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Controlware GmbH communication systems	Accounting / financial reports	Annual financial statements for the business year from 01/01/2016 to 12/31/2016	14.03.2018
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**Controlware GmbH communication systems****Dietzenbach****Annual financial statements for the business year from 01/01/2016 to 12/31/2016****Management report for the 2016 financial year****A. Company basics**

As a manufacturer-independent consultant, system integrator and operator of IT solutions, we make a significant contribution to the economic success of our customers by planning, implementing, maintaining and managing the basis for secure, efficient, agile and requirements-based IT. Making innovations economically viable for our customers and being available to them as a preferred partner in the long term due to the quality of our service is the core objective of our work. We want to be perceived by our customers, partners and employees as the leading German service provider for IT infrastructure.

**A.1 Controlware GmbH**

We are one of the leading groups for independent system integration and can look back on 36 years of successful company history. Our business areas include networking solutions, information security, IT management, application delivery, data center & cloud solutions and unified communications.

Our services range from consulting and planning through installation and maintenance to management, monitoring and operation of customer infrastructures through our in-house customer service center. We maintain close partnerships with the leading manufacturers and innovative newcomers in the industry. With 619 employees including 44 trainees at the end of the year and 12 locations, we have a nationwide sales and service network. In the 2016 financial year, we generated sales of € 209.7 million.

At the end of 2013, Controlware GmbH was brought into a foundation association through Controlware Holding GmbH. This corporate structure of Controlware GmbH ensures entrepreneurial independence and enables the company to plan for the long term and to invest in significant advance payments for the future, regardless of natural persons in the group of shareholders.

The structure is simplified as follows:

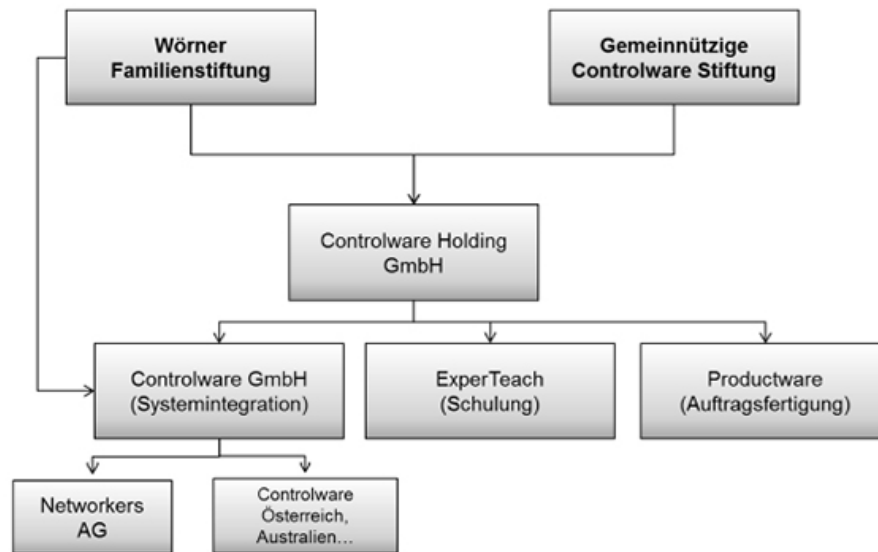


Abb. 1: Vereinfachtes Organigramm der Controlware Unternehmensgruppe

## A.2 Profile

We accompany our customers from the initial idea generation through to successful implementation and into the operating phase. Our services cover the following areas:



Abb. 2: Dienstleistungen der Controlware GmbH

### A.2.1 Service

#### Consulting

We advise our customers on the use of optimized technologies and processes in their IT. Based on our many years of technical competence, pragmatic solutions based on the possibility of implementation are developed. The range of services ranges from strategy and innovation consulting to preparation for auditing according to one of the common standards or the implementation of such an audit. Due to the many years of experience of our consultants, the focus is on the actual feasibility of the results.

#### Project Services

Our many years of experience in the implementation of large infrastructure projects ensure that extensive international projects are also implemented within the agreed time within the agreed budget. For this purpose, we work with a modular concept with the components planning, quality management, risk management, project monitoring and control, change management and lessons learned. In addition to the relevant technical staff in the regions, we have a central project management office for support.

#### Care Services

We are available to our maintenance customers 24 hours a day, 365 days a year, within the agreed response times, in order to eliminate disruptions and ensure that the functionality of the infrastructure is restored as quickly as possible. For this purpose, we design the optimal mix of the controlware service modules and the corresponding offers from the manufacturers in coordination with our customers. Even if our business focus is in the DACH region, we have many years of experience in the organization and management of international service networks with local partners, so that we can be available to our customers worldwide.

#### Managed Services

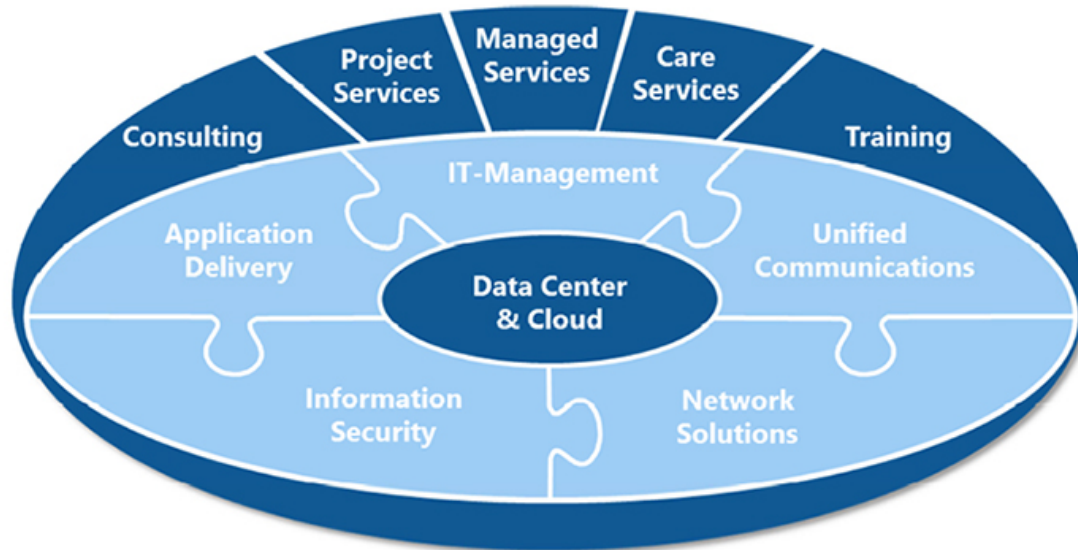
Our modular managed services portfolio includes all services that are necessary to operate the customer infrastructure. The service provider of these services is the ISO 27001 certified Customer Service Center (CSC) based in our company headquarters in Dietzenbach. In a 24 x 7 shift operation, over 60 employees work 365 days a year with a different focus on different sized customer infrastructures. The Managed Services portfolio consists of the Managed Network, Managed Security including Risk Management and

Managed Data Center modules, each of which covers the topics of Service Desk, Monitoring, Incident, Problem and Change Management according to ITIL.

This portfolio is supplemented by managed cloud services that provide services from a virtual data center environment without the customer having to invest in their own infrastructure.

### A.2.2 Problem solving skills

As a system integrator, Controlware offers complete IT solutions and services. Our solution competence ranges from advice and planning to installation and maintenance to the operation of customer infrastructures.



*Abb. 3: Lösungskompetenzen der Controlware GmbH*

Controlware GmbH not only assumes responsibility for a section of a solution implementation, but also the overall responsibility from advice and implementation to operation and fault clearance.

### Network Solutions

Networks are the foundation of IT systems and, when optimally designed, are the basis for cost-optimized, productive infrastructures that enable any desired user to access the network at any time and from any location with any secure device - high-performance, simple, reliable and secure. This is the only way to implement distributed work concepts. The demands on the network infrastructure, but also their importance, has increased significantly in recent years due to various topics. After language found its way into the data network as the first step in convergence, video conferencing and workstation video in HD are now the expected standard. Due to the expected mobility, these services are not only to be made available at defined workplaces, but throughout the building and beyond for mobile workers. Subsequently, in the course of mobility concepts and increased efficiency, computers and storage are relocated to the central data center, so that every activity depends on the function of the underlying network and a network failure not only hinders certain applications, but in extreme cases leads to a complete standstill.

For the implementation and optimization of such essential networks - whether physical or wireless, whether in the data center, on campus or in the (international) wide area - we bring the required long-term expertise from complex and critical environments. Due to the experience from various technology changes that we have implemented for and with our customers over the past decades, we are in the best position to assess the organizational and practical consequences, to advise accordingly in advance, to implement the conversion and to carry out the project accompanying the operation Lead to success.

### Production networks

Networks in the production area of energy suppliers, the manufacturing industry or in the media and broadcasting environment place very high demands on, among other things, latency, reliability and predictability of the system status at all times, since even the shortest failures can lead to serious consequences here. In addition, the most diverse, partly proprietary protocols and standards must be taken into account. We have many years of experience in implementing such networks in various technologies.

### Information security: maximum protection for internal and external resources

The developments in the field of data theft and espionage in recent years have brought the issue of information security, i.e. the confidentiality, availability and integrity of data, to the general public's awareness.

We know that information security cannot be implemented on a technical level alone and is also not an "add-on" for solving problems that emerged afterwards. We understand information security as an integral part of all business processes. Correspondingly, the successful implementation of information security lives from the interplay of conception / strategy, tactical measures, operational implementation through the use of appropriate tools and regular reviews through audits and revisions. We have qualified experts and many years of implementation experience for each of these steps.

In addition to achieving the required security level, this systematic approach also ensures that resources are used sensibly in order to achieve the highest possible security level with the resources available.

However, it is essential not only to think in abstract concepts, but also to have concrete experience with the use of a wide variety of tools, because only this practical basis ensures that the recommendations can be implemented afterwards and do not remain on paper. That is why we attach great importance to the fact that our experts have this practical experience in order to enable implementation.

## **IT management**

With the help of various tools, the foundations for the centralized management of infrastructures and applications are laid in the IT management area. We advise our customers on the process and method level (ITIL, PMI, Prince, ITSM according to bluEDGE), implement various software tools on topics such as service desk, network management, workflow and ticket systems, end-2-end monitoring, big data analysis, etc. We operate these environments for customers and carry out any necessary adaptation programming.

A special topic in this area is the integration of non-IP systems (from building control systems to radio transmitters to railway signal boxes) in overlay management. In addition to monitoring classic IP network and system components, the company also keeps an eye on all additional non-IP systems. Operation and control take place from one surface; This means that the decentralized structure and the additional management stations are no longer required.

### **Unified Communications: Basis for making work more flexible and mobilizing**

In the area of "Unified Communications and Collaboration" we provide communication services such as telephone, fax, video, chat, etc. under a uniform interface, and integrate the services in leading systems to provide functions such as presence display and dialing from Outlook or CRM Enable systems and avoid media disruptions at work. This technical support is the basis for greater flexibility in terms of space and time, as communication options that previously could only be offered at a fixed office workstation are ported to a wide variety of end devices regardless of the end device (whether PC, laptop, tablet, smartphone, etc.) will.

### **Application delivery**

Flexible workplaces: under this umbrella term, we conceptualize and implement solutions from classic terminal servers to application virtualization, OS streaming, desktop virtualization (VDI, hosted desktop) and client virtualization. It is precisely here that a precise analysis of the existing needs, infrastructure and goals is required in order to select the right technology.

### **Dynamic data center**

In order to remain competitive in the long term, the data center, the heart of all corporate IT, must keep pace with developments. Lean, flexible infrastructures, guaranteed performance and reliable availability are the basis for efficient operation in modern data centers. Because if data cannot be called up precisely and to the required extent, this can lead to massive impairment of the entire operational process. This is all the more true for a centralized architecture, as this relies on the work capabilities of the data center.

We have experience with complete data center stack management, orchestration, compute, storage, network and of course security - all areas in which Controlware has been successfully active for years and has a high level of technical and implementation expertise.

With tailor-made service packages and best practice solutions, we make our customers' data centers fit for the future, also with regard to internationally applicable standards such as the ISO standard 27001.

## **A.3 strategy**

### **Quality leadership, reliability and service orientation**

On the basis of the highest technical competence and solution expertise, we want to continue to grow profitably as the perceived quality leader in German system integration. Independent customer surveys, in which we regularly achieve very good values, are an essential benchmark for us. In the customer survey carried out by the magazines "Channel Partner" and "Computerwoche", we have regularly achieved very good ratings for the satisfaction of our customers for years.

### **technology**

We advise our customers on the evaluation of trends and the resulting requirements for technologies and process adjustments, and thus support them in meaningful integration into their system landscapes. In particular, our long-term, experience-based approach of support and service enables us to identify and implement needs-based, realizable solutions for our customers from the multitude of "technology hypes".

The increasing demands of the business units for speed and agility of IT support is a central challenge for the IT departments of the company - i.e. for our customers. We contribute to meeting this requirement through our managed services, which enable the needs-based relocation of specific IT processes in order to ensure the best possible level of performance at optimized costs.

### **Future-oriented service and product portfolio**

Broad market knowledge, a balanced, manufacturer-independent portfolio of established market leaders and challengers, deep knowledge of these manufacturers, with whom we usually have the highest partner status, as well as distinctive technical expertise enable us to provide objective, experience-based advice that is individually tailored to the customer situation.

### **Forward-looking personnel policy**

In order to ensure the competitiveness of the Controlware Group, we rely on a forward-looking personnel policy. Promotion of young talent and qualified further and advanced training measures form the foundation of our future.

A comparatively long period of employment with the company and low fluctuation underline the attractiveness of the Controlware Group as an employer. The targeted training of junior employees is an essential goal of our work. In 2016 we employed 44 trainees and students from combined courses. We already cooperate with 6 universities and are working on expanding this group. In order to generally strengthen the interests of young people in IT professions, we hold events at schools and take part in both "Girls Day" and "Boys Day" in order to give an early insight into the possibilities of IT.

We offer part-time models to enable both women and men to organize their working hours in a family-friendly manner.

In our understanding of organization and development, we value specialist and management careers as equal and take this into account both through development planning and, above all, through the remuneration structures. In this respect, it is just as important for us to expand the proportion of women with appropriate specialist expertise in the areas of consulting and technology as to expand the proportion of women in management positions.

## **Research and Development**

As a system integrator, we usually do not conduct our own research. In individual cases, especially in the area of IT security, we support relevant research projects with our practical expertise. In addition, we accompany and support research projects as part of training and studies.

Customized software development and adaptation services are provided in various areas.

### **Sustainability and environmental protection**

We live environmental protection as a central component of our corporate philosophy and our corporate responsibility. Therefore, environmental protection is an essential aspect in the entire business processes of the Controlware group of companies. The successful implementation of effective environmental management can only take place through the essential compliance with legal environmental regulations, the use of modern and innovative technology and the constant optimization of all business processes.

The choice of our management system is based on an impact analysis, which examines the technical influences on the environment. Accordingly, we have systematically identified the key environmental factors - energy consumption for electricity, heating and cooling as well as transport - and taken measures to sustainably reduce the associated consumption of resources. This ranges from fleet management and the use of modern combined heat and power plants to reducing travel through mobile workplaces and the use of video conference systems.

In addition, we analyzed improvement possibilities in an energy audit and introduced appropriate measures such as successive conversion to the use of LED lighting technology.

In addition to these aspects, which affect the organization of the companies themselves, the reduction of resource consumption continues to play an important role in our offers.

### **Occupational health and safety management system**

To minimize accidents and work-related illnesses, we operate an occupational health and safety management system that is certified by BG ETEM in accordance with OHSAS 18001: 2007

## **B. Business development, results and situation of the company as well as general conditions**

### **B.1 Economic environment**

In principle, the global economic development has an indirect effect on the results of Controlware GmbH through changes in customers' willingness to invest. However, the past few years have shown that the target customers of Controlware have acted relatively independently of the general economic development in their IT investment behavior, even if there has been a cyclical postponement of replacement investments in individual cases.

Despite heightened political uncertainty caused by the decision to leave the EU (Brexit), the failed constitutional amendment in Italy and the unclear consequences of the election result in the USA, Europe's economic development is growing by approx .7% remained robust. The German GDP grew slightly faster at 1.9% after 1.7% in the previous year. Although all indicators show positive developments in the 4th quarter of 2016, GDP growth is forecast to decrease to 1.6% for 2017 due to the lower number of working days. However, due to the start of the Brexit negotiations and the question of

The international market for information technology is growing slightly. The market research institute Gartner shows in its market research study "Forecast for IT Expenditures" a slight reduction in IT expenses for the 2016 reporting year and forecasts a slight increase for 2017.

### **Worldwide IT editions 2016-2017**

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Market segment	2016 editions	growth	2017 editions	growth
Data Center Systems	\$ 173 billion	1.30%	\$ 177 billion	2.00%
software	\$ 333 billion	6.00%	\$ 357 billion	7.20%
Devices	\$ 597 billion	-7.50%	\$ 600 billion	0.40%
IT services	\$ 900 billion	3.90%	\$ 943 billion	4.80%
Communication Services	\$ 1,384 billion	-1.10%	\$ 1,410 billion	1.90%
total	\$ 3,387 billion	-0.30%	\$ 3,486 billion	2.90%

Fig. 4: Gartner estimate: Global IT spending 2016 2017

For 2016, the industry association Bitkom forecast growth of 1.7% to 160.5 billion euros in October, which will weaken to 1.2% (162.4 billion euros) in 2017.

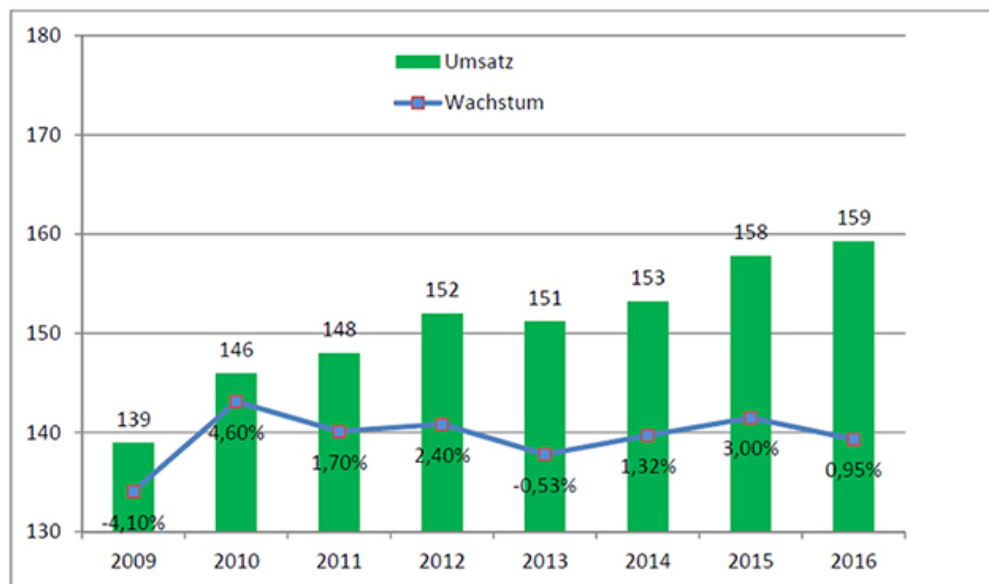


Abb. 5: Entwicklung des IT-Marktes 2009 bis 2016; Quelle: Bitkom, EITO

The growth in the information technology segments that are relevant for controlware contrasts with slight declines in consumer electronics and telecommunications in 2016, which means that overall growth is lower.

## B.2 Development of the earnings situation

Sales increased again in 2016. The focus of the management is on the further profitable expansion of business activities in German-speaking countries.

The company's earnings position has developed as follows compared to the previous year:

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	2016		2015		change	
	T €		T €		T €	
Sales	209,696	98.2%	170.259	97.0%	39,437	23.2%
Other company income	3,952	1.8%	5,314	3.0%	-1,362	-25.6%
Operating performance	213,648	100.0%	175,573	100.0%	38,075	21.7%
Cost of materials	147,567	69.1%	118,578	67.5%	28,989	24.4%
Personnel expenses	43,294	20.3%	37,977	21.6%	5,317	14.0%
Scheduled depreciation on intangible assets	1,606	0.8%	1,488	0.8%	118	7.9%
Other operating expenses	14,595	6.8%	13,733	7.8%	862	6.3%
Expenditure on operating performance	207.062	96.9%	171,776	97.8%	35,286	20.5%
Operating profit	6,586	3.1%	3,797	2.2%	2,789	73.5%
Investment result	0	0.0%	320	0.2%	-320	100.0%
Financial result	-88	0.0%	-81	0.0%	7th	8.6%
Profit of common business operation	6,498	3.0%	4.036	2.3%	2,462	61.0%
Income and other taxes	940	0.4%	454	0.3%	486	107.0%
Annual surplus	5,558	2.6%	3,582	2.0%	1,976	55.1%

In the 2016 financial year, sales of € 209.7 million (previous year: € 170.3 million) were again a significant increase (23.2%). As in previous years, this growth was purely organic without any acquisitions. Exceeding the planned values is related to a conservative planning, the basis of which is success rates in winning projects based on experience. In the year under review, the success rate was again kept at a high level and relevant projects were generated that were not yet foreseeable in the planning period.

Taking into account other operating income, the operating performance increased by 21.7% to € 213.6 million (previous year: € 175.6 million). The reduction in other operating income compared to the previous year was mainly due to the changes in the allocation of other operating income and sales made required by the BilRUG.

The management therefore assesses the overall course of business as favorable.

### Gross profit

In the 2016 financial year, gross profit increased by 20.2% or € 10.4 million to € 62.1 million (previous year: € 51.7 million). Due to a slight shift in the sales mix in favor of goods sales, the gross profit ratio fell by 2.6% to 29.6%.

### Operating profit

The operating result rose very significantly to € 6.6 million (previous year: € 3.8 million).



The expansion of the business goes hand in hand with a significant increase in personnel and a corresponding increase in personnel costs by € 5.3 million to € 43.3 million (previous year: € 38.0 million), with the personnel expense ratio increasing by 1.3 percentage points has decreased. The increase in other operating expenses to € 14.6 million is slightly less than the increase in personnel (+ 6.3% or € 0.8 million). As with sales, the comparison is affected by the change in reporting following the initial application of the BilRUG (shift from other operating expenses to material expenses).

At € -88 thousand in the reporting period, the financial result remained at the level of the previous year (previous year: € -81 thousand). The growth in sales in the 2016 financial year was almost entirely achieved without using bank lines.

The previous year's investment result related to the distribution from Networkers.

The result from ordinary business activities improved to € 6.5 million after € 4.0 million in the previous year. Taking into account income taxes and other taxes of € 940 thousand (previous year: € 454 thousand), an annual profit of € 5.5 million (previous year: € 3.6 million) was achieved.

### B.3 Financial and asset situation

The following key figures on the asset and capital structure are shown including the prepaid expenses. An economically sensible adjustment of the balance sheet extension to include the prepaid expenses (offsetting) would lead to a significant improvement in the equity ratio and the return on total capital.

Total debt increased in 2016. The controlware balance sheet includes a special feature due to the maintenance business area. With a 33.8% (previous year: 33.9%) share of sales, maintenance is the largest business area after hardware / software. Maintenance contracts typically run for periods that last longer than a year and, due to the accrual based on the accruals, result in an increase in active and passive accruals. Future income that was received before the balance sheet date is booked as deferred income. Expenses from the maintenance segment prior to the balance sheet date that lead to future expenses are posted as prepaid expenses. The growth in deferred income in 2016 was 27.1% to € 46.0 million (previous year: € 36.2 million). The prepaid expenses and deferred income showed an increase of 24% to € 50.2 million (previous year: € 40.4 million). Advance payments were made to secure favorable conditions in the maintenance business in the medium term.

Due to the positive result in the 2016 financial year, equity increased by € 3.0 million to € 26.4 million, despite a distribution to the parent company Controlware Holding GmbH in the amount of € 2.5 million.

Due to the increased business volume and in particular the expansion of the prepaid expenses related to the maintenance business, the equity ratio decreased by 1.7 percentage points to 22.5% (previous year: 24.2%) in the same period (see, however, below under B.4 the explanations on equity under the heading Liabilities).

The increased business volume in connection with another very strong December led to an increase in borrowed capital by 23.7% to € 44.9 million (previous year: € 36.3 million) on the reporting date, which is mainly the result of increased supplier liabilities .

Accordingly, the debt ratio, defined as the quotient of debt capital (€ 44.8 million) and equity (€ 26.4 million), deteriorated slightly to 1.7 after 1.56 in the previous year.

The main source of finance for Controlware is the inflow of funds generated from operating activities.

Most of the financing lines, which are more than sufficiently dimensioned in the long term, are available in the long term.

### B.4 Development of the financial position

As of the 2016 reporting date, the balance sheet total increased to € 117.2 million (previous year: € 95.8 million). This corresponds to an increase of 22.3%. The changes on the assets and liabilities side can be seen in the following graphs.

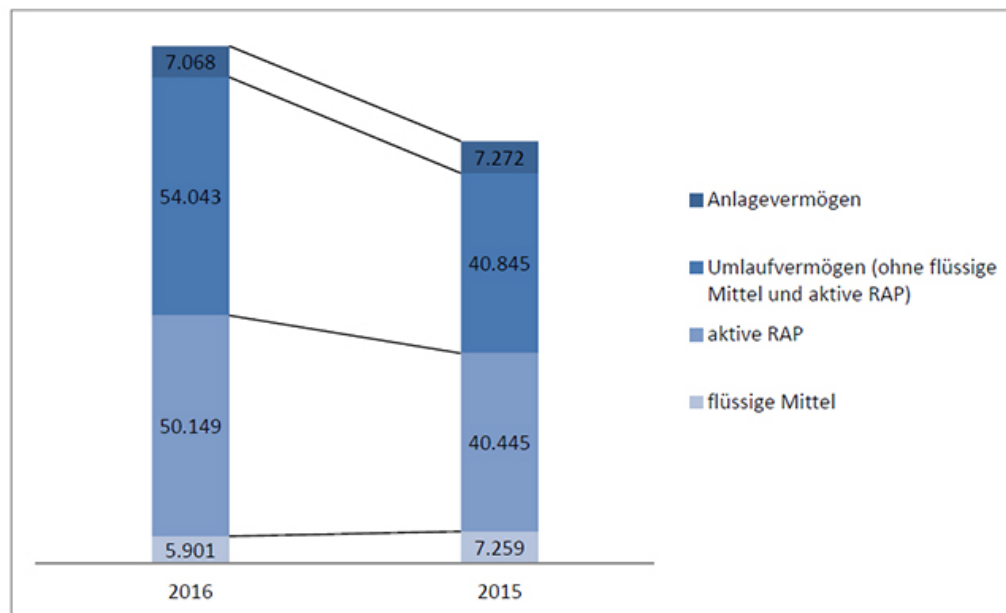


Abb. 6: Entwicklung Controlware GmbH Bilanz 2016 zu 2015 – Aktiva in T€

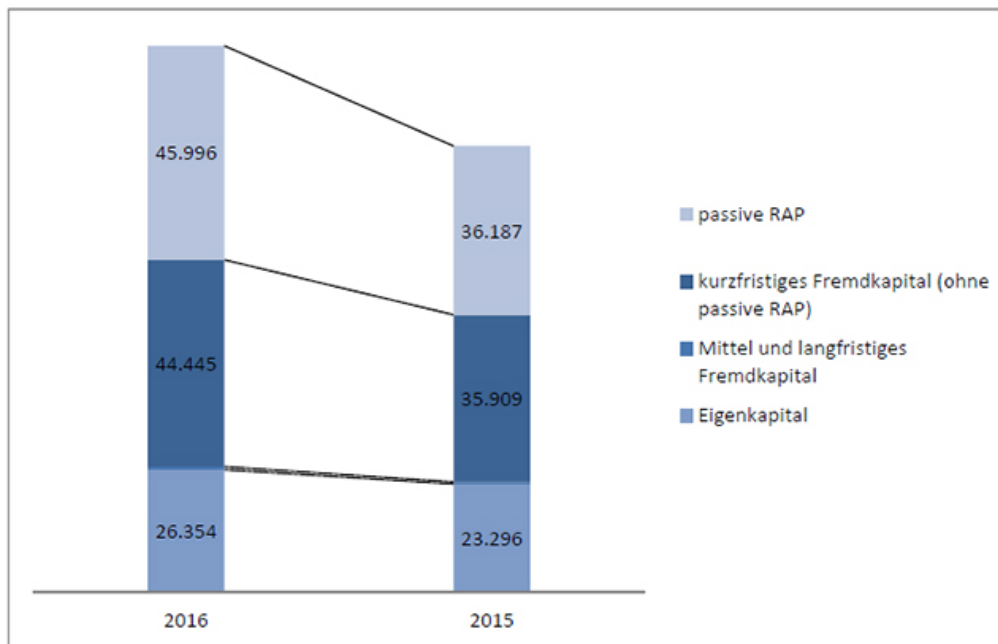


Abb. 7: Entwicklung Controlware GmbH Bilanz 2016 zu 2015 – Passiva in T€

### assets

Fixed assets decreased by a total of € 0.2 million to € 7.1 million (previous year: € 7.3 million). This corresponds to a decrease of 2.8% and is mainly due to a decrease in property, plant and equipment to € 4.7 million (previous year: € 4.9 million).

### Investments in fixed assets

The investments made in 2016 are divided into the following areas:

	2015			2016	
software	622	62.6%		310	21.5%
Operating and office equipment	310	31.2%		955	66.1%
Vehicle fleet	60	6.0%		109	7.5%
Rental	2	0.2%		71	4.9%
	994	100.0%		1,445	100.0%

In 2016, as in previous years, other vehicles were leased in addition to the purchase of cars.

As a result of the again strong year-end business, current assets rose to € 59.9 million (previous year: € 48.1 million) due to the reporting date. As of the 2016 reporting date, inventories showed a project-related increase of 15.2% to € 6.7 million (previous year: € 5.8 million). Trade accounts receivable increased by 27.3% to € 42.6 million (previous year: € 33.4 million).

The cash and cash equivalents amounted to € 5.9 million as of the reporting date (previous year: € 7.3 million).

### liabilities

Equity rose in absolute terms due to the annual surplus despite the dividend payment of € 2.5 million to € 26.4 million (previous year: € 23.3 million), which resulted in a slight reduction due to the significant increase in total assets the equity ratio led to 22.5%. If the prepaid expenses were netted (see page 11), the equity ratio would be 37.0% after 39.1% in the previous year.

The medium and long-term liabilities amounted to € 366 thousand (previous year: € 429 thousand).

As in the previous year, there are no liabilities to banks. As a result of the strong year-end business, trade payables increased by 18.0% to € 24.8 million (previous year: € 21.0 million), corresponding to trade receivables short-term liabilities rose by 16.5% to € 29.6 million (previous year: € 25.4 million).

### B.5 Development of the financial situation

The financial position of Controlware GmbH developed as follows in the past fiscal year:

	2016 T €	Previous year T €	Change in T €
Cash generated from operations	2,649	2,398	251
Cash flow from ongoing investing activities	-1,323	-634	-689



	2016 T €	Previous year T €	Change in T €
Cash flow from ongoing financing activities	-2,685	-119	-2,566
Cash changes in cash and cash equivalents	-1,359	1,645	-3,004
Cash and cash equivalents at the beginning of the fiscal year	7,259	5,614	1,645
Financial resources at the end of the financial year	5,900	7,259	-1,359

At € 2.6 million, the cash flow from operating activities was up on the previous year's figure of € 2.4 million and was again characterized this year by an increase in customer receivables and supplier liabilities due to strong year-end business.

Investments in the further expansion of our software systems (- € 254 thousand) as well as in property, plant and equipment (€ 1,135 thousand) essentially led to a cash flow from ongoing investing activities of -1,323 (previous year -635).

The cash flow from financing activities mainly resulted from a distribution of. - € 2.5 million changed to € -2,685 thousand.

Overall, this leads to changes in cash and cash equivalents of € -1,359 thousand. Controlware GmbH was able to meet its payment obligations at all times in the 2016 financial year by taking advantage of a discount.

## B. 6 Non-Financial Performance Indicators

There is intense competition in the IT industry for highly qualified specialists and managers who have the technological and personal skills we are looking for. Hiring additional qualified employees, integrating them and retaining them permanently with the company is an essential component of the success of our business. In order to bind our employees to the company, we maintain attractive remuneration systems and offer opportunities for further education and training in our business areas. In order to attract new employees, intensive contacts are maintained with universities and professional associations and dual courses of study with several universities are offered.

In addition, the areas of sustainability and environmental protection, as described under A.3, are of particular importance to us.

## C. Opportunities and Risk Report

Entrepreneurial activity presupposes the perception of opportunities while taking controlled risks. Weighing up these factors with the aim of increasing company value through sustainable growth is the premise of our risk policy, which is supported by a number of management and control systems.

In the following, we describe key risk areas that can have a significant impact on our business and our asset, financial and earnings position. These are not the only risks we face. Risks that we are not yet aware of, or risks that we now consider to be less significant, could also have a negative impact on our company.

### C.1 Business Risks / Operational Risks

The Controlware Group is influenced by the unpredictability of the economic and political framework.

In order to meet the needs of our customers, we have to continuously develop new services and adapt existing products and services. The introduction of such new services requires a strong commitment to market analysis and development.

Our sales can be negatively influenced by investments in key solutions and technologies that turn out to be non-marketable.

Part of our strategy is to strengthen individual areas through acquisitions. Projects like these are per se risky because they contain imponderables with regard to the integration of employees, processes, technologies and products. We rate the possible occurrence of these business risks as material.

Projects and subsequent long-term maintenance and service contracts are the basis of our business. Large projects usually come about after a highly competitive bidding phase. The risks of such projects include unexpected technical problems, unpredictable developments at the project locations, problems with our partner or subcontractors and logistical difficulties. Each of these components can lead to significant additional costs or contractual penalties. In the procurement of components, preliminary products and services, we are also dependent on third-party providers. Involving third parties creates risks such as unexpected delivery difficulties or currency effects. The supplier-related risks are reduced through intensive market observation and thorough testing of the delivery quality. We rate the occurrence of these business risks as unlikely, but material.

### C.2 Credit / Credit Risks

In addition to the special risks of project financing, general financial risks can also arise, including delays in payment by customers or difficulties in collecting receivables. This is particularly true in the event of a deterioration in the overall economic situation in some markets or with special customers such as start-ups. One focus of our receivables management is complete and timely debt collection. We control our credit risks through clearly defined processes for assessing the creditworthiness of customers. We rate the possible occurrence of these business risks as unlikely and insignificant.

### C.3 Foreign currency and interest rate risks

Careful handling of financial market risks is a central task for the Controlware Group. Due to our international business relationships, we are exposed to financial market risks in the normal course of business, which may result from changes in foreign currency rates and interest rates. As an international company, the Controlware Group is exposed to foreign currency payments from the purchase and sale of goods and services, which cannot be concluded in the home currency of the respective contracting Controlware unit.

Our interest rate risk results mainly from our financial debt. This means that there is a sensitivity to changes in the base rate. We rate the possible occurrence of these business risks as likely but insignificant.

## C. 4 Overall Risk

As of the balance sheet date, at the time the management report was prepared, we were not aware of any risks that could impair the continued existence of our company.

## D. One-off effects and important events in the reporting year

There were no one-off effects or special events in the year under review.

## E. Forecast report, outlook and opportunities

After the forecast GDP growth of 1.9% for 2016, the IFO Institute expects growth of 1.5% for 2017 due to the reduced number of working days compared to the previous year, but sees considerable risks from the political sphere. These concern uncertainties in the development of the EU resulting from the negotiations on Brexit, the failed referendum in Italy and the upcoming elections in the main member states of the Netherlands, France and Germany. In addition, the effects of the announced changes in US policy (expansive economic policy with significant increases in spending on the one hand, protectionist tendencies on the other hand) cannot yet be assessed. Finally, further risks lie in the effects of the ongoing armed conflict in the Middle East and the associated refugee movements.

For 2017, the industry association BITKOM is forecasting growth in the German ICT market by 1.3 percent to then 161.4 billion euros. This growth is being driven by the IT sector, which is estimated to grow at 2.7%.

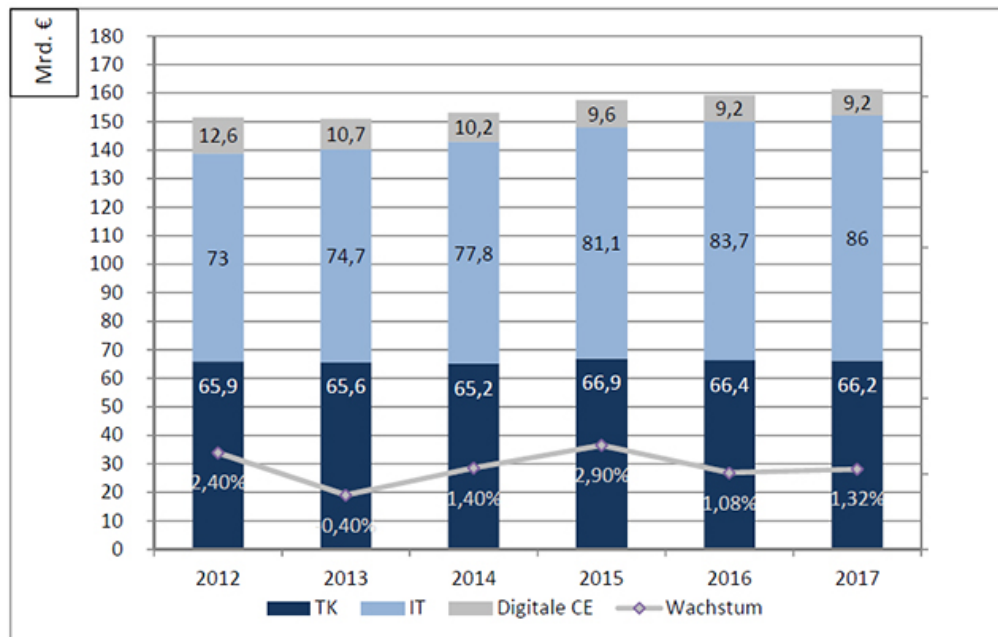


Abb. 8: Entwicklung deutscher ITK-Markt nach Hauptsegmenten; Quelle: Bitkom

Controlware plans to continue its organic growth path in the medium term and, as in previous years, to grow more profitably than the market. The prerequisites for this are good due to the market position, technological set-up and the significant expansion of technical and sales resources.

After the once again very significant growth in 2016, we are planning sales for 2017 at the same level with a stable operating result. Sales and incoming orders in the first two months of 2017 are above the values of the previous year and confirm the planned development.

Controlware GmbH can probably benefit from the further consolidation of the supplier market.

Increased investments are planned for 2017, which essentially concern the optimization of our processes and the expansion of our range of services in the managed service area.

As part of the non-financial performance indicators (personnel and environmental protection), we attach great importance to the further development of these areas that are important for our company.

### developments

#### Internet of Things & digitization

The basis of digitization is the expansion of the networking of people or people and machines for the extensive networking of workpieces, production facilities and products. The combination of networking, availability of digital data and analytics for unstructured mass data from different sources in or near real time enables, for example, the cross-company optimization of production processes and quality assurance concepts in industry, introduction of predictive maintenance concepts in which rigid control intervals are determined by the evaluation of the actual machine data are replaced, energy savings through optimized traffic control and intelligent street lighting,

New, essentially data- and platform-based, business models are attacking established providers and changing, sometimes disruptively, existing value chains and market shares. This also forces the existing providers to deal much more closely with the use and analysis of their business data, but above all with the available data on the use of their products, in order to remain competitive with the newly emerging competitors.

The downside of networking is the increased risk of attack, if only because the number of additional attack points that are located outside of physically very well-protected data centers is increasing massively. In addition, the potential for damage to industrial production systems or power plants is very high, so that the conceptual and technical protection of the IT infrastructure is essential

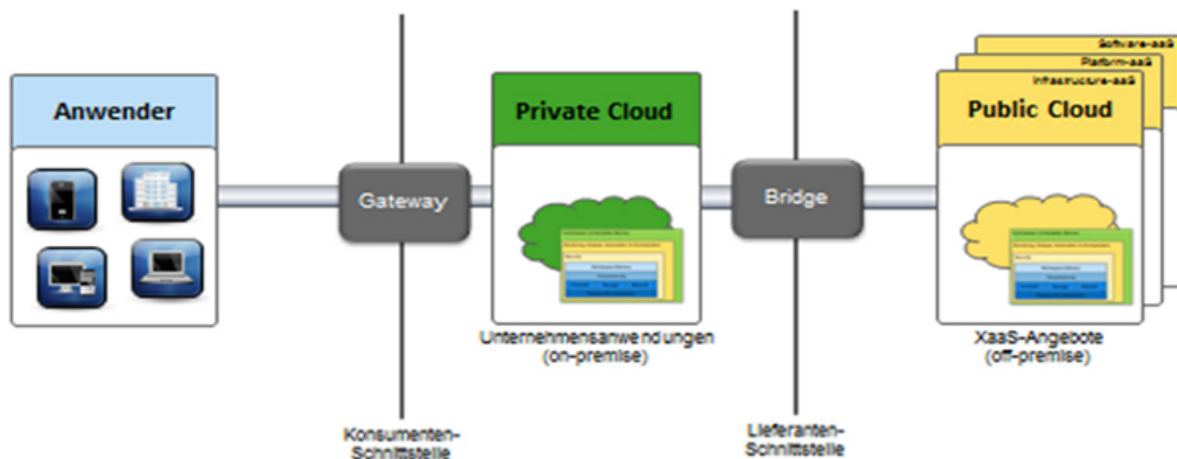
for further development. Due to the underlying technologies, which in many cases still run on older operating systems and cannot be easily modernized for technical and regulatory reasons, technologies from office IT cannot easily be transferred.

Building on our experience in the design and implementation of highly secure process control networks for energy suppliers and industrial production plants, we continue to see considerable growth opportunities here.

### Centralization via private and hybrid cloud architectures

The market for cloud solutions (hardware, software and services) continues to grow and will continue to change the production and delivery of IT in the next few years. In a long-term forecast, the manufacturer vmware assumes that the number of processed IT workloads worldwide will increase from around 160 million in 2016 to 596 million in 2030. The public cloud shares are increasing at a disproportionately high rate, but traditional workloads or workloads processed in private cloud architectures continue to grow significantly. Regardless of the exact development that is difficult to predict, this illustrates that the next few years will continue to be about building architectures, Bringing together the private and public cloud delivery models from the point of view of efficiency and cost at the highest possible level of security. This will increasingly also involve the further virtualization of the network, which in recent years has not yet taken place at the speed that providers and analysts have been using had been predicted. This will not only affect the LAN area, but in particular also the wide area area (software-defined WAN). which in the past few years has not yet happened at the speed that the providers and analysts had forecast. This will not only affect the LAN area, but in particular also the wide area area (software-defined WAN).

The objective here is a data center completely defined by software, in which the internal resources can be reallocated largely without changing the underlying physics. External resources are also increasingly being included in order to arrive at hybrid cloud models and multi-cloud models (including several external providers of infrastructure elements or services). In addition to integrating such resources, it is of critical importance to be able to replace them with your own or third-party alternatives in order to largely avoid dependencies on one provider.



The resulting complexity leads to business opportunities across the entire value chain for companies such as Controlware.

### The workplace of the future is location-independent and digital

While there is a clear trend in the production of IT towards the central provision of resources in cloud concepts, use on the client side is becoming more and more diverse. This is about the worldwide high-performance and, above all, secure integration of various end devices such as smartphones, tablets, notebooks via various types of connection (wired, cellular, public WLAN, etc.). The positive effects on costs, employee satisfaction but also on the company's environmental contribution mean that this development will continue and will shape the requirements for the office infrastructure in the years to come.

In a comparable way, it is increasingly about the integration of machines and sensors for the transmission of data that are used, for example, for predictive maintenance concepts. Here, too, the availability and integrity of the data on the one hand and the security of the transmission path on the other hand must be ensured at all times in order to avoid possible damage from falsified data or attacks on the infrastructure.

### Information security

To do this, a formal process with the introduction of an ISMS and the associated classification and risk assessment is required. On this basis, the measures derived from this can be prioritized accordingly. Even if only a relatively small number of companies are formally affected by the IT Security Act - the introduction of the law is based on 2,000 companies - the requirements for networked value chains have already become relevant for significantly more companies. As a result, the topic of systematic procedures and minimum requirements in the security architecture come into focus more strongly.

From the technical-conceptual point of view, a comprehensive security architecture instead of selective measures and security incident event management systems are becoming an increasingly important addition to classic defense mechanisms. In addition to defending against attacks, the aim is to identify, analyze and remedy the causes and consequences of a possibly successful attack as early as possible, or to minimize their effects. In order to be able to deal with the results of such systems, an established risk management with appropriate action planning is required. In recent years, companies have increasingly recognized that building up the necessary technical resources and qualifications is too much for them. Accordingly, the willingness to use managed services in this area has increased significantly.

As Controlware has a high level of expertise in auditing and advice on the introduction of information security systems as well as in their technical implementation, we will benefit from the resulting market opportunities. This applies not only to advice, but above all to implementation, including managed security service. The expansion of our managed service portfolio started in 2016 to include

Security Operating and SIEM (Security Information and Event Management) solutions will continue to be expanded in the years to come.

#### F. Material risks to future development

The intensity of competition and the resulting pressure on margins will remain high in 2017. This is further accelerated by the investments of the large cloud providers in German data centers, who want to remove some of the technical and legal concerns in this way.

The competition for human resources will continue to intensify regardless of economic developments. The fact that public employers, in particular the security authorities, but also the Bundeswehr, are increasingly appearing as customers for IT security experts, without contributing to a significant increase in training capacity on the market.

Even if IT investments in the infrastructure segments relevant for controlware have shown themselves to be less dependent on the economic cycle in recent years, a significant deterioration in the overall economic situation can also have negative effects on sales for controlware. If, as a result of the economic development, it becomes permanently difficult for customers with a good credit rating to obtain investment finance, this may mean that planned sales cannot be achieved.

Another risk is the discontinuation of planned major projects and the pressure on margins in the areas of maintenance and service.

The elimination of major maintenance and service contracts would make adjustments to the cost structure necessary. In 2016, it was possible to overcompensate for maintenance contracts that were no longer applicable.

The supply of credit lines is secured. A long-term loan agreement covers more than 50% of the financing requirements up to 2018.

The financing conditions have further improved.

#### G. Events of particular importance that occurred after the end of the 2016 financial year (supplementary report)

In the notes, we pointed out that no significant events occurred after the end of the financial year.

This management report contains forward-looking statements and information. These forward-looking statements are based on current expectations and certain assumptions. They therefore involve a number of risks and uncertainties. Therefore, the actual results, successes and services of Controlware GmbH may differ significantly from the statements on results, successes or services expressly or implicitly contained in forward-looking statements.

#### H. Corporate Governance Statement

To promote women, the company has decided on a quota for women, whereby we continue to place individual qualifications and suitability in the foreground of the decision when filling management positions. The quota of women on the supervisory board is 0. The management of Controlware is currently occupied by one person; Since a change is not foreseeable here, the quota for women will be 0 for the foreseeable future. At the second management level (regional and division management) the current quota of women is 33%; an increase to 40% is planned here with a target period of 5 years. The main challenge is to generally increase the proportion of women

Dietzenbach, July 6, 2017

*Bernd Schwefing, managing director*

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

	EUR	EUR	12/31/2016 EUR	12/31/2015 EUR
A. Fixed assets				
I. Intangible Assets				
1. Concessions acquired against payment, industrial property rights and similar rights and values as well as licenses to such rights and values	718,855.84			270,198.54
2. Advance payments made	0.00			463,988.45
		718,855.84		734,186.99
II. Tangible assets				
1. Land, land rights and buildings, including buildings on third-party land	1,820,367.67			1,818,757.29
2. Other equipment, factory and office equipment	2,866,680.66			3,031,154.63
		4,687,048.33		4,849,911.92
III. Financial assets				
1. Shares in affiliated companies	1,662,469.51			1,688,034.10
		1,662,469.51		1,688,034.10
			7,068,373.68	7,272,133.01

	EUR	EUR	12/31/2016 EUR	12/31/2015 EUR
<b>B. Current Assets</b>				
<b>I. Inventories</b>				
1. Finished products and merchandise	9,008,906.55			10,902,384.38
2. Advance payments made	81,144.38			22,810.80
3. Advance payments received	-2,414,089.64			-5,132,128.74
		6,675,961.29		5,793,066.44
<b>II. Receivables and other assets</b>				
1. Trade accounts receivable	42,581,455.33			33,445,305.29
2. Receivables from affiliated companies	1,877,048.33			4,129.02
3. Claims against shareholders	862,305.01			152,125.00
4. Other assets	2,046,426.96			1,449,891.20
		47,367,235.63		35,051,450.51
<b>III. Cash in hand, Bundesbank balances, bank balances and checks</b>		5,900,151.88		7,258,686.07
			59,943,348.80	48,103,203.02
<b>C. Prepaid expenses</b>				
1. Other prepaid expenses		50,149,273.55		40,445,097.73
			50,149,273.55	40,445,097.73
			117,160,996.03	95,820,433.76
			12/31/2016 EUR	12/31/2015 EUR
<b>A. Equity</b>				
I. Drawn capital		5,112,918.81		5,112,918.81
II. Profit carried forward		15,682,706.75		14,600,537.06
III. Annual surplus		5,558,084.22		3,582,169.69
			26,353,709.78	23,295,625.56
<b>B. Provisions</b>				
1. Provisions for pensions and similar obligations		366,084.32		429,207.41
2. Tax provisions		545,494.50		129,174.00
3. Other provisions		14,314,689.06		10,389,685.04
			15,226,267.88	10,948,066.45
<b>C. Liabilities</b>				
1. Trade accounts payable		24,815,606.65		21,036,805.75
2. Liabilities to affiliated companies		288,022.09		293,652.38
3. Other Liabilities		4,480,953.37		4,059,739.14
- of which from taxes: EUR 3,706,518.67 (previous year: EUR 3,329,574.50) -			29,584,582.11	25,390,197.27
<b>D. Prepaid expenses</b>			45,996,436.26	36,186,544.48
			117,160,996.03	95,820,433.76

### Income statement for the period from January 1, 2016 to December 31, 2016

scroll ↔

	EUR	2016 EUR	2015 EUR
1. Sales		209,695,847.93	170,259,011.37
2. Other operating income		3,951,736.75	5,313,729.56
- of which from currency conversion: EUR 3,093,966.26 (previous year: EUR 2,666,287.90) -			
3. Cost of materials			
a) Expenses for raw materials, consumables and supplies and for purchased goods	-91,590,689.06		-75,297,981.26
b) Expenses for purchased services	-55,976,532.68		-43,280,305.57
		-147,567,221.74	-118,578,286.83
4. Personnel expenses			

	EUR	2016 EUR	2015 EUR
a) Wages and salaries	-36,943,843.67		-32,418,497.02
b) Social security and pension and support expenses	-6,350,500.25		-5,558,290.45
- of which for pensions: EUR 372,601.03 (previous year: EUR 470,811.80) -		-43,294,343.92	-37,976,787.47
5, depreciation			
a) on intangible and tangible fixed assets	-1,605,554.39		-1,488,342.69
		-1,605,554.39	-1,488,342.69
6. Other operating expenses		-14,594,789.83	-13,732,920.97
- of which from currency conversion: EUR 1,442,886.15 (previous year: EUR 1,455,193.22) -			
7, income from investments		0.00	320,000.00
- of which from affiliated companies: EUR 0.00 (previous year: EUR 320,000.00) -			
8, Other Interest and Similar Income		96,526.28	38,508.83
- of which from affiliated companies: EUR 67,914.19 (previous year: EUR 14,528.96) -			
9, interest and similar expenses		-184,974.58	-119,340.75
- of which to affiliated companies: EUR 0.00 (previous year: EUR 2,892.57) -			
- of which from the compounding of provisions: EUR 42,824.00 (previous year: EUR 43,844.00) -			
10. Taxes on income and earnings		-809,956.70	-328,721.13
11. Profit after tax		5,687,269.80	3,706,849.92
12. Other taxes		-129,185.58	-124,680.23
13. Annual net income		5,558,084.22	3,582,169.69

## Appendix for the 2016 financial year

### I. General information

Controlware GmbH Kommunikationssysteme has its seat in Dietzenbach and is entered in the commercial register of the Offenbach am Main local court under the number HRB 6431.

The annual financial statements of Controlware GmbH Kommunikationssysteme for the 2016 financial year are prepared in accordance with the provisions of the German Commercial Code (HGB §§ 242 ff., 264 ff.) And the GmbH Act (GmbHG).

The balance sheet is structured in accordance with Section 266 Paragraphs 2 and 3 HGB; The total cost method in accordance with Section 275 (2) HGB is used for the income statement.

The company is a large corporation in accordance with Section 267, Paragraph 3, Clause 1 of the German Commercial Code.

As a result of the first-time application of the definition of sales revenue according to Section 277 (1) of the German Commercial Code (HGB), as amended by the BilRUG, sales revenue, other operating income, expenses for raw materials and supplies and for purchased goods as well as other operating expenses are not included Comparable to previous year. We refer in detail to the corresponding explanations under IV. Information on the income statement.

### II. Accounting and valuation principles

#### 1. Fixed assets

Acquired intangible assets are carried at cost and, if they are subject to wear and tear, reduced by scheduled depreciation.

Tangible fixed assets are valued at acquisition cost, less scheduled depreciation, in the amount permitted by tax.

Low-value assets within the meaning of Section 6 (2) sentence 1 EStG with an acquisition value of up to € 410 are immediately written off in full in the year of acquisition.

The following depreciation methods and useful lives are used as a basis for the depreciation of intangible and tangible fixed assets:

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Plant group	Depreciation method	Useful life
Licenses and Similar Rights	linear	3 to 5 years
building	linear	33 to 50 years
Outdoor facilities	linear	ten years
Rental assets	linear	3 years



Plant group	Depreciation method	Useful life
Other equipment; Operating and office equipment	linear	2 to 10 years

The financial assets are valued at cost, which may have been reduced by depreciation for expected permanent impairment.

## 2. Inventories

The inventory is valued at acquisition cost.

The evaluation of the service warehouse (items for the fulfillment of maintenance and service contracts) is based on the age structure, with a devaluation based on a period of use of a maximum of four years progressively with the devaluation rates 10% (year 1), 20% (year 2), 30 % (Year 3) and 40% (year 4).

The project and supply warehouse was assessed based on the sales figures for 2016 and a range of two years. The period of two years takes into account the rapid technical obsolescence of the devices. Products newly added to the product range as well as products that were already reserved for sale on the valuation date are not included in the range analysis.

The devaluation of the B-goods warehouse (articles with optical or technical defects) was carried out on the basis of age devaluations. The devaluation rates are 50% (at the time of acquisition), 20% (in the following year 1), 20% (in the following year 2) and 10% (in the following year 3). The items in the B-goods warehouse that show excess stocks in other warehouses are not valued in the B-goods warehouses.

The advance payments made and the advance payments received on orders are shown at the nominal amount. The advance payments received were deducted from the inventory item.

## 3. Receivables and other assets

Receivables and other assets are valued taking into account the identifiable risks and stated at their nominal value or at the lower applicable value.

In the case of trade receivables, individual value adjustments of € 17 thousand and general value adjustments of 1% on domestic net receivables (€ 351 thousand) and 1% on foreign receivables (€ 11 thousand) are taken into account.

The loans extended to related companies or persons generally bear interest at customary market conditions.

The remaining terms of the receivables and other assets are all up to one year.

## 4. Securities

The other securities were valued taking into account the identifiable risks and generally stated at their acquisition cost or the lower fair value. The assigned securities serve exclusively to meet debts from pension obligations and were offset against the pension provision.

## 5. Cash

Liquid funds are capitalized at their nominal value.

## 6. Equity

The subscribed capital amounts to € 5,112,918.81, is fully paid up and recognized at the nominal amount.

## 7. Provisions

The accumulation method (PUC method) was used to determine the pension provision.

The debts from pension obligations were netted with offsettable assets and the corresponding expenses and income offset.

The other provisions and tax provisions were created for all other uncertain liabilities. The provisions were recognized in the amount of the settlement amount required according to prudent business judgment. All identifiable risks were taken into account. The provisions were not discounted as the remaining term of the individual provisions is no more than one year.

The valuation of the warranty provisions was based on a lump sum of the sales revenue subject to guarantees for the current financial year.

## 8. Liabilities

Liabilities were shown at the settlement amount.

## 9. Currency Conversion

Assets and liabilities in foreign currencies were converted into euros at the mean spot exchange rate on the balance sheet date - with remaining terms of less than one year in accordance with §§ 253 Paragraph 1 Clause 1.252 Paragraph 1 No. 4 2nd half-sentence HGB.

## 10. Deferred Taxes

No use was made of the option to recognize deferred tax assets (Section 274 (1) sentence 2 HGB).

Deferred tax assets mainly arose from temporary differences in the area of loss carryforwards, which are taken into account for corporate income tax and trade tax purposes but are not included in the commercial balance sheet, as well as in the area of pension provisions.

The valuation of deferred taxes was carried out using the company's individual tax rates. Corporate income tax was assessed at a tax rate of 15% plus the solidarity surcharge of 5.5%. The trade tax was calculated on the basis of a tax index of 3.5% and a rate of assessment of 395% (rate of assessment of the headquarters of the parent company - without taking into account the breakdown of trade tax).

### III. Notes on the balance sheet

**1. Fixed assets**

For the development of fixed assets in the 2016 financial year, please refer to the schedule of fixed assets on page 13 of this annex.

**2. Shareholdings according to § 285 No. 11 HGB**

Please refer to the list of shares on page 14.

**3. Inventories**

The inventory is made up as follows:

	scroll ↔	
	2016 T €	2015 T €
Service warehouse (devices for maintenance contracts)	2.174	2,280
Project warehouse	5,305	6,655
Goods on the move and other goods	1,530	1,967
	9.009	10,902

**4. Receivables from or liabilities to affiliated companies**

Accounts receivable from affiliated companies include trade accounts receivable in the amount of € 17 thousand. The receivables from affiliated companies also include short-term loans from Controlware GmbH to sister companies totaling € 1,860 thousand.

The liabilities to affiliated companies (T € 288) consist exclusively of trade payables.

**5. Other assets**

T € 126 relate to a corporation tax refund claim from "corporation tax balances", which will be paid out to the company in ten equal annual installments between 2008 and 2017. The claim was capitalized with its present value based on a capitalization rate of 4.5% pa. For 2016, € 132 thousand was paid out to the company.

**6. Pension provisions**

The following assumptions were made for the calculations:

	scroll ↔
interest rate	4.06% pa
Expected wage and salary increases	0.00% pa

Underlying mortality table "2005 G mortality tables" by Dr. Klaus Heubeck

The following values were determined for offsetting debts from pension obligations with assets that can be offset and for offsetting expenses and income:

	scroll ↔
	T €
Acquisition cost of the offset assets	683
Fair value of offset assets	746
Settlement amount of the offset debts	1,049
Offset expenses / income	42

The difference between the average market interest rate from the past ten financial years (4.06%) and the average market interest rate from the past seven financial years (3.32%) is T € 62 (T € 1,049 to T € 1,111).

**7. Other provisions**

This item essentially comprises commissions, bonuses and bonuses (T € 9,094), restructuring costs (T € 816), outstanding invoices (T € 2,050), risks from affiliated companies (T € 425), vacation entitlements (T € 1,046), warranty obligations (T € 208), trade association contributions (T € 276), as well as annual financial statement costs including expenses for the preparation of the tax returns for 2016 (T € 112).

**8. Liabilities and remaining terms as well as collateral**

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

A land charge of € 6.5 million (as in the previous year) serves to secure the liabilities to banks.

**9. Amounts Restricted to Distribution**

As of the balance sheet date, amounts blocked from distribution in accordance with Section 253 (6) sentence 2 of the German Commercial Code (HGB) consist exclusively of the different interest rates of ten and seven years from the valuation of pension provisions. These amount to T € 62 (cf. Item 6). The following profits are therefore distributable:

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Profit carried forward		T €	15,683
Annual surplus	plus	T €	5,558
		T €	21,241
Distribution block	minus	T €	62
distributable amount		T €	21,179

#### IV. Information on the profit and loss account

##### 1. Sales

The sales from the original Controlware business developed as follows:

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	2016	2015
	T €	T €
Sales proceeds	109,078	89,049
Rental and maintenance income	70,792	57,947
Others	30,085	23,471
	209.955	170,467
Less any discounts granted	259	208
	209,696	170.259

##### Distribution according to markets

scroll ↔

	2016	2015
	T €	T €
inland	200.174	164.023
foreign countries	9,522	6.236
	209,696	170.259

##### 2. Depreciation on intangible assets, tangible and financial assets

Scheduled depreciation of € 1,606 thousand (previous year: € 1,488 thousand) on intangible assets and property, plant and equipment was carried out in the reporting year.

##### 3. Income relating to other periods

Other operating income includes income unrelated to the accounting period from receivables written off and from the reversal of provisions of € 614 thousand.

##### 4. Comparability with the previous year due to the BilRUG redefinition of sales according to Section 277 (1) HGB

The rental and ancillary cost income recognized in the previous year under other operating income as well as charges passed on to subsidiaries and sister companies are reported under sales revenue in the 2016 financial year. The 2016 financial year is affected in the amount of € 1,377 thousand. The application of Section 277 (1) of the new version of the German Commercial Code (HGB) to the previous year's financial statements would have resulted in additional sales of T € 1,296 (and correspondingly reduced other operating income).

The cost transfers to subsidiaries and sister companies previously booked under other operating expenses as well as the ancillary costs for the leased property in the amount of T € 964 will be recognized in the cost of raw materials and supplies and for purchased goods from the 2016 financial year. If Section 277 (1) of the new version of the German Commercial Code (HGB) had been applied, the amount for the previous year would have been € 737 thousand.

#### V. Other information

##### 1. Contingent Liabilities

The contingent liabilities amounted to T € 1,979 on the balance sheet date (previous year: T € 2,596).

The company has committed itself to CW Austria (an affiliated company) to meet all current and future liabilities. The company is currently not assuming a claim, as the analysis of the past and the current knowledge from the planning do not provide any significant indications for such a claim.

##### 2. Long term financial commitments

The transactions not included in the balance sheet relate to leasing expenses (fair values) for the years 2017 to 2020 in the amount of € 4,304 thousand. These expenses relate to equipment leasing, in particular the vehicle fleet. The leasing contracts were mainly concluded for financial and economic reasons (improvement of the financing structure of our company).

Risks from these transactions can arise in the potential outflow of liquid funds (e.g. present value of lease payment obligations).

### 3. Long-term other financial obligations

Various rental agreements with a remaining term of more than one year exist as other financial obligations.

The annual load is for the years

scroll ↔

	T €
2017	1.922
2018 to 2020	4.338
2021 und später	7.151
	13.411

### 4. Konzernabschluss

Die Controlware GmbH Kommunikationssysteme, Dietzenbach, wird in den Konzernabschluss der Controlware Holding GmbH, Dietzenbach, einbezogen, die für den größten und zugleich kleinsten Kreis der verbundenen Unternehmen innerhalb der Controlware-HoldingGruppe den Konzernabschluss aufstellt. Der Konzernabschluss wird im elektronischen Bundesanzeiger veröffentlicht.

### 5. Arbeitnehmer

Die Controlware GmbH beschäftigte im Jahresdurchschnitt 550 Arbeitnehmer, davon 79 Teilzeitkräfte.

### 6. Geschäftsführung

Die Geschäftsführung erfolgte im Berichtsjahr durch Herrn Bernd Schwefing, Diplom- Ökonom, Gießen.

Herr Schwefing ist alleinvertretungsberechtigt und befugt, im Namen der Gesellschaft mit sich als Vertreter eines Dritten Rechtsgeschäfte abzuschließen.

Auf die Angaben nach § 285 Nr. 9) a) und b) HGB wurde gemäß § 286 Abs. 4 HGB verzichtet.

### 7. Ergebnisverwendungsvorschlag

Die Geschäftsführung schlägt der Gesellschafterversammlung vor, den sich aus dem Jahresüberschuss von € 5.558.084,22 und dem Gewinnvortrag von € 15.682.706,75 ergebenden Bilanzgewinn in Höhe von € 21.240.790,97 auf neue Rechnung vorzutragen.

### 8. Nachtragsbericht

Vorgänge von besonderer Bedeutung nach dem Schluss des Geschäftsjahres, die weder in der Gewinn- und Verlustrechnung noch in der Bilanz berücksichtigt sind, sind nicht eingetreten.

Dietzenbach, den 6. Juli 2017

**Bernd Schwefing, Geschäftsführer**

### Entwicklung des Anlagevermögens (erweiterte Bruttodarstellung) zum 31. Dezember 2016

scrollen ↔

	1.1.2016 EUR	Anschaffungs- und Herstellungskosten			31.12.2016 EUR
		Zugänge EUR	Umbuchungen EUR	Abgänge EUR	
I. Immaterielle Vermögensgegenstände					
1. Entgeltlich erworbene Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Werte sowie Lizenzen an solchen Rechten und Werten	5.801.522,63	254.963,34	519.301,85	0,00	6.575.787,82
2. geleistete Anzahlungen	463.988,45	55.313,40	-519.301,85	0,00	0,00
	6.265.511,08	310.276,74	0,00	0,00	6.575.787,82
II. Sachanlagen					
1. Grundstücke, grundstücksgleiche Rechte und Bauten einschließlich der Bauten auf fremden Grundstücken	16.157.236,00	372.512,98	0,00	0,00	16.529.748,98
2. andere Anlagen, Betriebsund Geschäftsausstattung	16.261.425,53	762.294,25	0,00	491.178,35	16.532.541,43
	32.418.661,53	1.134.807,23	0,00	491.178,35	33.062.290,41
III. Finanzanlagen					
1. Anteile an verbundenen Unternehmen	3.891.636,77	435,41	0,00	26.000,00	3.866.072,18
	3.891.636,77	435,41	0,00	26.000,00	3.866.072,18
	42.575.809,38	1.445.519,38	0,00	517.178,35	43.504.150,41

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	1.1.2016 EUR	Abschreibungen		31.12.2016 EUR
		Zugänge EUR	Abgänge EUR	
<b>I. Immaterielle Vermögensgegenstände</b>				
1. Entgeltlich erworbene Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Werte sowie Lizenzen an solchen Rechten und Werten	5.531.324,09	325.607,89	0,00	5.856.931,98
2. geleistete Anzahlungen	0,00	0,00	0,00	0,00
	5.531.324,09	325.607,89	0,00	5.856.931,98
<b>II. Sachanlagen</b>				
1. Grundstücke, grundstücksgleiche Rechte und Bauten einschließlich der Bauten auf fremden Grundstücken	14.338.478,71	370.902,60	0,00	14.709.381,31
2. andere Anlagen, Betriebsund Geschäftsausstattung	13.230.270,90	909.043,90	473.454,03	13.665.860,77
	27.568.749,61	1.279.946,50	473.454,03	28.375.242,08
<b>III. Finanzanlagen</b>				
1. Anteile an verbundenen Unternehmen	2.203.602,67	0,00	0,00	2.203.602,67
	2.203.602,67	0,00	0,00	2.203.602,67
	35.303.676,37	1.605.554,39	473.454,03	36.435.776,73

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	Buchwerte	
	31.12.2016 EUR	31.12.2015 EUR
<b>I. Immaterielle Vermögensgegenstände</b>		
1. Entgeltlich erworbene Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Werte sowie Lizenzen an solchen Rechten und Werten	718.855,84	270.198,54
2. geleistete Anzahlungen	0,00	463.988,45
	718.855,84	734.186,99
<b>II. Sachanlagen</b>		
1. Grundstücke, grundstücksgleiche Rechte und Bauten einschließlich der Bauten auf fremden Grundstücken	1.820.367,67	1.818.757,29
2. andere Anlagen, Betriebsund Geschäftsausstattung	2.866.680,66	3.031.154,63
	4.687.048,33	4.849.911,92
<b>III. Finanzanlagen</b>		
1. Anteile an verbundenen Unternehmen	1.662.469,51	1.688.034,10
	1.662.469,51	1.688.034,10
	7.068.373,68	7.272.133,01

**Anteilsliste zum 31. Dezember 2016**

Zum 31. Dezember 2016 war die Controlware GmbH Kommunikationssysteme, Dietzenbach, an folgenden Unternehmen direkt oder in direkt im Sinne von § 271 Abs. 1 HGB beteiligt:

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Name und Sitz der Gesellschaft	Währung	Anteil am Kapital	Eigenkapital zum 31.12.2016		Ergebnis 2016	
verbundene Unternehmen		%	FW	EUR	FW	EUR
<b>I. Inland</b>						
Networkers AG	EUR	80,0		2.273.193		352.091
Gesellschaft für Internet Technologie, Hagen						
<b>II. Ausland</b>						
Controlware AG, Pfäffikon/Schweiz	CHF	100,0	178.958	166.643	-15.574	-14.280

Name und Sitz der Gesellschaft	Währung	Anteil am Kapital	Eigenkapital zum 31.12.2016		Ergebnis 2016	
verbundene Unternehmen		%	FW	EUR	FW	EUR
Controlware Australia Pty. Limited, Baulkham Hills/Australien	AUD	100,0	1.063.075	728.332	33.299	22.429
Controlware Communications Systems Inc., Eatontown, N.J./USA	USD	100,0 <sup>1)</sup>	-645.560	-489.283	-256	-194
Controlware France S.A., Tremblay-en-France/Frankreich	EUR	99,9 <sup>1)</sup>		117.756		-306
Controlware Kommunikations-Systeme GmbH, Wien/Österreich	EUR	100,0		-224.581		205.400

Bei den ausländischen Tochterunternehmen ist das Eigenkapital in Fremdwährung zum Stichtagskurs und das Ergebnis des letzten Geschäftsjahres in Fremdwährung zum Jahresdurchschnittskurs umgerechnet worden.

<sup>1)</sup> Tochterunternehmen in Abwicklung; für 2016,2015,2014 und 2013 liegen keine Zahlen vor, daher beziehen sich die Angaben auf den 31. Dezember 2012

### Bestätigungsvermerk

Wir haben den Jahresabschluss - bestehend aus Bilanz und Gewinn- und Verlustrechnung sowie Anhang - unter Einbeziehung der Buchführung und den Lagebericht der Controlware GmbH Kommunikationssysteme, Dietzenbach, für das Geschäftsjahr vom 1. Januar bis zum 31. Dezember 2016 geprüft. Die Buchführung und die Aufstellung von Jahresabschluss und Lagebericht nach den deutschen handelsrechtlichen Vorschriften liegen in der Verantwortung der gesetzlichen Vertreter der Gesellschaft. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Jahresabschluss unter Einbeziehung der Buchführung und über den Lagebericht abzugeben.

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

Unsere Prüfung hat zu keinen Einwendungen geführt.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss den gesetzlichen Vorschriften und vermittelt unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft. Der Lagebericht steht im Einklang mit dem Jahresabschluss, entspricht den gesetzlichen Vorschriften, vermittelt insgesamt ein zutreffendes Bild von der Lage der Gesellschaft und stellt die Chancen und Risiken der zukünftigen Entwicklung zutreffend dar.

**Düsseldorf, 6. Juli 2017**

**GREIS & BROSENT GMBH**  
**Wirtschaftsprüfungsgesellschaft**  
**Walter, Wirtschaftsprüfer**  
**Brosent, Wirtschaftsprüfer**

Der Jahresabschluss der Controlware GmbH Kommunikationssysteme zum 31. Dezember 2016 wurde in der Gesellschafterversammlung am 1. September 2017 festgestellt.

In dieser Gesellschafterversammlung wurde ebenfalls beschlossen, den Jahresüberschuss des Jahres 2016 von EUR 5.558.084,22 auf neue Rechnung vorzutragen.



