Service licenses are available for one, three or five years.

Interest income is recognised using the effective interest method.

5 Management estimates, assumptions and judgments

5.1 General

The preparation of consolidated financial statements in conformity with IFRS requires the use of accounting estimates, assumptions and judgments. These include complex and subjective assessments and the use of assumptions which by their nature are subject to uncertainty and change.

All these estimates, assumptions and judgments are continually being evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Swyx Solutions Group makes estimates, assumptions and judgments concerning the future. By their nature, resulting estimates will not correspond to subsequent actual circumstances in all cases. The estimates and assumptions that may bear a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are examined below.

For calculation of the development costs to be activated we take into account external third party costs and internal development efforts. These development efforts are calculated based on the actual personal expenses of the internal developers.

5.2 Income tax

The Swyx Solutions Group is under a duty to pay income tax in the tax jurisdictions in which it operates. For this reason, assumptions are needed to calculate international tax provisions. There are business transactions and calculations for which the final tax burden cannot be determined conclusively. The Group measures the level of the provisions for anticipated tax audits on the basis of estimates of whether, and at what level, additional income tax will fall due. Discrepancies between the final tax burden on these business transactions and that initially assumed will have an effect on current and deferred tax in the period in which the tax is finally determined.

Deferred tax assets are recognised only when it is probable that sufficient taxable income will be available in future to offset them. This takes account of planned operating earnings, estimates of the possibility for reversing temporary tax differences and the implementation of various tax strategies by the management of the Swyx Solutions Group. If the Swyx Solutions Group

management assumes that deferred tax assets cannot be, or can only partially be realised, that part is not be recognised. More details may be found in section 24.

5.3 Estimates in connection with receivables

Impairments on doubtful accounts are recognised on the basis of risk factors such as a customer's financial difficulties or unfavourable changes in the economic situation while observing the maturity structure of the receivables.

Consequently, the impairments on doubtful accounts largely comprise estimates and assessments of individual receivables and groups of receivables based on the creditworthiness of the customer, current economic trends and an analysis of maturity structures and historical receivable defaults. More detailed explanations may be found in section 18, 27.5.4 and 27.5.5.

5.4 Share-based payment

In determining the fair value of equity instruments, Swyx Solutions GmbH applies a suitable valuation technique (Black-Scholes valuation model) that reflects the conditions of its share-based payment scheme. The variables incorporated in the valuation model and the fair values of the equity instruments as well as a description of the share-based payment schemes and its conditions are presented in section 22.

5.5 Other provisions

By their nature, other provisions are subject to significant uncertainties with regard to the amount of the obligations or the time of their occurrence. To some extent, assumptions have to be made on the basis of figures drawn from past experience with regard to the amount, timing and probability of the obligation or future developments. These may be subject to uncertainties, as is the case in particular with long-term provisions.

The Swyx Solutions Group recognises provisions for impending losses on onerous contracts if a loss is likely and its amount can be reliably determined. Owing to the uncertainties connected with this assessment, the actual losses may possibly differ from the original estimates. In the case of provisions for guarantee and liability risks, uncertainty exists in particular in estimating the future claims.

Estimates and underlying assumptions are reviewed continually. Adjustments to the estimates are fundamentally taken into account in profit or loss in the period of the change and in future periods. The development of provisions is shown in section 23.

6 Consolidation

The group of consolidated companies comprises three companies including the parent Swyx Solutions GmbH effective 31 December 2017, and has not changed during last year.

A complete list of subsidiaries of the Swyx Solutions Group is provided in section 34.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

7 Revenues

Revenues consist of the following:

	scrollen ↔	
in EUR	2017	2016
Revenues Germany	38,060,060	30,149,694
Revenues foreign countries	3,213,805	3,645,916
Revenues	41,273,866	33,795,609

8 Other operating income

Other operating income consists of the following:

	scrollen ↔	
in EUR	2017	2016
Income from realised exchange rate differences	72,981	129,075
Other income from marketing services	46,700	41,201
Income from the disposal of non-financial assets	22,833	3,907
Others	54,035	32,237
Other operating income	196,549	206,420

9 Cost of materials

The cost of materials comprise in all periods presented the cost of acquired raw materials, consumables and supplies for telecommunication equipment being sold to customers.

10 Personnel expenses

Personnel expenses are comprised of the following:

	scrollen ↔	
in EUR	2017	2016
Salaries and wages	10,202,202	9,234,665
Social charges and other costs	1,649,028	1,411,712
Personnel expenses	11,851,231	10,646,377
Annual average number of employees	2017	2016
German employees total	154	140

in EUR	2017	2016
thereof		
Students	25	21
Trainees		1
International employees total	6	5
Total	160	145

11 Amortisation, depreciation for intangible assets and property, plant and equipment

All depreciation and amortisation are presented within the asset schedules for intangible and tangible assets which are included in section 16 and 17.

12 Other operating expenses

Other operating expenses consist of the following:

	scrollen ↔	
in EUR	2017	2016
Marketing and Sales expenses	3,272,357	4,027,899
Consulting, legal and audit	1,591,880	1,187,892
Rental and lease expenses	943,971	813,901
Research and Development expenses	913,976	819,937
Travel and business expenses	616,676	632,731
Communication and Office supplies	183,488	155,329
Training	102,942	98,178
Settlement of arbitration proceedings	-	-
Other operating expenses	8,502,091	8,413,449

13 Financial result

The financial result can be summarised as follows:

	scrollen ↔	
in EUR	2017	2016
Interest income from loans and receivables, cash and cash equivalents	1,470	505
Interest expenses	(27,601)	(18,468)
Financial result	(26,131)	(17,963)

14 Income tax

Tax on the Group's pre-tax profit varies from the theoretical amount, which is based on applying the weighted average tax rate for the Group to earnings before tax, as follows:

	scrollen ↔	
in EUR	2017	2016
Current income tax	(128,344)	(3,560)
Deferred income tax	614,589	-
Income tax	486,245	(3,560)

	scrollen ↔	
in EUR	2017	2016
Earnings before tax an income	2,334,373	1,320,039
Expected income tax expense (2017: 32,81%, 2016: 32,81%)	(765,908)	(433,105)
Tax effects from:		
Changes in the measurement of capitalised deferred tax assets	834,377	403,907
Deferred tax expenses for temporary differences	(219,787)	-
directly attributable to tax lose carryforwards	511,068	-
non tax- deductible expenses	85,569	-
Differences HGB/IFRS net income before tax	13,536	-
Effects from tax rate differences	(185)	4,188
Other	27,575	21,449
Income tax	486,245	(3,560)

The average tax rate for the Group amounted to 32.81% (2016: 32.81%) and is based on the annual parent's income tax rate.

15 Earnings per share

Basic earnings per ordinary share are calculated on the basis of the weighted average number of ordinary shares outstanding in the respective fiscal year. Diluted earnings per ordinary share are calculated on the basis of the weighted average number of ordinary shares outstanding plus all stock options with dilutive potential according to the so-called treasury stock method. Basic earnings and diluted earnings per ordinary share have been determined as follows:

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Reconciliation of shares

in EUR	2017	2016
Weighted average number of ordinary shares outstanding	2,881,470	2,881,470
Equity instrument with dilutive potential	54,691	54,691
Weighted average number of ordinary shares outstanding, including dilutive effect	2,936,161	2,936,161

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Calculation of earnings per share

in EUR	2017	2016
Consolidated net income attributable to owners of the parent	2,820,618	1,316,479
Basic earnings per share	0.98	0.46
Fully diluted earnings per share	0.96	0.45
Consolidated net total comprehensive income attributable to owners of the parent	2,799,640	1,287,042
Basic earnings per share	0.97	0.45
Fully diluted earnings per share	0.95	0.44

The weighted average number of shares in 2017 and 2016 includes the weighted average effect of the exercise of stock options from the 2008 tranches in the course of the years presented. Outstanding stock options originating from the emitted tranches have been included in the calculation of diluted earnings per share 2017 and 2016. Further information on stock option plans can be found in section 22. In the period between the reporting date and the preparation of the consolidated financial statements, Swyx Solutions GmbH carried out no further share option plan or treasury shares buyback transactions. All stock options from the 2008 tranches were exercised in February 2018.

NOTES TO THE CONSOLIDATED BALANCE SHEET**16 Intangible assets**

Intangible assets developed as follows:

scrollen ↔

in EUR	Development project	Other intangible assets	Total
Acquisition costs			
31. Dec. 15	3,935,557	535,617	4,471,173
Additions	2,557,396	177,519	2,734,915
Disposals	-	-	-
Currency translation	-	-	-
31. Dec. 16	6,492,953	713,135	7,206,089
Additions	2,534,593	112,607	2,647,200
Disposals	(491,079)	-	(491,079)
Currency translation	-	-	-
31. Dec. 17	8,536,467	825,743	9,362,210
Accumulated amortisation			
31. Dec. 15	(531,990)	(329,259)	(861,249)
Amortisation	(1,107,913)	(74,776)	(1,182,689)
Disposals	-	-	-
Currency translation	-	-	-
31. Dec. 16	(1,639,904)	(404,035)	(2,043,938)
Amortisation	(1,978,270)	(138,943)	(2,117,213)
Disposals	491,079	-	491,079
Currency translation	-	-	-
31. Dec. 17	(3,127,094)	(542,978)	(3,670,072)
Net book value			
31. Dec. 16	4,853,050	309,101	5,162,151
31. Dec. 17	5,409,373	282,765	5,692,138

No impairment losses existed at all balance sheet dates presented.

The development costs for the subsequent versions of Swyx Powercloud (formally SwyxWare Advance), the Next Generation Client for Android, iOS and a basic Client for Windows mobile phones as well as desktop clients for Windows and MacOS are capitalised. They are in use with a presumed useful life of three years. The development costs for new features and major improvements of subsequent versions of Powercloud 1.10 and the Windows desktop client capitalised in 2017 too but not amortised. The Windows

desktop client which will presumably be finalised in 2018. Powercloud 1.10 is released in February 2018. Additions arising from internal development are € 686,086 and acquired additions are € 1,848,507.

17 Property, plant and equipment

Property, plant and equipment developed as follows:

scrollen ↔				
in EUR	Technical plants and ry machinery	Other equipment and Office equipment	financial lease	Total
Acquisition costs				
31. Dec. 15	112,439	521,067	-	633,506
Additions	-	453,392	-	453,392
Disposals	-	(1,695)	-	(1,695)
Currency translation	-	(1,420)	-	(1,420)
31. Dec. 16	112,439	971,343	-	1,083,782
Additions	-	439,639	379,993	819,632
Disposals	(112,439)	(716,947)	-	(829,386)
Currency translation	-	(286)	-	(286)
31. Dec. 17	-	693,749	379,993	1,073,742
Accumulated depreciation				
31. Dec. 15	(112,439)	(250,605)	-	(363,044)
depreciation	-	(160,719)	-	(160,719)
Disposals	-	1,695	-	1,695
Currency translation	-	639	-	639
31. Dec. 16	(112,439)	(408,990)	-	(521,429)
depreciation	-	(266,100)	(8,172)	(274,272)
Disposals	112,439	352,853	-	465,292
Currency translation	-	144	-	144
31. Dec. 17	-	(322,093)	(8,172)	(330,265)
Net book value				
31. Dec. 16	-	562,354	-	562,354
31. Dec. 17	-	371,656	371,821	743,477

Except for financial lease other property, plant and equipment have neither been pledged nor are property rights in any manner restricted. No impairment losses existed at all balance sheet dates presented. The assets shown as financial lease are equipment sold and leased back and therefore shown under other equipment and office equipment as disposal at amortised costs and under financial lease as additions with their fair value. The contract has the term of 93 month.

18 Trade and other receivables

18.1 Trade receivables

Trade receivables contain outstanding balances from deliveries and services to customers. Details of allowances on trade receivables can be found in section 27.5.4.

Information on the aging of overdue but not yet impaired trade and other receivables can be found in section 27.5.5.

Page 20 Swyx Solutions GmbH, Notes to the consolidated financial statements SWOH

18.2 Factoring

Swyx signed a factoring contract with CommerzFactoring GmbH effecting from November 22nd 2017. Since Swyx transfers substantially not all the risks and rewards of ownership to CommerzFactoring GmbH Swyx financial assets are not derecognised, however Swyx recognises separately as assets or liabilities any rights and obligations created or retained in the transfers with CommerzFactoring.

19 Inventories

Inventories mainly comprise goods for resale.

In 2017, the carrying amount of inventories recognised as an expense amounted to € 17,051 thousand (2016: € 12,993 thousand).

Inventories were impaired as follows:

scrollen ↔			
in EUR		31 Dec. 17	31 Dec. 16
Impairment of Inventories		131,573	237,973

20 Other assets

As at 31 December 2017, other financial assets amounted to € 157 thousand (31 Dec. 2016: € 221 thousand), thereof non-current € 10 thousand. These largely comprised prepaid expenses and deposits.

21 Cash and cash equivalents

As at 31 December 2017, cash and cash equivalents amounted to € 4,313 thousand (31 Dec. 2016: € 2,156 thousand) and largely comprised cash at banks and cash in hand.

The development of cash and cash equivalents is presented in the cash flow statement.

Some accounts with a total value of € 455 thousand are held for factoring transactions only. They are pledged and therefore their property rights are restricted.

22 Equity

The subscribed capital of the company as at 31 December 2017 as well as at all previous balance sheet dates presented amounted to € 2,881 thousand (2,881,470 shares at no par value) and has been fully paid in.

Additional paid-in capital essentially includes premiums from capital increases and the issue of shares of Swyx Solutions GmbH.

To promote the attainment of its business goals, Swyx Solutions GmbH launched share-based payment programmes in 2006 (expired in 2014) and 2008. These programmes were a form of long-term compensation with an incentive component and entitled executives and managerial employees to subscribe for a certain number of Swyx Solutions GmbH's shares.

The share-based programmes have a total nominal value of € 55 thousand relating to the still exercisable stock options. They have a term of ten years each from the grant date, i.e. until 11 June 2018 and 20 August 2018 for the two tranches that have been granted. Conditional capital of € 38 thousand and € 36 thousand was enacted as a result of the granting of up to 38,030 respectively 35,570 registered shares with a stake in the share capital of EUR 1.00 per share pursuant to § 192 paragraph 1 No. 3 German Stock Corporation Act (AktG). The conditional capital of € 38 thousand is reduced by € 18.909 to € 19.121 in the reporting period for stock options of 18.909 shares are not exercisable. The conditional capital was registered on 15 July 2008 and 18 August 2008 in the Commercial Register of Dortmund District Court as HRB 19628.

Eligibility to the Stock Option Programmes 2008 was granted to members of the Management Board and employees of Swyx Solutions GmbH.

The grant dates were 12 June 2008 and 21 August 2008 for the two tranches. The granting of options is made without any payment being provided in return.

In accordance with the associated conditions, each subscription right that is granted entitles the beneficiary to acquire one new registered share in the company. The exercise prices correspond to EUR 9.37 per share option on the issue dates 12 June 2008/21 August 2008.

For all options granted the exercise right depends on the termination of a four years vesting period from the respective date of issue. As a prerequisite for the whole or partial exercising of the options, the following performance target has been contractually fixed:

Exercising of each tranche of the options is possible only if (i) at the beginning of the respective exercise period, the price of a share in Swyx Solutions GmbH exceeds the exercise price by at least 32.32%, or (ii) a minimum of 75% of Swyx Solutions GmbH's shares have been sold within one economically single transaction and within this transaction a sales price for the share could be achieved that exceeds the exercise price by at least 32.32% or (iii) in the case of a sale of all or nearly all assets of Swyx Solutions GmbH to an external party a sales price related to a single share of the company is achieved that exceeds the exercise price by at least 32.32%.

The exercising of all options is limited to an eight years period, extended to ten years in the reporting period, from the issue of the options onwards after the termination of a three years waiting period after the beginning of the employment at Swyx Solutions GmbH and the four years vesting period, irrespective of any initial public offering of Swyx Solutions GmbH.

After expiry of the relevant vesting period of four years after grant date, the options can be exercised up until the expiry of eight years, extended to ten years, from the date of issue.

As these share option schemes involve share-based remuneration with a settlement with equity instruments only, the transactions pursuant to Swyx Solutions GmbH's share-based remuneration schemes are accounted for under the provisions for share-based remuneration settled with equity instruments (IFRS 2.10-29). Therefore, the value of the share option with a granting date of 12 June 2008 was determined, on the basis of a Black & Scholes model, to have a value of EUR 2.98 per share option (fair value of EUR 113 thousand in total) respectively to have a value of EUR 1.99 per share option (fair value of EUR 71 thousand in total) for the share options with a granting date of 21 August 2008.

The recording of the pro-rata amounts of the fair values was carried out proportionately as personnel expenses and as increases in the capital reserves over the period of accumulation until the end of the vesting period of each emitted tranche of share option (IFRS 2.15).

The following parameters were used for the valuation model of those fair values:

	scrollen ↔	
Share option grant date:	12 June 2008	21 August 2008
Volatility	24.40%	25.30%
Dividend yield	0%	0%
Risk-free interest	4.60%	4.10%
Stock price	8.44	7.11
Time to maturity	8.00	8.00
Strike price	9.37	9.37
Trigger	12.40	12.40

All remaining option rights were exercised after the balance sheet date, please see note 33.

23 Provisions for personnel expenses and other provisions

Provisions developed as follows:

	scrollen ↔				
in EUR	01. Jan 16	Additions	Use	Release	31. Dec. 16
provisions for personnel expenses	598,698	778,671	(592,287)	(6,412)	778,670

in EUR	01. Jan 16	Additions	Use	Release	31. Dec. 16
other short term provisions	369,295	920,878	(232,614)	(26,250)	1,031,309
provisions for third party expenses	299,172	7,000	(14,461)	(1,727)	289,984
provisions for warranties	115,000	-	(10,000)	-	105,000
other longterm provisions	93,449	2,329	(44,000)	(9,127)	42,652
provision for income tax	-	-	-	-	-
Total	1,475,614	1,708,878	(893,362)	(43,515)	2,247,615

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in EUR	01. Jan 17	Additions	Use	Release	31. Dec. 17
provisions for personnel expenses	778,670	1,038,804	(703,254)	(75,417)	1,038,804
other short term provisions	1,031,309	266,068	(663,216)	(341,921)	292,240
provisions for third party expenses	289,984	6,000	(4,500)	(145,484)	146,000
provisions for warranties	105,000	-	-	(105,000)	-
other long term provisions	42,652	52,447	(23,553)	-	71,546
provision for income tax	-	125,349	-	-	125,349
Total	2,247,615	1,488,667	(1,394,522)	(667,822)	1,673,939

Non-current provisions include removal and storage provisions. The increase relates to interest charges (€ 1.1 thousand). Provisions for personnel expenses are accrued bonus commitments. Provisions for third party expenses include € 150 thousand for litigations and claims. Other provisions comprise various identifiable risks, thereof € 179 thousand for marketing provisions. Current provisions are expected to be settled in the course of the next fiscal year.

24 Deferred tax

Deferred tax and the change in deferred tax assets and liabilities in the periods presented consist of the following:

scrollen ↔

in EUR	31. Dec. 17	31. Dec. 16
Deferred tax assets	629,630	16,352
Deferred tax liabilities	-	-
Deferred tax	629,630	16,352

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in EUR	31. Dec. 17		31. Dec. 16	
	Assets	Liabilities	Assets	Liabilities
balance sheet item				
Intangible assets	-	1,774,439	-	1,591,627
Property, plant and equipment	-	132,565	-	-
Provisions, other liabilities	123,919	14,336	13,994	-
Loss carryforwards	2,427,050	-	1,593,984	-
Total	2,550,969	1,921,340	1,607,978	1,591,627
Offset	(1,921,340)	(1,921,340)	(1,591,627)	(1,591,627)
After offsetting	629,630	-	16,352	-

Deferred tax assets for tax loss carry-forwards are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. In the current underlying forecasting period the planned earnings do not exceed the loss carry-forwards in total. We expect the utilisation of the deferred tax assets for tax loss carryforwards within the next 2 years.

For domestic trade tax loss carry-forwards of € 7,221 thousand (2016: € 8,583 thousand) and for foreign and domestic corporation tax loss carry-forwards of € 7,496 thousand (2016: € 9,011 thousand), the Group has not recognised any deferred tax assets that can be carried forward and offset against future taxable profit. Trade tax and corporation tax loss carry forwards can essentially be used for an unlimited period.

25 Trade and other payables

Trade payables recognise obligations to pay for goods or services that have been acquired from suppliers as well as debtors with credit balances.

Swyx Solutions Group successfully uses cash flow hedges in the reported period to lower its potential risk of cash flow losses due to foreign currency exchange rate decreases for liabilities from purchases in US\$ of goods held for sale.

Within the reporting period eleven hedges could be successfully completed, another two will affect profit or loss by end of February 2018. The amount recognised as other comprehensive income during the reporting period sums up to € 71,899 with € 51,684 reclassified to profit for the reporting period. There are no ineffective cash flow hedges to be reported.

26 Financial and non-financial liabilities including deferred income

Financial liabilities include long-term Swyx update services. As at 31 December 2017, non-financial liabilities mainly relate to VAT liabilities. Deferred income mainly relates to prepaid Swyx update services ("SUS").

27 Financial Instruments

27.1 Financial risk management

The internal control and financial risk management system is to detect, assess and prevent future risks from misstatements of financial data of the company.

Swyx has a clearly defined, structured and communicated operational and organisational structure. The organisational structure is functional and sufficiently deep. The identification and delimitation of responsibilities is shown to all employees by the anytime-accessible organisation chart. Process independent checks shall be carried out in particular by the controlling department. In addition, the management reports with key performance indicators as well as weekly and monthly reports with comprehensive forecasts are created internally on a daily basis.

The Supervisory Board is informed by the Directors about the economic situation and the potential risks for the company. In case of exceptional events such as a significant deviation from the predicted plan in addition to official meetings immediate information is given to the members of the Supervisory Board, partly in short telephone conferences or by email. Financial risks of Swyx Solutions Group are centrally monitored by the Group Management (Executive and Supervisory board).

The company has a standard ERP system (Navision) in place that provides both the separation of individual areas by modules and access restrictions (eg: order processing and purchasing) as well as guarantees the completeness of all recorded transactions in the general ledger by the integration of those modules.

27.2 Market risks

In the Swyx Solutions Group, market risks comprise currency risks. IFRS 7 requires companies to disclose a sensitivity analysis for each type of market risk, showing how profit or loss and equity could be affected by hypothetical changes in relevant risk variables..

Within the Swyx Solutions Group all companies are accounted for their business activities in EUR or GBP and are exposed to fluctuations in GBP. A deviation of +/- 5.00% of the GBP/EUR translation rate would effect the income of the year of the group by € +2/-2 thousand (2016: € +2/-2 thousand;).

27.3 Credit risk

From its operational business and from certain other financial instruments, the Swyx Solutions Group is exposed to the risk of its business partners not being able to meet their obligations. A diversified client base and regular checks of creditworthiness help reduce the default risk resulting from financial instruments.

The maximum credit risk at the balance sheet date is largely reflected by the carrying amount of financial assets (without cash and cash equivalents) recognised in the balance sheet and amounts, as at 31 December 2017, to € 12,388 thousand (31 Dec. 2016: € 12,583 thousand). Until today most of the receivables are paid. The credit risk from liquid funds only applies to banks. For this, the Group maintains short-term money market deposits.

The bank default risk covers all financial instruments concluded with the bank.

To avoid or reduce credit defaults from operational business, the Swyx Solutions Group has a corresponding receivables management system that regularly monitors debtors and the maturity structures of trade receivables.

27.4 Liquidity risk

The aim of liquidity management is to ensure that existing and future payment obligations can be met. Group liquidity is managed for this purpose centrally in the Group.

The ability to service the debt and other expense is basically dependent on the future business and earnings development of Swyx Solutions Group.

27.5 Additional information on financial Instruments

27.5.1 Overview

This section contains further details on the importance of financial instruments and on items in the balance sheet and statement of comprehensive income that affect financial instruments.

27.5.2 Book values, valuation and fair values by category and reconciliation to balance sheet items

The only existing categories of financial instruments within Swyx Solutions Group are "loans and receivable" and "financial liabilities at amortised cost". Given their relatively short remaining terms, the book value of financial receivables, trade receivables and trade payables, other receivables and payables, and cash and cash equivalents is the same as their fair value.

27.5.3 Net gains/losses on financial Instruments by category

Net gains/losses on financial instruments comprise interest, recognition and reversal of impairment losses, gains/losses from currency translation and all other effects on earnings from financial instruments. They are disclosed within the financial result of the consolidated income statement as well as in the following section for allowances for accounts receivable.

Additions to allowances on trade and other receivables are generally shown in other operating expenses, while reversals are shown in the respective expense positions.

27.5.4 Allowances on trade and other receivables

Allowances on financial assets are broken down as follows:

	scrollen ↔
in EUR	
Trade receivables	
Allowances as at 31 Dec. 2015	97,727
Additions	736
Use	-
Release	-
Currency- related and other changes	(8,050)
Allowances as at 31 Dec. 2016	90,413
Additions	8,281
Use	-
Release	-
Currency- related and other changes	(1,725)

in EUR
Allowances as at 31 Dec. 2017

Trade receivables
96,969

No allowances on other receivables were made at all balance sheet dates.

27.5.5 Age structure of due, but not impaired, financial assets

The age structure is broken down as follows:

		scrollen ↔		
		Total nominal volumes	of which neither due nor impaired	impaired
in EUR				
31. Dec. 17				
Trade receivables		12,746,844	12,421,724	96,969
Other receivables		-	-	-
31. Dec. 16				
Trade receivables		12,583,289	12,270,651	90,413
Other receivables		-	-	-

		scrollen ↔			
		Of which due, but not impaired			
		up to 30 days	31-60 days	61-90 days	more than 90 days
in EUR					
31. Dec. 17					
Trade receivables		315,617	4,326	2,379	2,798
Other receivables		-	-	-	-
31. Dec. 16					
Trade receivables		299,066	10,944	2,145	483
Other receivables		-	-	-	-

Outstanding receivables not yet due were not impaired as there was no indication of default at the financial year end date.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

28 Presentation of consolidated cash flow statement

In the consolidated cash flow statement of Swyx Solutions Group, the cash flows from operating activities, investing activities as well as financing activities are separated and the allocation of cash flows to those three sections were made in a consistent way throughout all periods presented.

		scrollen ↔	
		01. Jan 17	Cash flows
long-term lease liabilities		-	49,028
short-term lease liabilities		-	322,766
Total		-	371,794

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		Non-cash changes			
		Acquisition	Foreign exchange movement	Fair value changes	31. Dec. 17
long-term lease liabilities		-	-	-	49,028
short-term lease liabilities		-	-	-	322,766
Total		-	-	-	371,794

29 Regional and Segment Reporting

The business activities of the Swyx Solutions Group generally consist of the CPE (Customer Premises Equipment) and Hosted Solutions business. These businesses are maintained as one single operative business and are internally monitored in whole which would exceed the quantitative thresholds of IFRS 8.13, so a one-segment reporting of Swyx Solutions Group is possible. Should there be other separable operative segments in future exceeding the quantitative thresholds of IFRS 8, a segment reporting will then be disclosed.

Swyx Solutions Group's external revenue by region is presented in section 7.

The regional distribution of non-current assets is based on the asset's country of location and is presented in the table below:

		scrollen ↔	
		31. Dec. 17	31. Dec. 16
In EUR			
Germany		6,432,940	5,718,832

In EUR	31. Dec. 17	31. Dec. 16
Foreign countries	2,674	5,673
Total	6,435,615	5,724,505

In 2017 as well as in the previous periods presented, in two cases at least 10 percent of the Swyx Solutions Group revenues were achieved with single customers (2017: € 25,930 thousand and € 5,843 thousand respectively; 2016: € 20,125 thousand and € 5,731 thousand respectively).

OTHER DISCLOSURES

30 Capital management

The Swyx Solutions Group is continually improving its capital structure to safeguard the Group's ability to continue going concern and to provide financial stability. The managed capital equals the equity in the IFRS consolidated balance sheet.

A key performance indicator within the capital management of Swyx Solutions Group is the relationship between equity and the balance sheet total (equity ratio). At the balance sheet date, the equity ratio amounted to 39.5% (31 Dec. 2016: 34,3%).

31 Lease

31.1 Operating-Lease

The group companies lease office space, administrative equipment, as well as vehicles, under operating lease contracts. Future minimum obligations relating to leasing contracts are as follows:

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in EUR	31. Dec. 17	31. Dec. 16
Minimum lease payments payable within 1 year	521,648	584,181
payable within 2 to 5 years	1,333,432	1,335,356
payable in more than 5 years	1,280,016	1,585,014
Total of minimum lease payments	3,135,096	3,504,550

Lease expenses from operating lease agreements amounted to € 767 thousand in 2017 (€ 618 thousand in 2016). The Swyx Solutions Group is the lessee in operating lease agreements relating to buildings, company cars and copy machines.

The new office rent contract has a fixed term of 10 years, beginning on 1 January 2017 until 31 December 2026. It can be prolonged two times for 5 years each with no changes to the rental conditions.

31.2 Finance Lease

The group companies lease office equipment under a finance lease contract. Future minimum obligations relating to this leasing contract are as follows:

scrollen ↔

in EUR	31. Dec. 17	31. Dec. 16
Minimum lease payments payable within 1 year	54,173	-
payable within 2 to 5 years	216,691	-
payable in more than 5 years	139,946	-
Total of minimum lease payments	410,810	-

Lease expenses from the finance lease agreement amounted to € 9 thousand in 2017.

32 Related parties

Besides the subsidiaries included in the consolidated financial statements, in conducting its business affairs the Swyx Solutions Group is also in direct and indirect relationship with related parties.

The parent company of the Swyx Solutions Group is the executive body of the company. The Executive and Supervisory Board members form further related parties of Swyx Solutions Group. The Executive Board of the company consists of:

Dr. Ralf Ebbinghaus, Dortmund (CEO Swyx Solutions GmbH)

Dirk Valbert, Essen (CFO Swyx Solutions GmbH)

Martin Claßen, Mönchengladbach (CTO Swyx Solutions GmbH)

The Supervisory Board consists of:

Jan de Jong (Chairman Supervisory Board, Managing Director Nedamco Capital) Michael Boshammer (Managing Director Deutsche Telekom Venture Fund) Albert Joseph Markus (Management Consultant)

Services received and delivered, as well as outstanding balances with related parties beside remuneration did not occur in all periods presented. Management remuneration includes remuneration of the Executive Board and the Supervisory Board of the Swyx Solutions Group. Those remunerations are short term employee benefits. The management was remunerated as follows:

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in EUR	2017	2016
Executive board	871,359	769,158
thereof salaries	414,000	491,500

in EUR	2017	2016
thereof bonus	297,057	163,120
thereof other benefits	160,302	114,539
Supervisory board	-	6,934
Total	871,359	776,092

€ 297,057 of the total compensation is outstanding at 31 December 2017 and will be paid in first quarter 2018.

As share based payment compensation, outstanding stock options in favour of key management personnel existed up to 43,346 exercisable stock options with a fair value totalling to €129,112.

Argent Capital Investments III Corp. has made payments on behalf of Swyx with an amount of € 359.567 for consulting.

Caprera II B.V. has made payments on behalf of Swyx with an amount of € 44.308 for travel expenses.

An advisory agreement with Albert J. Markus is in place within the reporting period with terms equivalent to Arm's length.

33 Events after the balance sheet date

In January 2018 all of Swyx shares were sold to Voip Holding GmbH, a fully owned subsidiary of Waterland Private Equity. The closing took place in February 2018. Upon closing the supervisory board members resigned and three new members were elected by the new shareholder. The Management Board/Vorstand remains in office.

Before and upon closing the option rights issued in 2008 as share base payment were exercised. Accordingly, 11.345 new shares were created on February 26th, 2018 and the subscribed capital was increased by € 11.345 to € 2.892.815. The capital reserves were increased by € 94.957,65. Due to a change of control clause within the option scheme the remaining option rights entitled their option holder to a payment of the difference between the exercise price per share option and the share purchase price upon closing leading to no further changes in equity.

34 Group of consolidated companies

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Name and location of the subsidiary	Share in %	Description of the relationship	Consolidation method
Swyx Solutions AG, Dortmund		parent	fully consolidated
Swyx Solutions UK Ltd., Uxbridge	100	subsidiary	fully consolidated
Swyx Solutions SAS, Paris	100	subsidiary	fully consolidated

35 Auditor fees

Total auditor fees are broken down as follows:

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in EUR	2017	2016
Annual audit	80,163	65,785
Tax consultation services		-
Total	80,163	65,785

Dortmund, 30 May 2018

Swyx Solutions GmbH

Executive Board

Dr. Ralf Ebbinghaus

Dirk Valbert

Martin Claßen

Auditor's Report

To Swyx Solutions GmbH (formerly: Swyx Solutions AG), Dortmund

We have audited the consolidated financial statements prepared by Swyx

Solutions GmbH (formerly: Swyx Solutions AG), Dortmund, comprising the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in shareholders' equity and the notes to the consolidated financial statements, for the financial 2017. The preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code [HGB] and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting

the disclosures in the consolidated financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Düsseldorf, 30 May 2018

**KPMG AG
Wirtschaftsprüfungsgesellschaft**

Reuter, Wirtschaftsprüfer, German Public Auditor
Dr. Ackermann, Wirtschaftsprüferin, German Public Auditor
