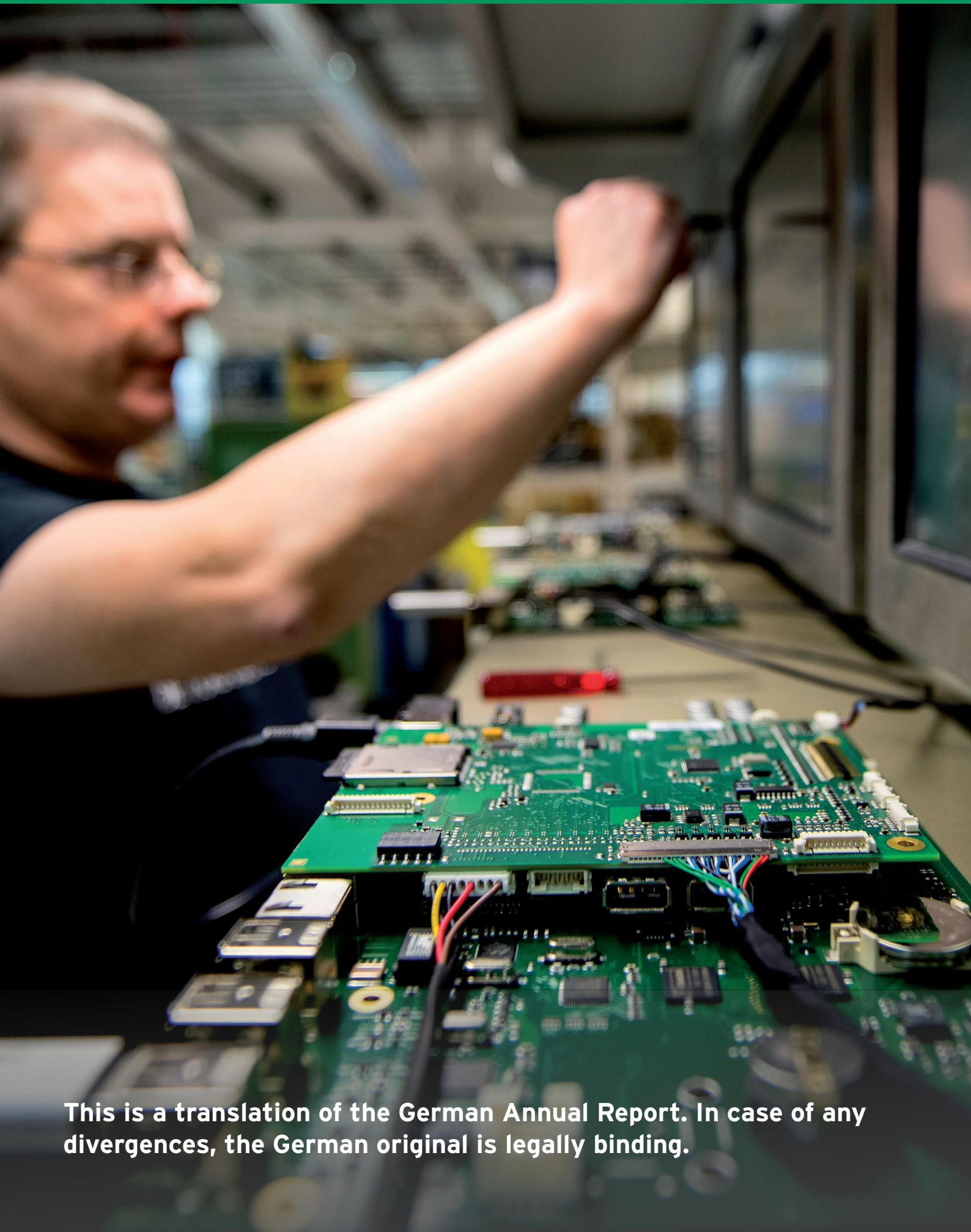


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ANNUAL REPORT  
2015



**This is a translation of the German Annual Report. In case of any divergences, the German original is legally binding.**

## KEY FIGURES 2015

Financial key figures		2015	2014	Change in %
Turnover	K€	25,211	22,418	+12.5
EBITDA	K€	2,637	1,561	+68.9
EBIT	K€	2,059	1,021	+101.7
Result after income tax	K€	1,183	521	+127.1
Cash flow from ongoing business activity	K€	1,511	1,838	-17.8
Investments in tangible fixed assets and immaterial assets	K€	421	307	+37.1
Amortisations on tangible fixed assets and immaterial assets	K€	578	540	7.0
Earnings per share	€	0.79	0.35	+126.9
Book value per share	€	5.15	6.50	-20.8
Equity ratio	%	40	72	--
Export ratio	%	29	31	--

Employment figures		2015	2014	Change
Number of employees by year end		138	131	+7
- of which product development and management		44	44	0
- of which sales and support		25	25	0
- of which production		30	29	+1
- of which other		29	25	+4
- of which trainees		10	8	+2
Independent sales agents		8	8	0

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## LETTER BY THE EXECUTIVE BOARD



### Dear fellow Vectron shareholders,

The financial year 2015 was marked by new product developments and first successes in our new fields of business. Vectron continues to invest heavily in the continuous renewal and expansion of its product range in order to defend and expand its leadership position. For instance, the past financial year saw the introduction of the Vectron POS Touch 12, which, as the smaller and more competitively priced version of our best-seller POS Touch 15, should open up the design and quality level of this best-seller to an additional circle of customers. Additionally, this new entry model allows the elimination of cheaper versions of the POS Touch 15, thus enabling a higher pricing position of the success model.

The Vectron brand is also known at the market for very high-quality and robust POS systems that can be used by the waiters directly at the table. With their shock-proof and completely waterproof casings, these appliances survive the tough conditions in

the gastronomy sector for many years. To complement them, since the last financial year Vectron has been offering an app-based solution for mobile payment collection that can be used on iOS and Android-based smartphones and tablets. Both solutions have advantages and disadvantages, which is why we leave the choice to our customers. Only Vectron makes it possible to choose between two versions and to even use these interchangeably if required.

A dedicated sales team was established for our secondary brand Duratec from April 2015 onwards and, after the testing phases of the previous years, we pushed ahead with the Germany-wide market roll-out. We succeeded in signing contracts with a sizeable number of new trading partners and increasing sales considerably. This confirmed the Duratec concept and now the brand is to be rolled out internationally in the following years. With the new model POS S12, the secondary brand also

saw the introduction of a new entry-level model as well as an Android-based payment collection app.

Our customer loyalty system bonVito was also able to grow considerably, already generating a turnover of 1.7 million Euro in the financial year 2015. The sales are being achieved by bonVito GmbH, a wholly owned subsidiary of Vectron System GmbH that is however non-consolidated. bonVito GmbH's loss for the full year was only at K€ 118, and during the final months of 2015 break-even was already reached. Vectron is confident that we will be able to considerably expand the proportion of bonVito users among our own customer base, which in 2015 stood at around 2 %, thus considerably increasing revenues.


The fiscal cash register obligation in Austria already resulted in noticeable effects on sales in 2015, even though we only expect the majority of the demand in the second half of 2016.

In total, it was possible to increase sales by 12.5 % from 22.42 million Euro to 25.21 million Euro. The EBITDA increased by 1.56 million Euro to 2.64 million Euro, whilst the EBIT grew from 1.02 million Euro to 2.06 million Euro. Vectron was able to improve net profits from 0.52 million Euro to 1.18 million Euro. The staffing level increased from 131 employees to 138 employees, whilst it was possible to keep gross profit relatively constant at 59 %.

We plan to continue to follow our current course consistently in 2016 and would be delighted if you take this journey with us.

Kind regards,

Vectron Systems AG  
The executive board

  
Jens Reckendorf

  
Thomas Stümmler

## REPORT BY THE SUPERVISORY BOARD

The supervisory board performed the duties it is charged with by law and according to the articles of association during the financial year 2015. The supervisory board was involved by the executive board in all fundamental business decisions and was always informed promptly of current developments. In addition to the regular meetings, each month the executive board reported in writing on the current economic situation by way of a clearly defined budget report, provided an outlook towards the remainder of the ongoing financial year and drew comparisons with previous reporting periods, which meant that up-to-date information was available at all times. If required, questions by supervisory board members were also answered quickly outside the executive board meetings individually or in telephone conferences.

The supervisory board gave its recommendations on the proposed resolutions of the executive board under consideration of the prerequisites prescribed by law and in the articles of association.

During the financial year 2015, four supervisory board meetings took place.

The focus of the supervisory board meeting on 24 March 2015 was the confirmation of the annual financial statement 2014 and the approval of the situation report. The resolutions on the recommended use of profits and on the report of the supervisory board for the annual financial statement 2014 were also passed.



Further topics were the development of the new fields of business bonVito and Duratec, the future financing of the company, in particular additional methods of growth financing for bonVito, effects of the Euro/Dollar exchange rate development, the state of the "fiscalisations" (regulatory requirements for cash register systems) in different sales markets as well as the preparation of the annual general meeting.

On 12 June 2015 a further meeting of the supervisory board took place following the company's annual general meeting in Frankfurt. Discussion points were the course of the annual general meeting, strategic options in the new business fields and for company financing as well as current developments in the "fiscalisation" area.

The meeting on 22 September 2015 primarily concerned the analysis of the current development and the perspectives in the business fields Duratec and bonVi-

to, current activities in the area of company financing as well as the internal reorganisation with which the organisation is being aligned with changing business models.

Significant topics of the final meeting of the year on 21 December 2015 were the preliminary analysis of the course of 2015, the ongoing planning for the financial year 2016 as well as the current situation with regard to long-term growth financing.

Executive board and supervisory board have issued a compliance declaration pursuant to Article 161 AktG [German Stock Corporation Act]. This has been made publicly available on the company's website. In it, Vectron Systems AG declares that it follows the German Corporate Governance Code in the version dated 05 May 2015 with exceptions. The exceptions are considered prudent due to company-specific circumstances. Due to the low number of supervisory board members (three individuals), it was decided to forego the formation of sub-committees.

The situation report and annual financial statement submitted by the executive board for 2015 were audited by the auditing company KJP TreuConsult GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungs-

gesellschaft and granted an unqualified audit opinion. The annual auditor reported orally on the assessment in the supervisory board meeting on 26 April 2016 and was available to the supervisory board for supplementary information.

Following the assessment of the annual financial statement (balance sheet, profit and loss account, appendix and situation report), the supervisory board agreed with the result of the annual auditor's audit. The annual financial statement is thus confirmed. The supervisory board agreed to the executive board's recommendation for the use of the profits.

The supervisory board thanks the executive board and all employees of the company for the work undertaken in the reporting year.

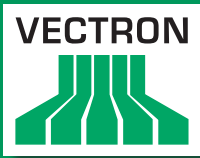
Münster, April 2016

For the supervisory board



Christian Ehlers

Chairman of the supervisory board



## COMPANY AND MARKET

### The Company

Vectron Systems AG is one of Europe's leading suppliers of intelligent POS systems. Every year, more than 10,000 POS systems are produced at the company's head office in Münster. The product range comprises a large variety of stationary and mobile POS models in different sizes and with different performance, which are equipped with innovative and ground-breaking technology. In addition to the technological claim to leadership the Vectron Systems AG sets great store by progressive design.

The software that is based on more than 25 years of professional know-how makes the Vectron POS systems stand out from competition. In contrast to other manufacturers all the POS models use the same software and can therefore be networked without problems. At the same time the software is so flexible that it can be tailored to diverse trades. In short: One software for all models and for all industry sectors. This is what Vectron calls the „double platform strategy“.

### The Market

The market for POS systems is characterized by a large number of smaller companies, which mainly work on a regional basis. Only few manufacturers are internationally oriented. Most of them concentrate on certain trades whereas the software employed by Vectron Systems AG boasts such flexibility that it can be adjusted to any trade.

The number of point of sales in Germany and Western Europe has been relatively constant for years; however, a continuous trend towards high-quality, powerful systems can be observed. This applies in particular to restaurant and bakery chains, two of the main target groups of Vectron Systems AG. High-quality systems are especially used when not just cashing functions are required but management solutions (enterprise resource planning, time & attendance, etc.) are to be covered as well.

Vectron's sales focus on the hospitality and bakery trade with a correspondingly high market share. The sale is internationally oriented. At present the products are sold in 30 countries all over the world via a close-knit network of about 300 specialist trade partners, who also take care of end users. The trade partners are backed by area sales managers and by employees in the sales and support department.

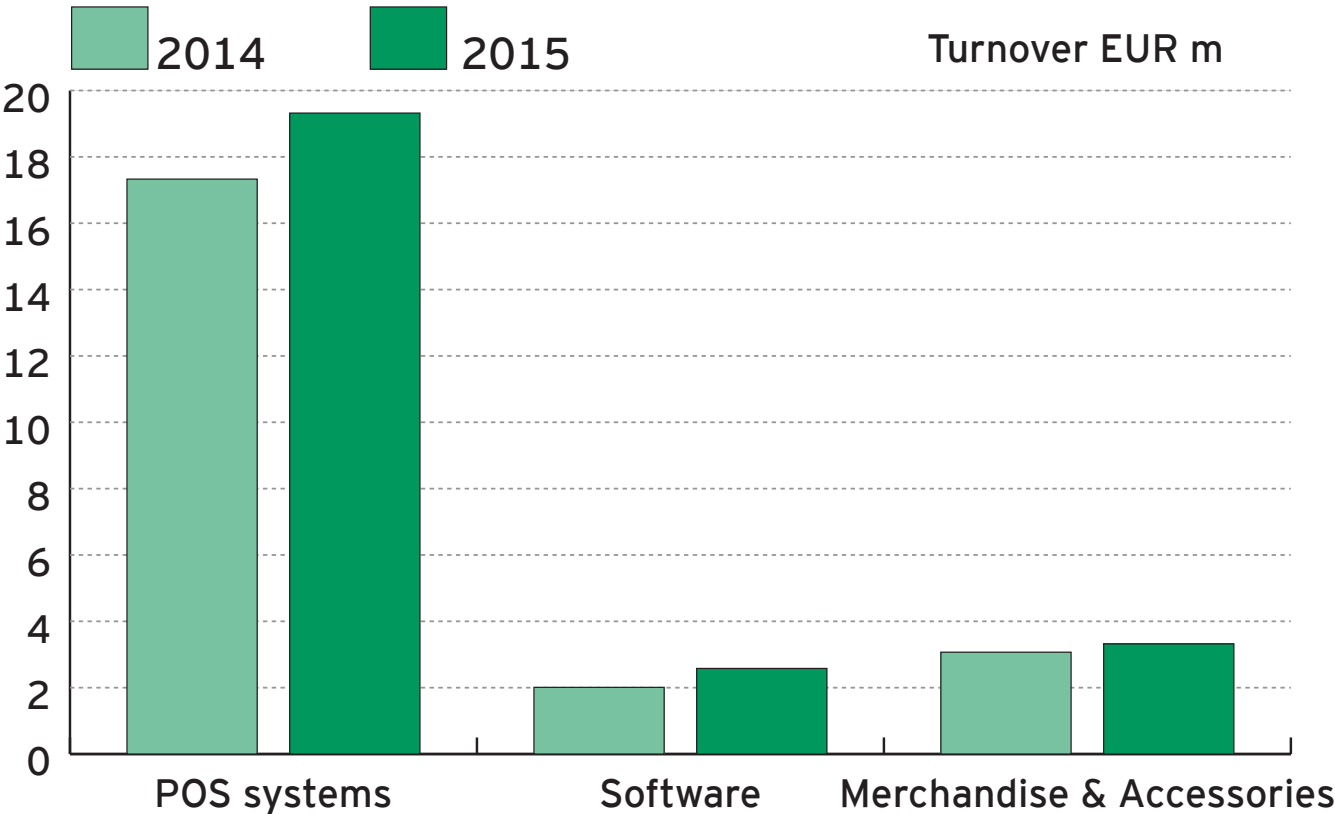
The export share is currently at 29 %. Vectron sees considerable potential for increasing sales in international markets over the next years by means of intensified support. In Austria, the Netherlands and in Switzerland the Vectron Systems AG considers the company to be among the leading suppliers.

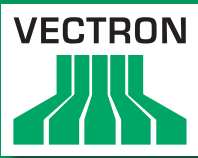
### Sales segments

Sales of the Vectron Systems AG can be divided into the product segments "POS systems" (these consist



of a combination of hard- and software), "Software" (PC-based POS and back office software and other licences) and "merchandise and accessories". The predominant part of the turnover is generated with the core business, the POS systems.





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## THE VECTRON PRODUCT RANGE

Under the main brand of Vectron the company sells high-quality, technologically sophisticated stationary and mobile POS systems. The range is completed by some peripherals, e.g. customer displays. The POS software is also developed by Vectron and is constantly adjusted to current market demands. Main target groups are bakeries and the catering industry. For these trades the software offers numerous proven special functions. At the same time the software is so flexible that it can be tailored to a large number of other trades.

### Vectron POS MobilePro II

The look of the successor model resembles very much that of the proven and very successful POS MobilePro; however, the technology received a general overhaul. The model is considerably faster and more powerful; the display legibility in direct sunlight was increased and the touch was improved. What has been kept are the extreme robustness and watertightness. Thanks to the practical touch screen-keyboard combination, it can be operated particularly quickly and lends itself for companies with a high customer frequency or at peak times. The POS system is light and ergonomically shaped for comfortable operation. The Vectron POS MobilePro II is also a fully-fledged POS system independent of a server station.



### **Vectron POS MobilePro III**

Since March 2015 the POS MobilePro III has been available. The model relies on the proven assets of its predecessor but comes with a completely new design - fitting the current generation of stationary POS systems. The battery capacity was increased considerably and the system has a modern capacitive touch screen. Vectron POS MobilePro III is equipped as standard with card reader, WiFi and Bluetooth.



### **Vectron POS Vario II**

The Vectron POS Vario II was the first model in the new Vectron generation of stationary systems, launched in February 2012. It was developed to make workflows even more efficient. Reliable top technology provides for an enormously high working speed, and the high-quality materials guarantee robustness and a long service life. The higher-performance, technologically leading software offers a large number of perfected functions that accelerate and simplify workflows. The combination of the large touchscreen and the flat keyboard of the Vectron POS Vario II enables an especially fast and intuitive operation and the clearly laid-out display of even large stock lists.





### Vectron POS Mini II

Vectron POS Mini II is another model of the new product generation. It provides the same comfortable flat keyboard as the POS Vario II but is equipped with a clearly smaller 7" (17,8 cm) touch screen. It is the inexpensive alternative to the POS Vario II, where data entry is mainly carried out via the keyboard and a large touch screen is not required.



### Vectron POS Touch 12

Vectron POS Touch 12 is a rugged, stationary touch system with 12" (30,7 cm) display and analog-resistive touch. It is dust and splash-proof and is perfectly suited when only a small footprint is available for the POS system. It is alternatively available with VESA wall mount. Operation is easy and intuitive and its graphical user interface is fully designable.



### Vectron POS Touch 15 PCT

Vectron POS Touch 15 PCT is the top model of the stationary product generation. The elegant, high-class POS system is reliable, fast, robust and extremely durable. The high processing speed gives proof of its powerful electronics especially in peak times. Its operation is simple and intuitive and the capacitive 15" (38,1 cm) touch screen offers a great deal of space for the clear display of even large stock lists. As a non-PC-based POS system, the Vectron POS Touch is also perfectly protected against viruses and tampering.

## Vectron customer displays

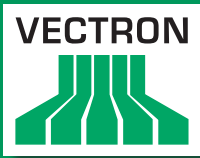
In parallel to the new generation of stationary POS systems, Vectron developed customer displays in a design that perfectly matches the new range of products. The C56 with black-white transfective LCD features a 5.2" (13,2 cm) screen for the display of 2 x 20 characters. It is attached at the rear of the POS system housing by means of a hinge so that the tilt angle is adjustable. The LCD is alternatively available as a stand-alone device on a pole in two different heights. The larger variant is the Vectron C75 with a screen diagonal of 7" (17,8 cm) and colour display. In addition to the receipt it shows images and can play videos. The largest customer display, the Vectron C100, features a 10.4" (26,4 cm) screen.



## Vectron POS PC

Vectron POS PC provides the comprehensive Vectron POS software for PC-based solutions. The cross-sector POS PC software can be combined with backoffice programs, e-mail applications and other Windows applications at the point of sale. Despite its different hardware basis, the Vectron POS PC can be networked with all proprietary Vectron POS systems. Both systems offer the same functions, programme routines and a unified, interchangeable data format for PLUs, sales and additional services. The software can be used on any PC hardware with Windows operating system.



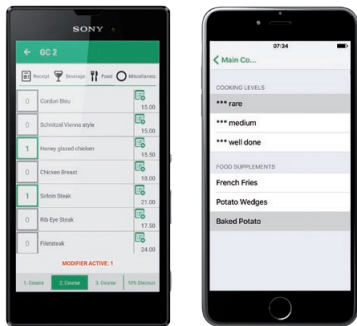


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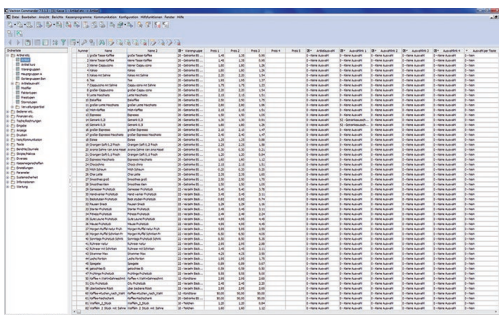
## Vectron MobileApp

The new Vectron MobileApp for mobile Android and iOS devices completes the options of mobile cashing with Vectron. Whilst being easy to operate it provides all the comfort you require for mobile cashing. POS App and stationary system are networked; more complex transactions can be carried out via the stationary Vectron server system, which is required for using the app. The App only requires a local WiFi network and can do without an error-prone Internet connection. It can be used alternatively or additionally to mobile Vectron POS systems and can be booked for flexible periods.



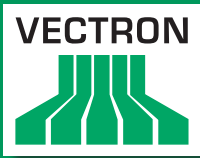
## Vectron Commander 7

Version 7 of the versatile communication software Vectron Commander offers numerous convincing new functions. In addition to the useful features for simplified data management, automated data transfer and data evaluation already known from the predecessor version, Vectron POS systems can be programmed and configured completely via Commander 7. New "Assistants" facilitate the programming. Icons and buttons for example can easily be created, changed or deleted. The programming of the GUI, keyboard assignment of the POS system and the generation of table maps also takes place via the supplied assistants. The GUI and the user guidance allow for clear, intuitive and easy handling of the Commander.









## **DURATEC: INEXPENSIVE SECOND BRAND FOR THE HOSPITALITY INDUSTRY**

So far, Vectron has been active in the higher price segment, covering mainly the market of demanding customers. In order to enter the area of lower to medium price/performance segments and to secure additional market shares, Vectron launched the second brand "Duratec" in October 2013.

The new Duratec product range is based on the sophisticated Vectron technology; the software, however, focuses on the essential as well as on strong simplification and ease of learning. For the hardware Vectron relies on longlived special hardware made in Germany. At the same time, Duratec takes into account current trends like the integration of smartphones as order phone. A PC version of the software is also available.

### **Robust hardware, easy operation**

So far, Duratec exclusively addresses SMEs of the catering trade; further trades are being planned. A version for retail is to follow soon.

The robust stationary POS systems combine security, efficiency and flexibility with easy operation and simple programming. The housing of the "Duratec POS S15" is made of black, powder-coated steel and defies the heavy duty in hospitality industry. The elaborate sealing makes the high-quality 15" touch screen unsusceptible to splash water. The se-

cond model of the series is the "Duratec POS S12" with 12" touch display and stable plastic housing. In 2016, a third stationary POS system, the "Duratec POS S14" is to follow.

Duratec devices provide an optimum price-performance ratio and can also be leased. Furthermore they can be protected with a Full-Service Agreement.

### **Mobile cashing with Duratec**

To enable the mobile cashing as well Vectron developed a POS system App for mobile Android and iOS devices. The "Duratec MobileApp" allows easy registration and invoicing of orders. Operation is based on the stationary Duratec POS systems to ensure fast and intuitive processes. A free demo version is available from the App-Store and from Google play. The App only works in a network with a stationary Duratec POS system as server. A monthly payment is required to use the App, thus generating a regular income for the Vectron Systems AG.

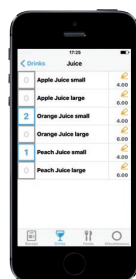
The scope of functions of Duratec devices, which is considerably restricted compared to that of Vectron POS systems, allows a clear distinction of both brands and prevents cannibalism effects for the Vectron core business. As the programming of the devices is clearly faster and easier the Duratec is

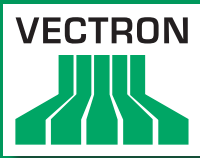
also interesting for dealers in Germany and abroad. In 2015 the bonVito online services were integrated to Duratec POS systems as well. Furthermore, sales of the second brand have more than doubled compared to the previous year.

To further promote the second brand and to better profit from special sales effects resulting from the new demands of fiscal authorities on POS systems in Austria and Germany, the sales activities are presently being pushed.



# DURATEC





## BONVITO: INTERNET SERVICES AND CUSTOMER RETENTION

Under the brand name of bonVito, Vectron offers Internet services in the fields of customer retention, customer account cards, e-payment, reservation, online orders and reporting. Vectron or Duratec systems are connected to bonVito via the Internet so that individual marketing campaigns can conveniently be installed online and can then be sent to the POS systems. The POS systems carry out the campaigns automatically, without creating additional work for the employees. As soon as a promotion is running, bonVito offers the option of tracking its success in real time.

### Use of anonymous or personalised bonuses

For most campaigns you can choose between anonymous or personalised use. The obstacles for customer entry are especially low with anonymous use and no costs for customer cards arise for the bonVito partner. All required information is printed out on the receipt, which the customer brings along during his next visit to collect additional bonuses or redeem existing ones.

The personalised use is even more effective. Customers either get an account card or call the bonVito App on their smartphone, which can conveniently be used as digital customer card. The registration of customers provides the bonVito partner with valuable information about the customers and their buying behaviour.

As a result, you can orient campaigns more specifically toward your customers, enabling increased sales through greater customer retention.

### Detailed evaluation

As all relevant data is saved in the POS system, it is available for controlling purposes. Each individual campaign can be evaluated in detail as a result. The buying behaviour of each individual card holder can also be analysed. bonVito offers the chance to assess and evaluate the effects of marketing strategies via usage statistics.

### Broad range of options

bonVito also works across branches; the numerous modules can be booked individually or in conjunction for an inexpensive monthly fixed amount. Low-priced total packages including POS system or transaction-based invoicing are also available options. Furthermore, most of the modules can be used without connection to a POS system, which increases the sales potential considerably.

### Reservation System

The convenient bonVito online reservation not only serves for booking tables. The comfortable reservation manager also lends itself to manage e.g. the allocation of tennis courts or the tee-off times on a

golf course. When connected to a POS system, data between the two systems is exchanged in real time, so that for example a table that is open in the POS system will be blocked automatically for the online reservation.

## Online Ordering

The new order system is embedded to the website of the respective bonVito customer. Online orders can be managed professionally and clearly cheaper than via delivery portals, which will make the offer interesting for many restaurateurs. It can be used with connection to a POS system but also as a "stand-alone".

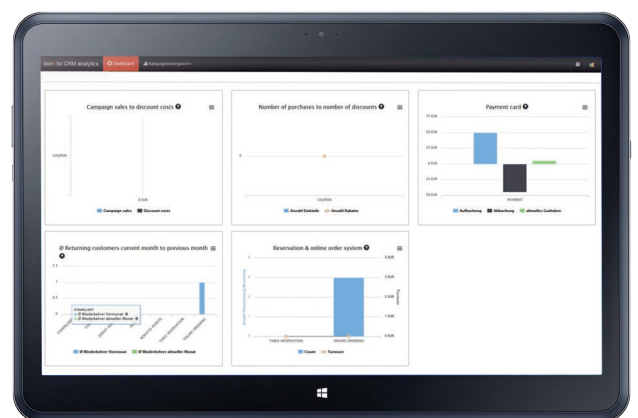
## Online Reporting

The online reporting function gives you live access to the current data. By means of the "Mobile Reporting App" you can call the key performance indicators live at any time via mobile devices.

## New restaurant portal

bonVito features are permanently being expanded. Future growth is particularly expected from a new online platform, which is to start soon and is meant to connect guests and catering trade. In a first step it will enable online orders and reservations. Gift cards, coupons and stamps are to follow in the

course of the year. bonVito is thus the sole provider in the German market to combine all these options in one system. The portal will be available on the Internet and via the App.



**bonVito**



# Annual financial statement 2015

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## ANNUAL FINANCIAL STATEMENT 2015 - MANAGEMENT REPORT

### 1. Business performance

#### 1.1. Sector development

The strong predatory competition also continued in the reporting year 2015. As only few manufacturers are active globally in various markets, most competitors are small, regionally active manufacturers.

With over 175,000 installed systems in 30 countries, Vectron Systems AG is in the "Top 10" of European manufacturers of cash register systems and communication solutions for the networking of branch businesses. The products are sold through a network of approx. 300 specialist trade partners. In our target sectors we offer complete solutions for the gastronomy sector as well as for bakeries. The end customer spectrum ranges from single cash register installations to cash register networks comprising over 1,000 cash registers.

The primary topics in the reporting period were the cash register obligation that came into force in Austria on 01 January 2016 as well as the requirements imposed on cash register systems in Germany by the tax authorities. With regard to this, a transitional regulation runs out at the end of 2016, meaning that all cash register systems have to be converted to individual registration of sales by then.

#### 1.2. Sales and order development

It was possible to increase total sales by approx. 12 % compared to the previous year to K€ 25,211. An impor-

tant influential factor in 2015 was the stable and robust domestic business. Here it was possible to increase sales by 16 % compared to the previous year. Even though the foreign markets showed more inconsistent developments, it was also possible to achieve growths of 4.5 % in this area. Hence, despite the growth in the export markets, a slight decline of the export rate of 2 percentage points from 31 % during the financial year 2014 to 29 % during the reporting year 2015 must be accepted.

As detailed in the situation report 2014, the measures taken to strengthen the sales basis (establishment of a new sales channel for Duratec and the expansion of services) should have a significant effect on sales and profit in the coming years. Whilst there should already be some short-term positive effects resulting from the development of the secondary brand Duratec in 2015, the growth effect resulting from service sales is medium-term-oriented.

During the financial year 2015 the sales of the secondary brand Duratec more than doubled. By the end of the financial year a sales volume of K€ 640 was achieved (previous year: K€ 280). With Duratec, Vectron now also serves the entry-level sector in the cash register area, with robust, easy-to-use cash register systems.

With its sales promotion model, Vectron offers its customers an attractive option of refinancing their investments into new cash register models. The sales promo-



tion model is offered through the existing sales network and uses the competency and market knowledge of the Vectron specialist trade partners locally. The financing offer contributed to total sales during the past financial year with a share of 15 %. The sales promotion model results in special effects, meaning that the actual sales development and sales changes deviate slightly from the booked changes. We refer to the explanations in the appendix on the sale promotion model.

Vectron's business model is geared towards short order lead times and corresponding short production lead times, from which the Vectron specialist trade partners profit in particular. This business model does not result in significant order backlogs.

### **1.3. Production and procurement**

The cash register systems are manufactured on the basis of a so-called double platform strategy, i.e. each product uses the same application software and can be used, developed and produced in each sector. Hardware development follows a consistent common-part strategy, meaning that material procurement and development cycles can be designed efficiently and flexibly.

The common-part strategy permits the generation of a relatively broad diversity without establishing a disproportionate stock inventory. The production process consists primarily of the assembly of modules and pre-fabricated components. In order to en-

sure high quality standards, the suppliers are already involved in the development phase.

High-demand model ranges were already changed over from specific order production to make-to-stock production in the previous year. The stock goods are then merely finished when the order is received, so that it was possible to reduce reaction and production times yet again. At the same time this transition enables optimum production utilisation during fluctuating demand. Less frequently demanded products continue to be made specifically to order.

To ensure continuous delivery capability and fast reaction times, pre-defined minimum amounts are stocked for all important components. New product lines may thus result in temporarily increased stock levels, independently of sales. For this reason the stock inventory increased during the financial year 2015 compared to the previous year by 32.5 %.

### **1.4. Investments**

The material investments in the reporting year amount of K€ 421 (previous year: K€ 295). As during the previous year, the focus was on the new development of stationary and mobile cash register systems as well as the modernisation and expansion of the IT infrastructure.

34.9 % of the staff are involved in the immediate development (including new development and further development) of Vectron products. A considerable pro-

## ANNUAL FINANCIAL STATEMENT 2015 - MANAGEMENT REPORT

portion of the personnel expenses are thus directly attributable to the development efforts. Capitalisation of own work is however waived in this context.

### 1.5. Financing

A positive operative cash flow guarantees constant financial solvency of the company even if there are sales fluctuations during the year. The pronounced internal financing capability of the company means that current and planned development projects can be funded using available liquid resources. The financing is generally geared towards long-term stability.

The subordinate participation rights capital I has a term up to 21 December 2015. The tax exemption applied to the securities provider that is a prerequisite for the extension of the participation rights capital I beyond 2015 was denied by the tax administration. Thus the participation rights capital I is due for repayment in 2016. Both the borrower and the loan provider had the option right on the return day to fulfil with cash or respectively to demand cash instead of the return of the securities (Hansa Group shares, WKN 760860), if the exchange-traded price of the Hansa Group share exceeds or falls below the price of the Hansa Group share on the relevant issue date (€1,38) by at least 10 %. The loan providers have exercised their option right. As the exchange-traded price of the Hansa Group share fell below the lower threshold detailed above, a value adjustment of the participation rights capital that is recognised in income to the fulfilment amount of the

company of K€ 2,484 (previous year: K€ 2,760) was performed, which is listed on the balance sheet under the other liabilities item.

The participation rights capital II, which is also subordinate and has a volume of K€ 1,500, has a term until 15 February 2019.

Significant obligations not contained in the balance sheet include a rental agreement for the property at the company head office as well as the refinancing of the successful sales promotion model. Existing leasing contracts beyond this (transport fleet, tools, trade fair construction etc.) only play a minor role. To support bonVito GmbH in the start phase, guarantee commitments were entered into. The total sum of the other obligations by the balance sheet date is K€ 7,461. A share of K€ 339 relates to a term of over five years. We refer to the explanations in the appendix.

### 1.6. Human resources

At the year end the workforce comprised 126 employees (previous year 123 employees). Additionally there are 10 trainees.

To motivate employees, Vectron uses a variable, multi-level remuneration model dependent on the annual profit. When the profit situation is good, all employees participate considerably in the variable salary components; these are in turn reduced if there is a reduction in profits. This model balances the employer's and

the employees' interests in a way that is accepted by the workforce. In addition to this, a share option programme (contingent capital, see information in the appendix) was introduced for managers.

### **1.7. Remuneration system of the organs**

In addition to a fixed remuneration, the members of the company's executive board also receive a profit-dependent component of one percent of the operative profit (profit before taxes, interest and depreciations). Furthermore, each member of the executive board is entitled to a company car. Option rights for the acquisition of own shares are not granted.

The supervisory board receives a fixed annual remuneration. No variable components are provided.

Regarding information on the individualised remunerations we refer to the appendix.

### **1.8. Other important processes**

There were no other important processes during the financial year.

## **2. Assets and financial situation**

The intangible assets contain primarily the design and construction plans purchased from the development partners. Production tools are presented as tangible assets (technical installations). The majority of the fixed assets relates directly to product development.

The wholly owned subsidiary bonVito GmbH founded in 2012 is presented under the financial assets. The company provides internet services in connection with POS systems. During the company's start phase, normal and business model-specific start-up losses were incurred. Due to the positive forecast for the future, the shares in the company are appraised at the ongoing acquisition costs.

The stock volume has increased by approx. 32.5 % compared to the previous year. For popular product models, production already moved from order production to make-to-stock production in 2014, resulting in an increase of the proportion of finished products in the total volume. This strategy remains adhered to. Fundamentally, the ability to supply goods at any time is given a high priority, which means that temporary expansions of stock levels are deliberately accepted. Due to the business model with very short order lead times by the Vectron customers, delivery shortages would otherwise have an immediate negative effect on sales.

The inventory of receivables consists of numerous smaller individual receivables related to different customers. The average days sales outstanding varied between 45 and 58 days throughout the year. Longer payments terms are only granted in exceptional circumstances. The actual payment default rate is very low. Potential risks are addressed through the formation of individual and general value adjustments.

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The issued capital consists of 1,500,000 no-par value bearer shares with one vote each. The total equity capital on the balance sheet date amounts to K€ 7,724. The economic equity capital (incl. participation rights capital II) amounts to 47.5 %.

The short-term liabilities and accruals of K€ 7,116 may be serviced at any time from the operative cash flow and the existing liquid resources. The financing of the company is secured in the medium and long term even if sales vary or there is a temporary decrease in cash flow. The financing and liquidity situation of the company can be described as very good. The changes of the cash and cash equivalents are to be found in a separate cash flow statement (see appendix 6). Re. the amount of the off-balance sheet commitments, we refer to subsection 1.5.

### 3. Profit situation

Sales grew by approx. 12 % compared to the previous year. In addition to positive development in the domestic business, which saw an increase of 16 %, it was also possible to achieve growths abroad on balance, with an increase of 4.5 %. In 2015 too, legislative measures in some sales areas resulted in market distortions that led in particular to increased development costs. It has become evident that the internet services offered by the subsidiary bonVito GmbH have a positive connective effect on Vectron's hardware sales. Partly due to an increase in software sales it was possible to expand

the adjusted gross profit rate by 1.9 % (please see the information in the appendix on the gross profit rate and the influence of the sales promotion model).

Other company revenues largely result from personnel services and sales and administrative activities for the subsidiary bonVito GmbH and from exchange rate gains and value adjustments of the participation rights capital I.

The personnel costs have increased due to increased staffing and higher variable salary components by approx. 11 %.

The other operating expenses, which also contain the direct sales costs of the sales promotion model, have increased due to a considerable increase of these and also due to increased advertising and PR expenditure. The largest share of the other operating expenses are the sales costs at 57 %. The operating costs have a share of 26 %. Administrative costs as well as other expenses only play a minor role.

Interest expenses have increased compared to the previous year as a result of new borrowing. Due to the existing financing structure, the company is subject to few interest change risks.

The percentage of foreign currency transactions in merchandise purchasing in 2015 was approx. 24 % of the material input. To limit the resulting exchange rate

risk, derivative financial instruments are concluded depending on the market situation. Unfavourable exchange rate changes can have a negative influence on the gross profit. Other expenses by the company are not significantly influenced by exchange rate variations. The same applies to distribution, as foreign currency areas mostly also use the Euro for billing purposes. There are at present no recognisable inflationary tendencies.

The sales increases together with an associated improvement of the gross profit margin were able to more than compensate for the increased sales expenses as well as any other increases in expenses. The annual profit 2015 is K€1,183, which equates to an absolute increase of K€ 662 compared to the previous year.

#### **4. Significant events after the balance sheet date**

There are no significant events after the balance sheet date.

#### **5. Risk reporting**

For monitoring purposes and to support decision-making, Vectron has introduced a software-supported risk management system and appointed a risk management officer who reports directly to the executive board. All risks are classified and appraised both qualitatively and quantitatively. There is a regular risk inventory. Changes are documented so that historical developments are

transparent. The results of each assessment are recorded in a risk matrix and discussed with the executive board. If short-term counter-measures are required, these are initiated directly by the executive board.

##### **5.1. Business risks**

The ongoing pricing pressure may result in investment decisions, particularly during a weak economic situation, being increasingly oriented along the sale price and the service offered. A decline in margins that cannot be otherwise compensated would then be feasible. By offering unique selling points, Vectron has so far succeeded in being disconnected from the general pricing competition within the sector. Insofar, the aim of being technology leader is of central significance for Vectron.

Various technical developments result in lowering market entry hurdles and in a continuous change of products and business models. Missing a new trend could damage Vectron's profitability long-term. The monitoring of competitors and other sectors in order to constantly check and adjust the company strategy is thus of great importance. For this reason, product developments are continually adjusted to current findings.

The POS sector is increasingly restricted by the requirements of the financial authorities. Apart from the fiscal memory device obligation that has been commonplace in many countries for years, there are

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increasingly stringent requirements for the capturing and storage of sales data in the cash register systems. These sometimes constitute a considerable interference with market activity. Corresponding political decisions are rarely agreed internationally, which may lead to distortions of competition. Thus there is continuous monitoring of legislative proposals and drafts that affect the POS sector directly, so that adjustments can be integrated into the development process at an early stage.

Economic fluctuations have an effect on the willingness to invest in POS systems. Sudden and unexpected economic downturns can have a serious effect on Vectron's sales. The concentration on high-quality, complex system solutions has established itself as a sensible way for Vectron to achieve the best possible independence from economic fluctuations, as investment decisions for high-quality systems are less dependent on short-term economic trends and more on strategic considerations. Moreover, the international business contributes to a diversification of the risk.

As a technology company, Vectron may become the target of industrial espionage. Due to the particular market characteristics and the specialist knowledge required to use the technology, the actual risk is considered relatively small. Despite this, Vectron has taken extensive protective measures, e.g. safeguarding of the IT systems, internal access restrictions and confidentiality agreements.

### 5.2. Process and value creation risks

Growth and adjustment processes of the company may result in the internal process complexity increasing faster than the positive effects of the capacity expansion or the changes. Insufficient internal processes may thus negatively affect the company's efficiency on a temporary basis. During corresponding changes, particularly importance is thus placed on suitable project management and involvement of employees. New processes are recorded in writing and monitored.

### 5.3. Finance risks

Sales variations may have a significant short-term effect on the available cash flow and thus endanger the overall financing of the company. For this reason, Vectron has chosen stable, long-term refinancing partners. Additionally, sufficient levels of liquidity holdings are kept, so that the stability of the company is ensured at all times even during longer periods of weak economic performance.

There are at present no significant dependencies on suppliers or individual customers. The requirements are distributed between numerous end customers. When entering into contracts with large customers, partial payments are agreed to limit the default risk. In 2015, Vectron's largest specialist trade partner was responsible for approx. 8 % of overall sales.

As the company bought a significant share of the material in foreign currency, unfavourable variations may

have a detrimental result on profits. Depending on the market situation, foreign currency items are secured with derivative financial instruments. Due to the sometimes high volatilities, these securities are however not always available at acceptable conditions. Securing against long-term exchange rate changes is generally only possible to a very limited extent.

Longer-term business interruption, e.g. as a result of a fire, could have considerable financial costs. This risk is mitigated through a business interruption insurance.

#### **5.4. IT risks**

The IT infrastructure is of very high and still increasing importance for the handling of business processes. As a result of the networking of internal systems with business partners and the provision of internet services, the threat of attacks by hackers, spam and viruses as well as general system failures increases. Vectron thus places great importance on extensive security measures, backup solutions and regular updates of the IT systems. Data protection is accommodated a.o. through a corresponding rights concept.

#### **5.5. Purchasing and cooperation risks**

For electronic components, price savings can generally be achieved by purchasing larger quantities. Larger purchasing volumes however have the disadvantage of increased capital commitment as well as a reduced flexibility during product revisions. For this reason, Vectron concludes framework agreements with maximum terms

of up to one year so that both flexibility and price savings are maintained. This makes it possible to anticipate price adjustments in good time.

In the case of Vectron-specific or single-source components, the downtime of a pre-supplier can result in delivery delays. The largest single supplier contributed a share of 15.7 % of the total acquisition volume in 2015. To avoid shortages, minimum amounts of all specific components are stored and also, where technically and economically feasible, replacement suppliers are on stand-by so that a sufficient lead time for a reaction to downtimes is ensured.

#### **5.6. Personnel risks**

Obtaining qualified personnel is both time-consuming and costly. Medium-sized companies in particular face strong competition for the best specialists from renowned large corporations. The company thus places great emphasis on the working atmosphere as well as on other non-monetary benefits. A financial incentive for all employees is the variable remuneration model. In this way it has so far been possible to employ qualified personnel and also to retain it in the long term.

#### **5.7. Product risks**

The model range undergoes ongoing adjustments, changes and expansions. The resulting development and production complexity can lead to product errors that have a significant effect on the company's profit situation. The expansion of the development team thus

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always goes hand in hand with adjustments to the organisation structure. The increased complexity is met with improved planning processes. The risk is further limited through a product liability insurance.

### 6. Forecast report

#### 6.1. Future sector development

The intensity of the competition will remain to be felt strongly in future. It can be expected that the general market structure remains unchanged, i.e. a sector dominated by many small and regional market participants. Currently it can be observed that in particular a part of the globally active companies continues to withdraw from the market, thus strengthening the structure of the many small competitors. Particularly due to the complex requirements by the financial authorities and the specific regional requirements of the end customers, realising economies of scale is very difficult for many suppliers.

The use of mobile consumer hardware, in particular tablet computers, as a basis for cash register systems can increase further. However, currently this presents as more of a stagnation at a relatively low level.

The integration of cash register systems into the internet with corresponding new products and business models will further contribute to changing the sector. These changes will take place surely but slowly, not matching the intensity and speed of the consumer

goods sector. In future, the innovative capability of the market participants will determine the competitive success even more.

The sales structures - in the market segment of Vectron this is sales through specialist trade partners - are forecast to remain very stable. In the area of small and medium-sized end customers there are no recognisable significant tendencies to move to direct sales.

#### 6.2. Future product development

A significant focus at Vectron is and remains the continuous development of the various software products. The Vectron mobile apps for iOS and Android continue to be extended. These can be used with smartphones for order input. For cash register systems of the Duratec brand there are also continuous improvements and adjustments for additional foreign markets.

The hardware for the stationary and mobile cash register systems is complemented in a targeted manner through additional products that fill other niche areas (e.g. butchers) in the market.

The back office functions for reporting, data analysis and product management are extended considerably - in some cases with own products, in others through cooperations.

The Vectron-owned internet-based customer loyalty system bonVito, which is sold by the subsidiary bonVito



GmbH, is continually developed further. A significant focus is also the further expansion of the internet service. This concerns both the establishment of a bonVito end customer portal as well as reporting and administration functions.

### 6.3. Future business development

Vectron continues to modernise the product range in the core business through continuous investments and new innovations. The aim here is to defend and expand the good market position. An additional objective is opening up new target markets such as e.g. butchers and new customer sections. Overall we consider further growth in 2016 very likely.

During the financial year 2015, the doubling of sales for the Duratec brand showed that products and business model are successful. The establishment of our own sales channel contributed to this. For the coming business year 2016 we expect continuing growth of the Duratec brand's contribution to sales. This is boosted by the withdrawal of some competitors from the market. Additionally, we expect sales increases as a result of cash register obligation and fiscalisation in the sales region Austria.

It has become evident that the internet services offered by the subsidiary bonVito GmbH have a positive connective effect on Vectron's hardware sales and that Vectron further benefits from the contracts concluded by the subsidiary, even beyond the Vectron-owned customer loyalty system bonVito.

bonVito has become firmly established at the market in its current form as customer loyalty solution for individual enterprises and continues to grow steadily. The existing customer base is very stable and the termination rates are very low even when including customer insolvencies. Even though only a very small proportion of the active Vectron customer base has so far been switched over to bonVito (approx. 2 %), Vectron is very confident that bonVito can be introduced to a significant proportion of its customer base in this way, thus increasing the sales in future years considerably. The expansion of the internet-based customer loyalty system bonVito to a gastronomy end customer platform is planned from 2016. Vectron is confident that a competitively priced superior product providing all relevant functions in one package and with direct integration into cash register systems offers a good chance of establishing this platform successfully whilst creating added value for customers and the company. This demonstrates that there are further business opportunities based on the current bonVito product.

Münster, 17 March 2016

Vectron Systems AG

The executive board



Jens Reckendorf



Thomas Stümmler

## ANNUAL FINANCIAL STATEMENT 2015 - BALANCE SHEET TO 31 DECEMBER 2015

Assets	31/12/2015			31/12/2014
	€	€	€	€
<b>A Fixed assets</b>				
<b>I Intangible assets</b>				
1. Purchased concessions, commercial property rights and similar rights and values as well as licenses to such rights and values	431,223			549,883
2. Prepayments made	38,117	469,340		82,630
<b>II Tangible assets</b>				
1. Technical facilities and machines	533,176			513,567
2. Other facilities, operational and business equipment	247,623			221,650
3. Prepayments made	0	780,799		58,707
<b>III Financial assets</b>				
Shares in associated companies		900,000	2,150,139	900,000
<b>B Current assets</b>				
<b>I Stocks</b>				
1. Raw, auxiliary and operating materials	3,100,830			2,218,963
2. Finished products and merchandise	708,414	3,809,244		655,675
<b>II Claims and other assets</b>				
1. Claims arising from deliveries and services	3,409,512			2,885,073
- of which with a residual term of more than one year: € 365,615				
2. Claims towards associated companies	255,279			54,842
- of which with a residual term of more than one year: € 0				
- of which claims arising from deliveries and services: € 255,279				
3. Other assets	118,427			44,319
- of which with a residual term of more than one year: € 0		3,783,218		
<b>III Cash-in-hand, bank balances and cheques</b>		9,457,664	17,050,126	5,110,449
<b>C Accrued and deferred items</b>			64,613	62,231
<b>D Deferred tax assets</b>			131,947	139,461
			19,396,825	13,497,450

## Liabilities

	31/12/2015		31/12/2014
	€	€	€
<b>A Equity capital</b>			
<b>I Subscribed capital</b>	1,500,000		1,500,000
- conditional capital: € 45,000			
<b>II Capital reserve</b>	4,500,000		4,500,000
<b>III Retained earnings</b>			
Statutory reserve	40,000		40,000
<b>IV Participation rights capital I</b>	0		2,760,000
<b>V Net profit</b>	1,684,701	7,724,701	951,612
<b>B Accruals and deferrals</b>			
1. Tax accruals	473,500		76,500
2. Other accruals	1,480,349	1,953,849	836,026
<b>C Liabilities</b>			
1. Participation rights capital II	1,500,000		1,500,000
- of which with a residual term up to one year: € 0			
2. Liabilities towards financial institutions	3,789,470		0
- of which with a residual term up to one year: € 841,840			
- of which with a residual term of more than 5 years: € 0			
3. Liabilities from deliveries and services	1,492,559		863,045
- of which with a residual term up to one year: € 1,386,959			
4. Other liabilities	2,935,047		459,467
- of which from taxes: € 293,224 (previous year € 255,548)			
- of which in the context of social security: € 0 (previous year € 0)			
- of which with a residual term up to one year: € 2,935,047		9,717,076	
<b>D Accrued and deferred items</b>		1,200	10,800
		19,396,825	13,497,450

## ANNUAL FINANCIAL STATEMENT 2015 - PROFIT AND LOSS ACCOUNT

### Profit and loss account 01 January - 31 December 2015

	Financial year 2015			Financial year 2014		
	€	€	€	€	€	€
1 Sales revenues		25,211,163			22,418,174	
2 Increase or decrease in finished goods inventories and work in progress		74,260			192,647	
3 Other operating revenues, of which from currency exchange € 17,734		1,672,131	26,957,554		884,223	23,495,044
4 Material costs						
A) Cost of raw materials, consumables and supplies, and of merchandise	-9,144,781			-8,571,925		
b) Costs for services obtained	-1,402,674	-10,547,455		-1,468,969	-10,040,894	
5 Personnel costs						
a) Wages and salaries	-5,939,005			-5,350,677		
b) Social security, post-employment and other employee benefit costs, of which in respect of old age pensions: € 73,537 (previous year € 72,294)	-1,076,918	-7,015,923		-977,868	-6,328,545	
6 Depreciation of tangible and intangible fixed assets		-577,575			-540,405	
7 Other operating expenses, of which from currency exchange € 1,538		-6,750,345	-24,891,298		-5,564,423	-22,474,267
8 Other interest and similar income, of which from the discounting of provisions: € 0 of which from associated companies: € 0		53,003			81,039	
9 Other interest and similar expenses, of which from the compounding of provisions € 0 of which to associated companies: € 0		-42,031	10,972		-17,338	63,701
<b>10 Profit from ordinary business activity</b>			<b>2,077,229</b>			<b>1,084,478</b>
11 Income tax expenditure, of which latent taxes: expenditure € 7,514 (previous year: revenue € 5,543)		-651,245			-321,977	
12 Other taxes		-1,672			-503	
13 Remuneration for participation rights capital		-241,223	-894,140		-240,632	-563,112
<b>14 Annual net income</b>			<b>1,183,089</b>			<b>521,366</b>
15 Retained profits from the previous year			501,612			430,246
<b>16 Net profit</b>			<b>1,684,701</b>			<b>951,612</b>

## ANNUAL FINANCIAL STATEMENT 2015 - CASH FLOW STATEMENT

### Cash flow statement 01 January - 31 December 2015

	2015	2014
	€	€
<b>Ordinary period result before income tax</b>	<b>1,834,334</b>	<b>843,343</b>
+ Depreciation on fixed assets	577,575	540,405
+/- Increase/decrease of other accruals, where these are not allocated to the investment or financing activity	644,323	427,524
+/- Other non-operative expenditures/revenues	-276,000	63,912
+/- Loss/profit from the sale of fixed assets	-1,072	96
- Increase in stocks, claims from deliveries and services as well as other assets not allocated to investment or financing activity	-1,735,972	412,183
+/- Increase/decrease in liabilities from deliveries and services as well as other liabilities not allocated to investment or financing activity	715,022	54,473
- Out-payments from exceptional items	0	0
- - Income taxes paid	-246,731	-503,312
<b>= Cash flow from ongoing business activity</b>	<b>1,511,478</b>	<b>1,838,624</b>
+ In-payments from disposals of tangible fixed assets	20,586	250
- Out-payments for investments into tangible fixed assets and intangible fixed assets	-420,791	-307,072
+ In-payments from disposals of financial assets	0	0
- Out-payments for investments into financial assets	0	0
<b>= Cash flow from investment activity</b>	<b>-400,205</b>	<b>-306,822</b>
+ In-payments from equity injections	0	0
+ In-payments from borrowing	4,000,000	0
- Out-payments from the redemption of loans	-210,530	0
- Out-payments for the repayment of advances	-103,528	-100,834
- Out-payments to company owners (dividends)	-450,000	-450,000
<b>= Cash flow from financing activity</b>	<b>3,235,942</b>	<b>-550,834</b>
<b>= Cash change to the cash and cash equivalents</b>	<b>4,347,215</b>	<b>980,968</b>
+ Cash and cash equivalents at the start of the period	5,110,449	4,129,481
<b>= Cash and cash equivalents at the end of the period</b>	<b>9,457,664</b>	<b>5,110,449</b>

## ANNUAL FINANCIAL STATEMENT 2015 - NOTES

### 1. General information on the company

Vectron Systems AG Münster is active in the production and sales of intelligent cash register systems (POS systems) and communication software for the networking of branch operations. The location Münster is both the production centre and the head office from which the domestic and international sales regions are supplied.

### 2. Information of the annual financial statement and on the accounting and assessment methods

This annual financial statement to 31 December 2015 was compiled in the Euro (€) currency on the basis of the regulations under German commercial law and the supplementary, legal form-specific statutory and legal regulations.

The structure of the balance sheet and the profit and loss account complies with commercial law regulations and supplementary, legal form-specific legal regulations. The profit and loss account is structured pursuant to Article 275 section 2 HGB [German Commercial Code] in accordance with the total cost format. The option right under Article 265 section 5 HGB was exercised. Pursuant to Article 267 section 2 HGB, the company is a medium-sized corporation. The shares are traded in the Entry Standard of Deutsche Börse AG, a section of the open market.

The intangible assets and the tangible fixed assets are appraised at acquisition cost. Self-produced intangible fixed assets have not been activated. Assets that are subject to wear and tear are reduced by planned linear depreciation. The financial assets are appraised at acquisition cost. The planned depreciations are generally determined on the basis of the following operating lives across the group.

Category:	Years
IT programs/other rights	3 -10
POS software/construction plans	5 -6
Tangible fixed assets	3 -13

Stocks are appraised at acquisition or production costs. The acquisition costs correspond with the most recent purchase prices. The finished products are appraised at production costs, i.e. manufacturing and general material costs as well as the manufacturing-related value reduction of the fixed assets were considered. The lower fair value was applied if this was below the acquisition or production costs on the balance sheet date. Interest for borrowed capital was not included.

Claims from deliveries and services, other assets as well as liquid resources are shown at par. Default risks and value risks applicable to claims from deliveries and services have been suitably considered both through individual and global valuation adjustments.

Assets and liabilities in foreign currency were appraised as of the balance sheet date at the average spot exchange rate. All foreign currency items have terms of less than one year.

Accruals are set at the fulfilment amount required in accordance with a prudent commercial assessment. Liabilities are set at their fulfilment amounts.

### 3. Illustrations on assets

The intangible assets contain in particular hardware construction plans for cash register models. The construction plans are written off according to the average useful life of the cash register models over a period of five to six years.

Vectron Systems AG owns 100% of the shares in the subsidiary bonVito GmbH Münster founded at the start of 2012. The equity capital of bonVito GmbH as of 31 December 2015 is € 268,064. The company finished the financial year 2015 with an annual deficit of € 118,289. Due to the expected positive development of the subsidiary, the investment book value is set at the amortised costs. There is no obligation to prepare consolidated financial statements pursuant to Article 293 HGB.

The overall development of the fixed assets can be seen in the fixed assets statement (appendix 4).

The stocks mainly consist of raw materials, consumables and supplies for the production of the cash register models. Due to drop shipments, goods for resale only play a minor role. The changeover of some product lines from order production to make-to-stock production undertaken for the first time in 2014 was continued in the reporting year. The volume of the finished products increased by approx. K€ 74 during the past financial year, which corresponds to a relative increase of 12 %.

The liquid resources resulting from a development loan taken out in June of K€ 3,999 as of the balance sheet date have been invested with interest and pledged at WGZ Bank until their intended use.

The other assets include foreign currency options at the realisable value of K€ 93 in order to buy currency amounts set in the financial year 2016 at an agreed base price (Strike) (USD call option). The volume of these options amounts to K\$ 3,000 and is used to safeguard future purchases for the inventory.

Due to temporary differences between the valuations of assets and liabilities under commercial law and tax law, in future years there will be a tax relief. Deferred tax assets were formed at the amount of this tax relief on the basis of differences regarding the useful life of some fixed assets. The appraisal was made at a tax rate of 31.9 %.

## ANNUAL FINANCIAL STATEMENT 2015 - NOTES

As a result of the capitalisation of deferred tax assets, profits can only be paid out if the accruals freely available after the pay-out amount to at least € 131,947 in addition to retained profits and minus accumulated losses.

### 4. Illustrations on liabilities

The shares listed in the subscribed capital are no-par value bearer shares with one vote each and a book value of € 1.

With approval of the supervisory board, the executive board is authorised to increase the share capital of the company during the period up to 06 June 2018 through issuing new bearer shares against a cash or non-cash contribution once or repeatedly, but not exceeding a total of € 750,000 (authorised capital).

Further, the share capital is conditionally increased by up to € 45,000 through the issuing of up to 45,000 new bearer shares. The conditional capital increase (authorisation resolution to 31 May 2016) ensures that pre-emptive rights are granted to company managers. On the effective date, 27,500 pre-emptive rights with a volume of € 27,500 were issued. No pre-emptive rights have been redeemed so far.

In accordance with Article 71 section 1 no. 8 AktG [German Stock Corporation Act], the company is entitled to buy own shares during the period up to 12 June 2020. The purchase is limited to a quantity corresponding to 10 % of the existing share capital. The authorisation can be exercised within the upper limit in full or in partial amounts. The purchase can be made via the stock exchange or through a public offering. This was not exercised during the financial year.

Equity capital development (Euro)	Subscribed capital	Capital reserve	Statutory reserve	Participation rights capital I	Balance profit *	Sum
Equity capital at 01 January 2014	1,500,000	4,500,000	40,000	2,760,000	880,246	9,680,246
Dividend payout					-450,000	-450,000
Annual net income					521,366	521,366
<b>Equity capital at 31 December 2014</b>	<b>1,500,000</b>	<b>4,500,000</b>	<b>40,000</b>	<b>2,760,000</b>	<b>951,612</b>	<b>9,751,612</b>
Dividend payout					-450,000	-450,000
Value adjustment				-276,000		-276,000
Reclassification in other obligations				-2,484,000		-2,484,000
Annual net income					1,183,089	1,183,089
<b>Equity capital at 31/12/2015</b>	<b>1,500,000</b>	<b>4,500,000</b>	<b>40,000</b>	<b>0</b>	<b>1,684,701</b>	<b>7,724,701</b>

\*The balance profits of € 1,684,701 (previous year € 951,612) contain retained earnings of € 501,612 (previous year € 430,246).



Interest-bearing securities loans have been provided by the three founding shareholders, which have participation rights (partially tax-deductible) to the fixed interest rate and no right to participation in liquidation proceeds (participation rights capital I). The founding shareholders' loans to the company refer to securities of the Hansa Group AG, Genthin (WKN 760860).

The securities loans have a term up to 31 December 2015. They are subordinate, cannot be recalled if the company's economic situation deteriorates and cannot be terminated during the term. Additionally, the loans, interest etc. are subject to the maturity condition that they can be fulfilled from the borrower's own resources that are available for a free payout to the shareholders and do not originate from their liquidation proceeds.

Both the borrower and the loan provider have the option right on the return day to fulfil or demand money instead of the return of the securities (Hansa Group shares), if the exchange-traded price of the Hansa Group share exceeds or falls below the price of the Hansa Group share on the relevant issue date (€1,38) by at least 10 %. As the exchange-traded price of the Hansa Group share fell below the lower threshold detailed above, the participation rights capital is listed at the fulfilment amount of the company of € 2,484,000. Due to the final maturity, the listing is no longer under equity capital with a separate listing in the balance sheet as participation rights, but under other liabilities.

The following funds managed by Alto Invest SA, France, contain summarily 85,000 shares and an equal amount of voting rights (5.67 %) according to notification dated 04 June 2016:

- ALTO INNOVATION 2012:  
21,190 shares and voting rights (1.41 %)
- FORTUNE EUROPE 2013:  
28,750 shares and voting rights (1.92 %)
- FCPI EUROPE LEADERS:  
35,060 shares and voting rights (2.34 %)

The other accruals that are comprehensively classified as short-term are primarily distributed amongst the following areas:

Designation	Euro
Annual leave/overtime	106,900
Outstanding purchase invoices	591,229
Variable remuneration elements	535,436
Other accruals	246,784
<b>Sum</b>	<b>1,480,349</b>

By way of resolution made at the annual general meeting on 07 June 2013, participation rights capital of up to € 10,000,000 can be issued. The participation rights exclusively establish rights under the law of obligations and do not give rise to membership rights. With the supervisory board's agreement, the executive board exercised this right and issued participation rights amounting to € 1,500,000 (participation rights

## ANNUAL FINANCIAL STATEMENT 2015 - NOTES

capital II). The subordinate participation rights capital II has a residual term up to 15 February 2019.

The other liabilities contain outstanding liabilities for the participation rights capital I+II of € 145,916.

The liabilities towards financial institutions result from an unsecured development loan taken out in June. For an explanation please see liquid resources (see above).

Regarding the liabilities from deliveries and services, the usual retentions of title from the acquisition of assets exist.

### 5. Notes on the profit and loss calculation

A large proportion of the sales is achieved through internally developed and produced Vectron POS cash register systems. In addition to the sale of hardware, the internally developed software (network communication, expansion licences) are also sold. Furthermore, Vectron's complete portfolio is rounded off by peripheral appliances (printers, scanners, cash register drawers etc.) and services.

In addition to the classic specialist trade partner sales business, the company also offers a sales promotion model ("sale-and-lease-back with subsequent sublease of these cash registers by Vectron to end customers"). Within the framework of this mod-

el, the sales revenues from sublease (K€ 1,734; previous year: K€ 1,685) during the term always need to be viewed against (almost) identical leasing expenses (K€ 1,355; previous year: K€ 1,387) under the material expenses item. Additionally, direct sales costs (K€ 1,143; previous year: K€ 765) are incurred with this model, which are contained in the other operating expenses item. Following elimination of these effects, a corrected turnover of € 22.4 million (previous year: € 20.0 million) as well as a gross profit ratio of 59.0 % (previous year: 57.1 %) can be noted (the gross profit ratio corresponds to the material expenditure in proportion to the turnover plus inventory changes).

Other company revenues largely result from personnel services and sales and administrative activities for the subsidiary bonVito GmbH and from exchange rate gains and value adjustments of the participation rights capital I.

The profit and loss account contains the auditor's fees for the audit of the annual financial statement of € 30,000 and for tax advisory services of € 12,000.

In 2015, payments of € 115,500 arose for the participation rights capital I and of € 137,021 for the participation rights capital II.

The result from ordinary business activity incurred income taxes of € 651,245 listed in the profit and

Segment (Euro)	Period	Germany	EU	Third country	Sum
<b>Vectron POS cash register systems</b>	<b>2015</b>	<b>13,513,363</b>	<b>5,329,048</b>	<b>476,792</b>	<b>19,319,202</b>
	2014	11,654,569	5,254,468	424,902	17,333,939
<b>Software</b>	<b>2015</b>	<b>1,882,227</b>	<b>608,282</b>	<b>85,454</b>	<b>2,575,963</b>
	2014	1,448,333	500,522	65,799	2,014,654
<b>Goods for resale/service</b>	<b>2015</b>	<b>2,604,966</b>	<b>689,101</b>	<b>21,932</b>	<b>3,315,998</b>
	2014	2,420,026	629,208	20,347	3,069,581
<b>Total</b>	<b>2015</b>	<b>18,000,556</b>	<b>6,626,429</b>	<b>584,065</b>	<b>25,211,163</b>
	2014	15,522,928	6,384,198	511,048	22,418,174
<b>Percentage distribution</b>	<b>2015</b>	<b>71.4 %</b>	<b>26.3 %</b>	<b>2.3 %</b>	<b>100.0 %</b>
	2014	69.2 %	28.5 %	2.3 %	100.0 %

loss account. Additional amounts result from taxes for previous financial years.

The balance sheet was compiled under consideration of the partial use of the annual result. The executive board did not exercise the option of endowment of statutory reserves.

## 6. Other information

Other financial obligations in the form of liquidity-protecting leasing obligations amount to € 7,460,604.

There are contingent liabilities in the form of guarantees in favour of the associated company pursuant to Article 251 HBG of € 688,226. Due to the anticipated positive development of the subsidiary these are not expected to be utilised.

During the reporting period, an average of 125 employees (consisting of 115 full-time employees and 10 part-time employees) worked at Vectron Systems AG.

The members of the executive board can be contacted at the company's administrative address. Mr Jens Reckendorf is the managing director for the business divisions technology and development, Mr Thomas Stümmeler is the managing director for the divisions finance and marketing/sales. A spokesperson for the executive board has not been appointed. The executive board member remuneration including expenses, benefits in kind and profit participation for Mr Reckendorf amounts to € 241,260 (of which success-dependent: € 27,000) and for Mr Stümmeler to € 245,592 (of which success-dependent: € 27,000). For the granting of the participation rights capital

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Other financial obligations (Euro)	of which remainder term			
	Total	up to 1 year	1 to 5 years	over 5 years
Leasing obligations*	3,056,775	1,371,255	1,685,520	0
Rental obligations	4,403,829	813,015	3,252,059	338,756
<b>Sum</b>	<b>7,460,604</b>	<b>2,184,270</b>	<b>4,937,579</b>	<b>338,756</b>

\*The sale-and-lease-back transactions concluded within the framework of the sales promotion model have terms of 36 or 48 months with a remainder volume for the following financial years of € 2,671,756, which must be viewed against slightly increased sublease contracts.

I to the company, both members of the executive board receive an annual return of € 51,975 each.

The supervisory board remuneration for the chairman is € 15,000. The other supervisory board members receive a remuneration of € 10,000 each.

The supervisory board consists of the following three members:

Münster, 17 March 2016

- Mr Christian Ehlers (chairman), lawyer
- Mr Heinz-Jürgen Buss (vice chair), Dipl.-Kaufmann [business administration graduate], managing director Winkelmann Group GmbH & Co. KG
- Herr Maurice Oosenbrugh, Kaufmann [business administration specialist], managing partner EUCON GmbH

Vectron Systems AG

The executive board



Jens Reckendorf



Thomas Stümmler

## ANNUAL FINANCIAL STATEMENT 2015 - FIXED ASSETS ANALYSIS

### Development of the fixed assets during the financial year 2015

	Acquisition costs				Current as of: 31 December 2015
	Current as of: 01 January 2015	Reclassification	Addition	Disposal	
	€	€	€	€	€
<b>I Intangible assets</b>					
1. Purchased concessions, Commercial property rights and similar rights and assets as well as licences to such rights and assets	8,269,428	70,570	44,084	695,724	7,688,358
2. Prepayments made	82,630	-70,570	26,057	0	38,117
	<b>8,352,058</b>	<b>0</b>	<b>70,141</b>	<b>695,724</b>	<b>7,726,474</b>
<b>II Tangible assets</b>					
1. Technical facilities and machines	1,752,695	58,707	216,268	411,198	1,616,471
2. Other facilities, operational and business equipment	1,002,314	0	134,383	170,229	966,468
3. Prepayments made	58,707	-58,707	0	0	0
	<b>2,813,716</b>	<b>0</b>	<b>350,650</b>	<b>581,427</b>	<b>2,582,939</b>
<b>III Financial assets</b>					
1. Shares in associated companies	900,000	0	0	0	900,000
	<b>900,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>900,000</b>
	<b>12,065,773</b>	<b>0</b>	<b>420,791</b>	<b>1,277,151</b>	<b>11,209,414</b>

Depreciations and amortisations				Book values		
Current as of: 01 January 2015	Reclassifica- tion	Addition	Disposal	Current as of: 31 December 2015	Current as of: 31 December 2015	Current as of: 31 December 2014
€	€	€	€	€	€	€
7,719,545	0	232,078	694,488	7,257,135	431,223	549,883
0	0	0	0	0	38,117	82,630
<b>7,719,545</b>	<b>0</b>	<b>232,078</b>	<b>694,488</b>	<b>7,257,135</b>	<b>469,340</b>	<b>632,513</b>
1,239,127	0	255,321	411,153	1,083,295	533,177	513,568
780,664	0	90,176	151,995	718,845	247,623	221,650
0	0	0	0	0	0	58,707
<b>2,019,791</b>	<b>0</b>	<b>345,497</b>	<b>563,148</b>	<b>1,802,140</b>	<b>780,799</b>	<b>793,924</b>
0	0	0	0	0	900,000	900,000
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>900,000</b>	<b>900,000</b>
<b>9,739,336</b>	<b>0</b>	<b>577,575</b>	<b>1,257,637</b>	<b>9,059,275</b>	<b>2,150,139</b>	<b>2,326,437</b>

# ANNUAL FINANCIAL STATEMENT 2015 - AUDIT CERTIFICATE

## Audit certificate by the auditor

We have assessed the annual financial statement - consisting of balance sheet, profit and loss account as well as appendix (see fixed assets analysis) - under inclusion of the book keeping and the situation report (incl. cash flow statement) of

**Vectron Systems AG,  
Münster**

for the period from 01 January 2015 to 31 December 2015. The accounting records, the compilation of the annual financial statement and the situation report in accordance with German commercial law regulations as well as the supplementary provisions of the articles of association are the responsibility of the company's legal representative. It is our duty to issue an appraisal of the annual financial statement under inclusion of the accounting records and the situation report on the basis of the assessment conducted by us.

We have conducted our annual financial statement appraisal pursuant to Article 317 HGB under consideration of the German principles of an orderly annual financial statement determined by the Institute of Auditors (Institut der Wirtschaftsprüfer, IDW). According to this, the appraisal must be planned and conducted in a way that ensures the sufficiently certain recognition of errors and infringements that have

a considerable effect on the picture of the financial situation conveyed by the annual financial statement under consideration of the principles of orderly accounting and the situation report. When determining the audit measures, the knowledge of the business activity and the economic and legal environment of the company as well as the expectation of possible errors are considered. In the course of the appraisal, the effectiveness of the internal accounting control system as well as evidence for information contained in the accounting records, the annual financial statement and the situation report are assessed primarily on the basis of spot checks. The appraisal comprises the assessment of the applied accounting principles and the fundamental evaluations of the company's legal representatives as well as the appraisal of the overall depiction of the annual financial statement and the situation report. We consider that our appraisal is a sufficiently certain basis for our assessment.

Our assessment has not resulted in any objections.

On the basis of information obtained during the appraisal, we consider that the annual financial statement complies with the statutory regulations and the supplementary provisions of the articles of association and provides a picture of the company's financial situation that corresponds with the actual situation.

The situation report is consistent with the annual financial statement and provides overall an accurate picture of the company's situation and accurately presents the chances and risks of future development.

Münster, 18 April 2016

KJP TreuConsult GmbH

Auditing company

Tax consultancy

A handwritten signature in black ink, appearing to be "F. Pühse".

Frank Pühse

- Auditor/Tax Advisor -





