

Interim report 2019

This is a translation of the German interim report. In case of any divergences, the German original is legally binding.



Interim report as of 30 June 2019

Management report as of 30/06/2019	03
1. Business performance	03
1.1. Sector development	03
1.2. Sales and order development	06
1.3. Production and procurement	07
1.4. Investments	08
1.5. Financing	08
1.6. Human resources	09
1.7. Remuneration system of the organs	10
1.8. Other important processes	10
2. Assets and financial situation	10
3. Profit situation	11
4. Significant events after 30/06/2019	12
5. Risk reporting	13
5.1. Business risks	13
5.2. Process and value creation risks	14
5.3. Finance risks	14
5.4. IT risks	15
5.5. Purchasing and cooperation risks	15
5.6. Personnel risks	16
5.7. Product risks	16
6. Forecast report	16
6.1. Future sector development	16
6.2. Future product development	18
6.3. Future business development	18
Interim balance sheet	20
Interim profit and loss account as of 30/06/2019	22
Interim cash flow statement as of 30/06/2019	23
Notes to the interim financial statements as of 30/06/2019	24

Management report

1. Business performance

Vectron is a leading European provider of intelligent POS systems consisting of hardware, software and cloud services which are developed at the company's head office in Münster. Unlike other manufacturers, all our system solutions are based on the same software and can therefore be easily linked. Our developed software is also open and flexible so that it can be adapted to a multitude of industries and used with all major operating systems – Windows, Android, iOS and Linux. Cloud services are aimed at the B2B segment as well as the B2C segment.

1.1. Sector development

The POS system market is highly diverse. The diversity of the sector and varying company sizes among users are reflected on the provider side. As only few manufacturers are active globally in various markets, most competitors are small, often only regional providers.

The key change in recent years was the appearance of competing providers of solutions based on iOS and android devices. Despite high investments by the providers, these systems have not yet been able to gain a large market share and some consolidations have already taken place as a result. New pricing models are also starting to establish themselves, particularly ongoing instead of one-off payments.

The requirements placed on cash registers by the tax authorities have a considerable effect on the German market. The hitherto legal position is determined by two letters of the Federal Ministry of Finance (Bundesfinanzministerium – BMF) dated 26 November 2010 (“Aufbewahrung digitaler Unterlagen bei Bargeschäften” – “Storing digital documents for cash transactions”) and 14 November 2014 (GoBD = “Grundsätze zur ordnungsgemäßen Führung und Aufbewahrung von Büchern, Aufzeichnungen und Unterlagen in elektronischer Form sowie Datenzugriff” – “Principles for properly maintaining and storing books, records and documents in electronic form as well as data access”). These state that a POS system must keep detailed records of all booking data and also record other data in electronic form (obligation to keep individual records). This data must be archived for at least 10 years. The transitional period, during which it was still permitted to use systems that could not be retrofitted, expired at the end of 2016. However, numerous users did not comply with this period and changed over only after the due date or not at all.

The Law on the Protection against Manipulation of Digital Background Recordings [Gesetz zum Schutz vor Manipulationen an digitalen Grundaufzeichnungen] came into force on 29 December 2016. This law prescribes that all cash registers must be fitted with a certified technical security device (TSE) as from 1 January 2020. There is a transitional regulation for previously purchased systems that cannot be retrofitted but comply with the requirements of the BMF letter dated 26 November 2010. These systems may still be used until the end of 2022.

The details of the practical implementation of the law are regulated in the Kassensicherungsverordnung (German Cash Security Ordinance), several technical guidelines of the Bundesamt für Sicherheit in der Informationstechnik (BSI), application decrees of the BMF and the digital interface to the Financial Administration for POS Systems ("Digitale Schnittstelle der Finanzverwaltung für Kassensysteme" - DSFinV-K). The last of these documents was not published until 12 August 2019.

The TSEs of two manufacturers are currently in the BSI certification process. These manufacturers have announced availability for the 4th quarter of 2019.

According to the law, from 1 January 2020 only POS systems equipped with a TSE may be used, provided that the transitional regulation for non-retrofitable systems is not applicable. In addition, only systems that support a TSE may be sold. Violations are an administrative offence that can be punished with a fine of up to € 25,000.

However, due to the late availability of the final requirements and operational TSEs, it will not be possible to convert all POS systems nationwide by 1 January 2020. Therefore, it is generally expected that the Federal Ministry of Finance will issue a non-objection clause allowing users of existing systems an additional period of time for the conversion. The BMF has not yet specified a date. In a publication, the German trade association mentions September 30, 2020 as the end of the non-objection period.

With over 200,000 installed systems in more than 30 countries, Vectron Systems AG is in the "Top 10" of European manufacturers of POS systems. The products are sold through a network of approximately 300 specialist trade partners. Vectron primarily provides solutions for the catering industry and bakeries. The end customer spectrum ranges from single cash register installations to branch networks comprising over 1,000 cash registers.

The hardware is updated at regular intervals and the software on an ongoing basis to always be in a position to service the market with technologically advanced stationary and mobile POS systems. With the secondary brand Duratec, which was launched in the autumn of 2013, Vectron now also

provides the entry-level sector with robust, easy-to-use POS systems. With bonVito, Vectron has established its own internet-based, multifunctional customer retention programme in the market. It can be integrated directly in the POS systems and is sold by the subsidiary bonVito GmbH. For all products, Vectron offers its own leasing model that maintains liquidity for customers.

The phrase “customer retention systems” describes all of the marketing means implemented to create stronger customer ties to a company. Profitable loyalty programmes, tokens and special campaigns for loyal customers (so-called loyalty solutions) are employed to achieve this goal.

Last August, a cooperation was entered into with DeutschlandCard GmbH. The aim of this cooperation is to jointly develop and establish a customer card solution for the catering industry so that DeutschlandCard will be accepted in the gastronomy sector as well as the retail sector in the future. This cooperation provides catering businesses of all sizes with access to a successful multi-partner bonus programme for the first time. DeutschlandCard programme participants will also be able to use their card in the catering sector in the future, which further increases the card’s attractiveness.

During the reporting period, epay, a part of the listed payment service provider Euronet Worldwide Inc., agreed to jointly develop and provide new functionalities and services for POS system operators. These activities focus on alternative payment methods, such as Alipay, and the distribution of traditional products, such as mobile charging and electronic vouchers.

resmio GmbH, a leading table reservation platform in Germany with 10,000 participating restaurant partners, also entered into a cooperation with the aim to jointly provide an integrated digital service for the gastronomy sector. The resmio website functions are to be integrated in the Vectron POS systems for this purpose.

Another cooperation was entered into with rbNext Systems GmbH, which operates the restablo.de online ordering service. In order to provide joint digital services, the restablo.de functions are to be integrated in the Vectron POS systems, too. Orders are transferred directly to the POS. Any ordering fees due should be lower than the prices charged by competitors.

In the first half of 2019, POS data archiving cooperation was agreed with DATEV eG, an IT service provider. In future, the data from the various Vectron POS systems is to be automatically transferred to the DATEV POS archive online and within the structure of the DFKA (German Association for POS and Invoicing System Technology) taxonomy POS data. This provides Vectron customers with the opportunity to transfer their POS data to the DATEV financial accounting solutions using a consistent digital process.

After extensive testing, Vectron brought its new digital business model to the market in June of the current reporting period. For this product, the Vectron POS solution acts as a central data system which intelligently links several digital offers: the resmio table reservation system, the restablo on-line ordering platform and the DeutschlandCard points programme. As a commercial network operator, Vectron will now also offer cashless payment options via the POS system. This means that Vectron offers restaurateurs all key building blocks for digitalisation from a single source. In future, interfaces will be used to connect other services directly to the POS.

For the outlet operators, this means that they will have only one contracting partner who supplies the bundle of services at a significantly cheaper rate than the individual services.

For Vectron, new client groups and new revenue streams are opened up which will eventually lead to a significant increase in sales and earnings.

This model is placed in the market together with the secondary brand Duratec and it is expected to primarily gain market shares in the lower and medium price segment. The next step will be to present an attractive offer for the transfer of existing clients to digital services for the main Vectron brand, and thus the upper price segment. In terms of sales, the reporting entity will in future concentrate on a combination of the tried and tested specialist retail business and sales partnerships in the industrial sector. The focus will therefore be on recurring monthly income with the aim of significantly increasing the life cycle value of income per customer. Furthermore, the expected strong demand from the upcoming fiscalisation and associated legal requirements is to be used to transfer a large number of existing clients to this new digital model in the coming years, in addition to regular sales.

Since September 2018, Vectron has carried out comprehensive tests with Hospitality.digital, a subsidiary of the Metro Group, to check the extent to which digital strategies of Vectron and the Metro Group can be combined with each other. These tests have now been successfully completed. Both sides are currently in talks on the practical implementation of the cooperation.

1.2. Sales and order development

Sales in the first half of 2019 amounted to K€ 12,007 compared with K€ 13,888 in the first half of 2018. This corresponds to a decrease of around 14 %. This can mainly be attributed to uncertainty concerning the practical implementation of the “Law on the Protection against Manipulation of Digital Background Recordings” and the resulting, current consumer reticence.

When breaking down the sales segments, 75.8 % (previous year: 74.4 %) of sales revenues in the amount of K€ 9,096 pertained to Germany, 23.6 % (previous year: 24,4 %) in the amount of K€ 2,838 to other EU countries and 0.6 % (previous year: 1.2 %) in the amount of K€ 73 to third countries.

The share of customers using the internet services provided by the bonVito GmbH subsidiary increased considerably. Vectron also profited directly from this development. The number of contracts increased from 4,734 to 5,193, which corresponds to an increase of approximately 10 %.

Vectron Systems AG provides its end customers with an attractive sales increase model for financing their new POS systems. This sales promotion model is offered by Vectron specialist trade partners. The financing offer contributed a share of around 17.1 % (previous year: around 19 %) to total sales in the first half of 2019.

Vectron's business model is geared towards extremely short delivery 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 POS systems are developed and produced on the basis of a "double platform strategy", i.e. each product uses the same application software and can be used in all respective industries. Hardware development follows an extensive standard-part strategy, meaning that material procurement and development can be structured more efficiently.

The standard-part strategy permits the production of a relatively broad diversity of models without establishing disproportionately high stocks. The production process consists primarily of the assembly of modules and pre-fabricated components. In order to ensure high quality standards, the suppliers are already involved in the development phase.

Device types in high demand are produced for stockpiling. Stocks are dispatched as soon as an order is received, meaning that delivery periods are usually very short. Less frequently demanded products are 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 or expected peak demand may thus result in temporarily increased stock levels.

1.4. Investments

Investments in the reporting period amount to K€ 62 (previous year: K€ 150). The majority pertains to the modernisation and expansion of the IT infrastructure and/or operational and business equipment.

Around 30 % (previous year: 33 %) of employees were involved in the development and further development of new and existing Vectron products. A considerable share of personnel costs therefore relates to development services. Some of the personnel expenses therefore constitute pre-investments in the new business models, which the company chose not to capitalise as own work.

1.5. Financing

Cash and cash equivalents amounted to K€ 13,814 in the half-year report (previous year: K€ 11,562) and have thus increased by K€ 2,252 since the beginning of the year.

In the first half of the year, cash flow from ongoing business activity amounted to K€ -571 (previous year: K€ -1,248). The cash flow from ongoing business activity therefore increased by K€ 677 year-on-year. In the reporting period, this primarily resulted from a decrease in inventories and provisions. Investments in fixed assets in the reporting period resulted in cash flow from investment activity of K€ -280 (previous year: K€ -150). Of this amount, K€ 62 pertained to the modernisation and expansion of the IT infrastructure and/or operational and business equipment. The remainder of K€ 219 contains the remaining 25 % share in posmatic GmbH, which was acquired as of 1 January 2019. posmatic GmbH manufactures a POS app that runs on Apple hardware. End customers generally purchase their own hardware and pay a monthly user fee for the software. The product has been fully integrated in the sales, development and support structure in the meantime. posmatic is being sold as a POS brand in addition to Vectron and Duratec and established as the leading provider of iPad POS systems in Germany using the comprehensive sales network.

In the reporting period, cash inflow and outflow from financing activities resulted in cash flow of K€ 3,104 (previous year: K€ 9,038), which primarily contains the cash flows from the repayment of loan liabilities, the return of participation rights capital II and a capital increase.

By way of resolution made at the annual general meeting on 7 June 2013, the executive board has been authorised to issue participation rights, which are not linked to conversion or option rights on shares of the company, in one or several tranches, with or without limited terms, in accordance

with the specifications of the authorisation resolution of the annual general meeting, if necessary under exclusion of the subscription right of the existing shareholders. The executive board used this right by concluding a participation rights agreement in the amount of K€ 1,500 in December 2013. The term of the subordinated participation rights capital II expired on 15 February 2019 and was returned accordingly.

The company successfully implemented its capital increase, which had been resolved on 6 February 2019, from € 6,611,996.00 to up to € 7,273,195.00 by issuing up to 661,199 new no-par value bearer shares against cash deposits whilst partially utilising the existing authorised capital and excluding the shareholders' pre-emptive rights. All shares were privately and exclusively placed with investors in Germany and other European countries at the placement price of € 7.60 per share, which had been resolved by the executive board with consent from the supervisory board, thus generating gross issue income of € 5,025,112.40 for the company. Tosho Capital GmbH, a company owned by the major shareholder and chairman of the executive board, Thomas Stümmler, acquired a total of 390,199 no-par value shares from the capital increase.

The financing strategy is geared towards long-term stability.

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 sales promotion model. Further existing lease contracts (transport fleet, tools, trade fair construction etc.) are of only immaterial importance. To support bonVito GmbH in the start phase, guarantee commitments were entered into. Total other obligations as of 30 June 2019 amounted to K€ 5,745 (previous year: K€ 6,996). All of the liabilities have remaining terms of up to four years. We refer to the explanations in the notes.

1.6. Human resources

As of the balance sheet date for the first half of the year, the workforce comprised 178 employees (previous year: 179 employees). This figure contains three members of the executive board and 10 trainees.

To motivate employees, Vectron uses a variable, multi-level remuneration model based on annual profit. When the profit situation is positive, all employees profit considerably from 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 notes) was introduced for managers.

1.7. Remuneration system for executive bodies

All members of the company's executive board contain fixed and variable remuneration. The variable components of two of the members contain a performance-related component of one percent of operative profit (earnings before interest, taxes, depreciation and amortisation). The variable component of one of the members contains a capped target bonus. In addition, 25,000 pre-emptive rights for the acquisition of 25,000 no-par value bearer shares of the company with a mathematical share in share capital of € 1.00 each (base value) were issued at the strike price during the exercise period. The issuance of pre-emptive rights to members of the company's executive board was effectively resolved at the annual general meeting on 17 May 2018 with the required majority for the creation of contingent capital 2018. Furthermore, each member of the executive board is entitled to a company car.

The supervisory board receives fixed annual remuneration. No variable components are provided. Please refer to the notes.

1.8. Other important processes

There were no other important processes during the reporting period.

2. Assets and financial situation

Intangible assets primarily contain the design and construction plans purchased from the development partners as well as development services for software components of the Vectron Cloud platform. Production tools are stated as tangible assets (technical installations). The majority of fixed assets relates directly to product development.

The wholly-owned subsidiary bonVito GmbH, founded in 2012, is recognised in financial assets. The company provides internet services in connection with POS systems. During the company's start-up phase, ordinary and business model-specific start-up losses were incurred. Due to the positive forecast for the future, the shares in the company are stated at amortised cost. As of 1 January 2019, Vectron Systems AG acquired the remaining 25 % share in posmatic GmbH. posmatic manufactures a POS app that runs on Apple hardware, such as iPads, iPods and iPhones. End customers generally purchase their own hardware and pay a monthly user fee for the software.

Stocks have decreased by approximately 13 % compared to the previous year. For popular products, production already moved from make-to-order

production to make-to-stock production in 2014, resulting in an increase of the proportion of finished products in the total volume. 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. There are no noteworthy risks as the stocks are materials for current models.

Receivables consist of numerous smaller individual receivables related to different customers. The average days sales outstanding varied between 42 and 53 days throughout the reporting period. Longer payment 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.

On the balance sheet date, the issued capital consisted of 7,273,195 no-par value bearer shares with one vote each. The total equity capital amounted to K€ 13,815 (previous year: K€ 10,133).

The short-term liabilities and accruals of K€ 2,659 (previous year: K€ 4,305) can be paid from short-term tied capital (excluding liquid resources).

The financing and liquidity situation of the company can be described as positive. The cash flow statement shows the changes in cash and cash equivalents. Please refer to Section 1.5 in this respect and regarding off-balance sheet commitments.

3. Profit situation

As anticipated, a reluctance to buy still prevails in the POS market. This can be explained by the customers waiting until the new fiscalisation system is going to be legally introduced as of 1 January 2020. Sales were down year-on-year. In the first half of 2019, sales revenues amounted to K€ 12,007 (previous year: K€ 13,888) corresponding to a decrease of approximately 14 %.

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 POS systems by Vectron to end customers"). Within the framework of this model, the sales revenues from sublease (K€ 1,366; previous year: K€ 1,270) during the term are offset against corresponding leasing expenses (K€ 1,046; previous year: K€ 967) in the material costs item. Direct sales costs (K€ 686; previous year: K€ 809) were incurred within the scope of this model, which are contained in material costs.

If the sales processed through the sales promotion model were to be conducted in the ordinary manner and if there were no non-product-related sales with associated companies, the adjusted performance indicators would be as follows: Sales would amount to € 9.3 million (previous year: € 11.3 million), material costs to € 3.2 million (previous year: € 4.3 million), resulting in a gross profit ratio of 60.1 % (previous year: 61.5 %) compared with an unadjusted gross profit ratio of 59.1 % (previous year: 56.0 %).

Personnel expenses contain wages and salaries paid as well as annual leave entitlements and accrued overtime. This resulted in a monthly average of K€ 750 compared with the previous year's figure of K€ 825.

Depreciation and amortisation pertains to planned depreciation and amortisation and is on par with the previous year.

Other operating expenses decreased from an average of K€ 605 per month to K€ 567. The average monthly operating costs amount to K€ 150 (previous year: K€ 156) and sales costs to K€ 284 (previous year: K€ 303).

Other operating income decreased by K€ 37 year-on-year to K€ 163 and primarily contained exchange rate gains, offset benefits in kind and income from the reversal of accruals and impairments.

The ordinary financial result in the amount of K€ -91 (previous year: K€ -34) primarily included payments for participation capital II and loan liabilities.

The percentage of foreign currency transactions in merchandise purchasing in the first half of 2019 was approximately 35 % (previous year: approx. 45 %) of the material input. Unfavourable exchange rate fluctuations can therefore have a negative impact on gross profit. To limit the exchange rate risk, derivative financial instruments are concluded, depending on the market situation. Other expenses by the company are not significantly influenced by exchange rate fluctuations. The same applies to distribution, as foreign currency regions mostly also use the euro for billing purposes. There are at present no recognisable trends toward inflation.

Interim profit before income taxes amounts to K€ -1,335 (previous year: K€ -1,107) and interim profits to K€ -1,343 (previous year: K€ -756).

4. Significant events after 30 June 2019

No significant events took place 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. The risks and counter-measures are monitored and recorded on a regular basis. 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 additional 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 not 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 removing itself 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 in the 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. Agile development methods, such as Scrum, are used throughout to create maximum reaction speed.

The POS sector is increasingly restricted by the requirements of the financial authorities. Apart from the fiscal memory device obligation that has been in place in many countries for years, there are increasingly stringent requirements for the capturing and storage of sales data in the POS systems, which are, however, not regulated in detail in technical terms. These sometimes constitute a considerable interference with market activity. Corresponding political decisions are rarely agreed internationally, which may lead to distortions of competition. Delays in the introduction of legal requirements can result in investment decisions being delayed and therefore postpone sales to a future date. Competition could also be distorted by providers of POS with manipulation options. Thus legislative proposals and drafts that affect the POS sector directly are monitored continuously so that adjustments can be integrated into the development process at an early stage. Vectron is a supporting member of Deutscher Fachverband

für Kassen- und Abrechnungssysteme (DFKA e.V.), a professional association which represents the interests of the POS and invoicing systems industry in the political sector.

Economic fluctuations have an effect on the willingness to invest in POS systems. Periods of weak general economic performance can have a significantly negative effect on Vectron's sales. The focus on high-quality, complex system solutions has established itself as a useful 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 helps to diversify the risk. The planned change-over to business models with ongoing instead of one-off income will result in the highest possible independence from economic cycles.

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. IT systems security, internal access restrictions and non-disclosure 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 and/or the changes. Insufficient internal processes may thus negatively affect the company's efficiency on a temporary basis. During corresponding changes, particular 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 fluctuations may have a significant short-term effect on the available cash flow and thus endanger the overall financing of the company. Vectron therefore aims for a high equity ratio and has chosen stable and long-term refinancing partners. Additionally, sufficient levels of liquidity are maintained so that the stability of the company is ensured at all times, even during longer periods of weak economic performance.

Dependencies on individual, major customers always pose a risk, such as in the case of payment default. However, the company is not exposed to any such risks at present. The receivables are distributed between numerous

end customers. When entering into contracts with major customers, payments by instalment are agreed to limit the default risk. In the first half of 2019, Vectron's largest specialist trade partner was responsible for approximately 5 % of overall sales.

As the company buys a significant proportion of the materials in foreign currency and prices are directly impacted by exchange rates, 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. In addition, it is almost impossible to hedge against long-term exchange rate fluctuations.

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 extremely high, and still increasing, importance for the handling of business processes. The linking of internal systems with business partners and the provision of internet services increases the threat of attacks by hackers, spam and viruses as well as general system failures. The risks of system breakdowns for our online platforms (myVectron and bonVito) and the related damage is becoming more important in view of the rising number of online customers. Vectron thus places great importance on extensive security measures, backup solutions and regular updates of the IT systems. Together with the new General Data protection Regulation (GDPR), the transition to new business models with ongoing income and related increase in data processing activities could increase the risk of data protection issues. Bad PR as well as fines are just some of the consequences. Various technical and organisational measures are implemented to protect data.

5.5. Purchasing and cooperation risks

Price savings for electronic assemblies and components can generally only 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 around 11.0 % of the total acquisition volume in the first half of 2019. To avoid shortages, minimum amounts of all critical components are stocked so that a sufficient lead time for a reaction to downtimes is ensured. Replacement suppliers are on stand-by if technically and economically feasible.

5.6. Personnel risks

Acquiring qualified personnel generally takes a lot of time and costs, particularly in the current situation on the labour market. Medium-sized companies, in particular, face strong competition for the best experts 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 created by the variable remuneration model. This has made it possible up to now to employ qualified personnel and also to retain them in the long term.

5.7. Product risks

The model portfolio undergoes ongoing adjustments, changes and expansions. The resulting development and product complexity can lead to product faults that have a significant effect on the company's profit situation. The planning and development processes are therefore being further optimised on an ongoing basis. Software tests are automated as much as possible. The risk is further limited through product liability insurance.

6. Forecast report

6.1. Future sector development

The intensity of the competition will continue to be felt strongly in future. It can be expected that the structure in the previous core market, in other words POS systems for catering businesses and bakeries, will generally remain unchanged, i.e. the industry is dominated by many small and regional market participants. At the same time, user requirements will continue to increase, particularly regarding ease of use and powerful analysis functions. The complex constraints imposed by the financial authorities, which are different in every country, and the requirement for individual customer solutions will further push up development activities and costs. Vectron

Systems AG's size, which is an advantage compared with numerous competitors, provides the company with the opportunity to develop its market share.

The competition for data and data management will also increasingly impact the POS industry. Digital services are already considerably changing the catering market. The trend is similar to that in the retail sector, but with a significant delay due to the fragmented structure of the industry.

We are convinced that especially the analysis and use of product-related transaction data will result in an optimisation of the business activities throughout the entire goods management chain and therefore provide the industry with higher margins and profits. Data is the crucial currency of the digital age. This awareness is now also dawning in the catering industry, with bakeries, which have been increasingly focussing on catering in recent years, at the forefront of this trend as customer footfall data is already being used for adjusting production and supply chain.

The analysis, evaluation and use of product-related transaction data are entirely changing goods management and CRM systems. This creates brand new business, collaboration and monetisation models in the catering industry which is only just starting to go digital.

In the German core market, the Law on the Protection Against Manipulation of Digital Background Recordings [Gesetz zum Schutz vor Manipulationen an digitalen Grundaufzeichnungen] and existing tax requirements for cash registers (see Section 1.1) will continue to have a significant effect on the market. According to the company's own surveys, more than 30 % of operators in Vectron's target industries have not yet changed over to POS systems which comply with the financial authorities' requirements. It is to be expected that the tax audits implemented by the financial authorities will put pressure on operators to change over to compliant systems or retrofit existing ones.

The use of mobile consumer hardware, in particular tablet computers, as a basis for POS systems is expected to increase further. The integration of POS systems in the internet with corresponding new products and business models will further contribute to a change within the sector. Customer retention and CRM systems as well as reporting services are becoming more usable and affordable for many users in the form of cloud solutions. In future, the innovative capability of the providers will therefore even more so determine the competitive success. However, the changes will not take place as quickly as in the consumer segment.

Local retailers will continue to play a major role in distribution structures, although the new digital business models will require completely new distribution channels in some cases.

6.2. Future product development

The main focus remains on the continuous further development of the various software and service products. Special importance is being placed on cloud services for customer retention as well as reporting and data analysis, both with own products and through cooperations.

The further development of the myVectron online platform is a major project. This platform pools customer retention, ordering, reservation and e-payment services in the catering industry.

The Vectron and Duratec POS system portfolio consists of hardware, software and services and in combination with the posmatic app solution provides an opportunity to further develop or newly tap various markets and industries.

Vectron is the established POS system brand which places state-of-the-art premium hardware solutions in the market, in cooperation with specialist retail partners. The Duratec concept is a highly important addition to the product portfolio which aims to establish technologically advanced POS systems with low installation and service costs in the market. Both brands use Vectron software and are therefore highly performant. With the posmatic POS app, end customers purchase the iOS-based hardware themselves and pay monthly software user fees.

The hardware for the stationary and mobile POS systems is complemented with other products in a targeted manner to position the company in other niche markets.

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 strong market position. An additional objective is opening up new target markets and new customer sections.

The sales segments can be divided into two major segments, Vectron Hardware and Vectron cloud services. The Vectron hardware segment generates sales from digitalised POS systems with a combination of self-produced and third-party hardware, software and peripherals. The Vectron cloud services segment combines solution concepts for the bonVito, posmatic and myVectron brands with the aim of developing and marketing digital solutions which create relevance and good usability in the market for the B2B and B2C sectors. Core services include the analysis, processing and reporting of transaction data as well as digital stamps, coupons, deals, table res-

ervations, delivery service and other services. All cloud services are directly linked to the POS systems, meaning that data flows directly from and to the POS system.

bonVito has become firmly established in the market in its current form as a customer loyalty solution for individual enterprises and continues to grow steadily. The existing customer base is highly stable and the termination rates are extremely low. This proves that cloud services can be successfully marketed in Vectron's markets. This business is to be extensively expanded with new functions, packages and the further development of the online platform. The focus on services which generate a high percentage of recurring income and on a large number of internet-enabled POS systems aims to provide future opportunities for data marketing. However, it is almost impossible to forecast any time scales in this respect.

The requirements of the financial authorities - especially the "Law on the Protection against Manipulation of Digital Background Recordings" - have a considerable influence on further business development. The exact delivery date for certified technical security equipment has not yet been determined. Neither is the exact form of the expected non-objection regulation of the Federal Ministry of Finance known yet. The development of demand for new equipment and retrofits is therefore not reliably predictable. Before there is a surge in demand, demand may well continue to fall.

Brexit could result in the extension of delivery periods due to customs duties and the processing of goods deliveries as well as an increase in freight costs imposed by forwarders. A hard Brexit could also result in low demand, although this effect should remain within reason for Vectron.

Münster, 20 August 2019


Vectron Systems AG
The executive board



Thomas Stümmler
CEO



Jens Reckendorf
CTO



Silvia Ostermann
COO

Interim balance sheet as of 30 June 2019

Assets	30/06/2019			31/12/2018
	€	€	€	€
A Fixed assets				
I Intangible assets				
1. Purchased concessions, commercial property rights and similar rights and values as well as licenses to such rights and values	147,073			199,266
2. Prepayments made	0	147,073		0
II Tangible assets				
1. Technical facilities and machines	179,804			223,323
2. Other facilities, operational and business equipment	243,583			305,570
3. Prepayments made and work in progress	31,980	455,367		31,980
III Financial assets				
Shares in associated companies		2,022,964	2,625,404	1,804,214
B Current assets				
I Stocks				
1. Raw, auxiliary and operating materials	3,198,122			3,779,777
2. Finished products and merchandise	1,938,909	5,137,031		2,026,265
II Receivables and other assets				
1. Trade receivables	2,903,445			2,268,332
- of which with a remaining term of more than one year: € 0				
2. Receivables from associated companies	312,956			520,005
- of which trade receivables: € 187,956				
- of which with a remaining term of more than one year: € 0				
3. Other assets	426,676	3,643,077		410,909
- of which with a remaining term of more than one year: € 374,588				
III Cash-in-hand, bank balances and cheques		13,814,108	22,594,216	11,561,664
C Accrued and deferred items			22,642	68,512
D Deferred tax assets			1,652,832	1,659,432
			26,895,095	24,859,248

Liabilities	30/06/2019		31/12/2018
	€	€	€
A Equity capital			
I Subscribed capital	7,273,195		6,611,996
- conditional capital: € 436,000			
II Capital reserve	9,719,208		5,355,295
III Retained earnings			
Statutory reserve	40,000		40,000
IV Balance sheet profit	-3,217,306	13,815,097	-1,874,588
- of which profit / loss carried forward: € -1,874,588 (previous year: € 2,001,737)			
B Accruals			
1. Tax accruals	22,000		22,000
2. Other accruals	899,140	921,140	944,472
C Liabilities			
1. Participation rights capital II	0		1,500,000
- of which with a remaining term up to one year: € 0			
- of which with a remaining term of more than one year: € 0			
- of which with a remaining term of more than five years: € 0			
2. Liabilities to banks	10,842,050		11,263,110
- of which with a remaining term up to one year: € 842,120			
- of which with a remaining term of more than one year: € 9,999,930			
- of which with a remaining term of more than five years: € 0			
3. Trade payables	929,554		603,663
- of which with a remaining term up to one year: € 929,554			
- of which with a remaining term of more than one year: € 0			
- of which with a remaining term of more than five years: € 0			
4. Other liabilities	387,254		393,301
- of which from taxes: € 368,878 (previous year: € 330,336)			
- of which for social security: € 1,060 (previous year: € 0)			
- of which with a remaining term up to one year: € 387,254			
- of which with a remaining term of more than one year: € 0			
- of which with a remaining term of more than five years: € 0		12,158,858	
D Accrued and deferred items	0	0	0
		26,895,095	24,859,248

Interim profit and loss account as of 30 June 2019

	01/01-30/06/2019			01/01-30/06/2018		
	€	€	€	€	€	€
1 Sales revenues		12,006,532			13,887,975	
2 Increase or decrease in finished goods and work in progress		-388,911			-268,902	
3 Other operating revenues, of which from currency exchange: € 15,083		163,064	11,780,686		199,638	13,818,712
4 Material costs						
A) Cost of raw materials, consumables and supplies, and of merchandise	-3,165,210			-4,329,113		
b) Costs for services obtained	-1,740,752	-4,905,962		-1,778,415	-6,107,528	
5 Personnel costs						
a) Wages and salaries	-3,774,767			-4,254,959		
b) Social security, post-employment and other employee benefit costs, of which for old age pensions: € 35,398 (previous year: € 39,568)	-725,080	-4,499,847		-696,200	-4,951,158	
6 Depreciation of tangible and intangible fixed assets		-219,303			-218,692	
7 Other operating expenses, of which from currency exchange: € 13,448		-3,399,577	-13,024,689		-3,628,753	-14,906,131
8 Other interest and similar income, of which from the discounting of accruals: € 0 of which from associated companies: € 5,837		18,348			20,251	
9 Interest and similar expenses, of which from the compounding of accruals: € 0 of which to associated companies: € 0		-109,718			-54,684	
10 Income tax expenditure, of which deferred taxes: Expenditure € 6,600 (previous year: expenditure € 6,600)		-7,669	-99,039		351,303	316,870
11 Earnings after taxes			-1,343,042			-770,549
12 Other taxes		325			14,970	
13 Interim profit / loss			-1,342,718			-755,579
14 Profit / loss carried forward from the previous year			-1,874,588			2,001,737
15 Total balance sheet profit / loss			-3,217,306			1,246,158

Cash flow statement 1 January – 30 June 2019

	01/01–30/06/2019	01/01–30/06/2018
	€	€
Ordinary income for the period before income tax	-1,335,048	-1,106,883
+ Depreciation on fixed assets	219,303	218,692
+/- Increase/decrease of other accruals, where these are not allocated to the investment or financing activities	-45,332	-225,269
+ Other non-operating expenditures	24,726	104,665
+ Loss from the sale of fixed assets	0	0
+/- Decrease/increase in stocks, receivables from deliveries and services as well as other assets not allocated to investment or financing activities	221,848	299,345
+/- Increase/decrease in liabilities from deliveries and services as well as other liabilities not allocated to investment or financing activities	350,918	-204,249
+/- Cash inflow / outflow from extraordinary items	0	0
+/- Non-operative income taxes	-8,739	
- Income taxes paid	1,069	-334,097
= Cash flow from ongoing business activities	-571,254	-1,247,796
+ Cash inflows from the disposal of tangible fixed assets	0	0
- Cash outflows for investments in tangible and intangible fixed assets	-61,604	-149,567
- Cash outflows for investments in financial assets	-218,750	0
= Cash flow from investment activities	-280,354	-149,567
+ Cash inflows from equity injections	5,025,112	0
+ Cash inflows from borrowing	0	10,000,000
- Cash outflows from the redemption of loans	-421,060	-631,590
- Cash outflows for the repayment of advances	-1,500,000	0
- Cash outflows to company owners (dividends)	0	-330,600
= Cash flow from financing activities	3,104,052	9,037,810
= Change in cash and cash equivalents affecting payment	2,252,444	7,640,447
+ Cash and cash equivalents at the start of the period	11,561,664	5,545,935
= Cash and cash equivalents at the end of the period	13,814,108	13,186,382

Notes to the interim financial statements as of 30/06/2019

1. General information on the company

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

Company:	Vectron Systems AG
Head office:	Willy-Brandt-Weg 41, 48155 Münster, Germany
Register court:	Münster District Court
Commercial register no.:	B 10502
Authorised representative executive board:	Thomas Stümmler, Jens Reckendorf, Silvia Ostermann

2. Information on the interim financial statement and the accounting and assessment methods

These interim financial statements as of 30/06/2019 were prepared in euro (€) on the basis of the regulations under German commercial law and the supplementary specific requirements stipulated by law and the articles of association.

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 Section 275 Paragraph 2 of the German Commercial Code (Handelsgesetzbuch – HGB) in accordance with the total cost format. The option right under Section 265 Paragraph 5 HGB was exercised. Pursuant to Section 267 Paragraph 2 HGB, the company is a medium-sized corporation.

On 1 March 2017, the company started trading its shares in the “Scale” segment for SMEs (previously in the Entry Standard) of Deutsche Börse AG, a sub-section of the OTC market. The company is therefore a company with focus on the capital market within the meaning of Section 264d HGB and therefore a Non-PIE company.

Intangible and tangible fixed assets are stated at cost. Self-produced intangible fixed assets have not been activated. Assets that are subject to wear

and tear are written down on the basis of scheduled linear depreciation. The lower fair value was applied if this was below the amortised acquisition or production costs on the balance sheet date and the impairment was expected to be permanent. Financial assets are stated at 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 stated at average acquisition or production costs. Finished products are stated 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.

Trade receivables, receivables from associated companies, other assets as well as liquid resources are shown at par. Default risks and value risks applicable to trade receivables have been suitably considered, both through individual and global valuation adjustments.

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

Deferred taxes are stated for temporary differences between the valuations of assets and liabilities under commercial and tax law.

This also includes deferred taxes on tax losses carried forward which are expected to be utilised within five years.

Accruals are stated at the fulfilment amount required in accordance with a prudent commercial judgement. Future price and cost increases are accounted for. Any existing accruals with a term of more than one year are discounted.

Liabilities are stated at their fulfilment amounts.

3. Information on assets

Intangible assets primarily contain purchased software components, software licenses as well as prepayments for contracts for work and services.

Vectron Systems AG owns all of the shares in the subsidiary bonVito GmbH Münster founded in 2012. The preliminary 2018 annual financial statements of bonVito GmbH close with net profit for the year of K€ 68 and equity of K€ 122, taking into consideration deferred tax assets on tax losses carried forward. Due to the positive development of the subsidiary, which is to be expected, the investment book value is stated at amortised costs.

In December 2016, Vectron Systems AG invested in a 75 % share in the POS software start-up posmatic GmbH with head office in Münster. The company also provided additional capital for the acquisition of sales operations, development measures and sales promotion. The investment was entered in the commercial register on 23 January 2017. posmatic GmbH produces a POS software which runs on Apple hardware, such as iPads, iPods and iPhones. End customers generally purchase their own hardware and pay a monthly user fee for the software. This sales model is particularly popular amongst smaller companies, which often cannot afford to finance traditional POS systems. In order to also cover this market, posmatic will be marketed in addition to Vectron and Duratec as a further POS brand of the Vectron Group. The equity capital of posmatic GmbH amounted to K€ 506 as of 31 December 2018 (previous year: K€ 525). The company finished financial year 2018 with an annual deficit of K€ 19 (previous year: K€ 251). Due to the positive development of the subsidiary, which is to be expected, the investment book value is stated at amortised costs. On 1 January 2019, the remaining 25 % of the shares in posmatic GmbH were acquired.

At the end of 2017, VECTRON America INC. started operations upon payment of the deposit in the 80 % shareholding in the translated amount of K€ 135 to further expand the North American business. Due to the positive development of the subsidiary, which is to be expected following planned start-up losses, the investment book value is stated at amortised costs.

The company did not receive any unrealised investment income from the above-stated shares which would have to be barred from distribution in accordance with Section 272 V HGB [German Commercial Code] during the financial year.

There is no obligation to prepare consolidated financial statements pursuant to Section 293 HGB.

The stocks mainly consist of raw materials, consumables and supplies for the production of the POS models and finished products and merchandise.

Due to drop shipments, goods for resale only play a minor role. Due to the demand for large delivery capacities, the change of some product lines from make-to-order production to make-to-stock production, which was initially implemented in 2014, was continued in the reporting year.

Cash in hand and bank balances amounted to € 13,814 as of the balance sheet date (previous year: K€ 11,562 as of 31 December 2018). We refer to the explanations on loan liabilities. The amount includes a loan of K€ 10,000.00 granted by DZ BANK AG which is used for financing projects within the scope of a growth-oriented transformation strategy.

Due to temporary differences between the valuations of assets and liabilities under commercial law and tax law and due to tax losses carried forward, there will be a tax relief in future years. Deferred tax assets were recorded at the amount of this tax relief on the basis of differences regarding the useful life of some fixed assets as well as provisions for impending losses and tax losses carried forward. The valuation was based on a tax rate of 31.9 %.

Due to the capitalisation of deferred tax assets, profits can only be distributed if the accruals freely available after the distribution plus retained profits and less losses carried forward amount to at least € 1,653 (previous year: K€ 1,659 as of 31 December 2018).

4. Information on liabilities

Equity capital development (euro)	Subscribed capital	Capital reserve	Retained earnings: Statutory reserve	Participation rights capital I	Balance sheet-profit	Total
Equity capital as of 01/01/2018	6,611,996	5,355,295	40,000	0	2,332,337	14,339,628
Dividend payout					-330,600	-330,600
Net loss for the year					-3,876,326	-3,876,326
Equity capital as of 31/12/2018	6,611,996	5,355,294	40,000	0	-1,874,588	10,132,702
Dividend payout						0
Capital increase	661,199	4,363,913				5,025,112
Net loss for the year					-1,342,718	-1,342,718
Equity capital as of 30/06/2019	7,273,195	9,719,208	40,000	0	-3,217,306	13,815,097

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

The company's share capital now amounts to € 7,273,195.00 and is divided into 7,273,195 no-par value bearer shares. The company successfully implemented its capital increase, which had been resolved on 6 February 2019, from € 6,611,996.00 to up to € 7,273,195.00 by issuing up to 661,199 new no-par value bearer shares against cash deposits whilst partially utilising the existing authorised capital and excluding the shareholders' pre-emptive rights. All shares were privately and exclusively placed with investors in Germany and other European countries at the placement price of € 7.60 per share, which had been resolved by the executive board with consent from the supervisory board, thus generating gross issue income of € 5,025,112.40 for the company. Tocho Capital GmbH, a company owned by the major shareholder and chairman of the executive board, Thomas Stümmler, acquired a total of 390,199 no-par value shares from the capital increase.

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

Designation	Euro
Annual leave/overtime	81,333
Outstanding purchase invoices	480,327
Variable remuneration components	0
Other accruals	337,480
Total	899,140

By way of resolution made at the annual general meeting on 07 June 2013, participation rights capital of up to K€ 10,000 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 K€ 1,500 (participation rights capital II). The subordinate participation rights capital II has a residual term up to 15 February 2019 and has been repaid in the meantime.

At K€ 842, the liabilities to banks result from an unsecured development loan taken out in June 2015. The loan has a term up to 30 June 2020.

The usual retentions of title from the acquisition of assets exist for trade payables.

5. Information on the interim profit and loss account

A large proportion of sales is generated by internally developed and produced Vectron POS 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 drawers etc.) and services.

Segment (euro) as of 30 June	Period	Germany	EU	Third country	Total
Vectron POS systems	2019 H1	5,474,470	1,771,848	41,021	7,287,339
	2018 H1	6,121,251	2,063,664	106,783	8,291,698
Software	H1 2019	785,828	286,680	13,172	1,085,680
	H1 2018	771,875	355,752	36,248	1,163,875
Goods for resale/service	2019 H1	2,835,401	779,686	18,426	3,633,513
	2018 H1	3,439,158	963,292	29,953	4,432,402
Total	2019 H1	9,095,699	2,838,214	72,619	12,006,532
	2018 H1	10,332,284	3,382,708	172,983	13,887,975
Percentage distribution	2019 H1	75.8 %	23.6 %	0.6 %	100.0 %
	2018 H1	74.4 %	24.4 %	1.2 %	100.0 %

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 POS systems by Vectron to end customers"). Within the framework of this model, the sales revenues from sublease (K€ 1,366; previous year: K€ 1,270) during the term are offset against corresponding leasing expenses (K€ 1,046; previous year: K€ 967) in the material costs item. Direct sales costs (K€ 686; previous year: K€ 809) were incurred within the scope of this model, which are contained in material costs.

After deducting the figures for these effects and for non-product-related sales generated by associate companies, adjusted sales amounted to € 9.3 million (previous year: € 11.3 million), adjusted material expenditure to € 3.2 million (previous year: € 4.3 million) and consequently the adjusted gross profit ratio to 60.1 % (previous year: 61.5 %) for the company as a "POS manufacturer with traditional sales business" compared to the unadjusted gross profit rate of 59.1 % (previous year: 56.0 %). The gross profit rate shown results from the material costs in proportion to sales (excluding stock changes).

Other operating income primarily contains exchange rate gains, offset benefits in kind, income from the reversal of accruals and impairments as well as other income.

There were no impairments in the reporting period. The income taxes stated in the profit and loss account amount to K€ 8 and contain deferred taxes in the amount of K€ 6.6. A tax receivable in the amount of K€ 351 was recognised in the previous year.

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. Furthermore, no proposal / resolution for appropriation had been made as yet.

6. Other information

Other financial obligations in the form of liquidity-protecting leasing and rental obligations amount to a nominal K€ 5,745 (previous year: K€ 6,996).

Contingent liabilities in the form of guarantees for the benefit of the associated company, bonVito GmbH, pursuant to Section 251 HBG amount to K€ 963 (previous year: K€ 1,089). These are not expected to be utilised due to the anticipated positive development of the subsidiary.

During the reporting period, an average of 180 employees (consisting of 168 full-time employees and 12 part-time employees) worked at Vectron Systems AG. These figures were determined in accordance with the methods stated in Section 267 V HGB.

The members of the executive board can be contacted at the company's administrative address. Jens Reckendorf is the member of the executive board responsible for Technology & Development, IT and Support & Services, Thomas Stümmeler is the CEO and responsible for Strategy, Products/ Brands, Public and Investor Relations as well as Marketing and Sales and Silvia Ostermann is the member of the executive board responsible for Personnel, Finances, Law, Purchasing, Production as well as Workflows and Processes.

Other financial obligations (euro)	of which with a remaining term of			
	Total	up to 1 year	1 to 5 years	over 5 years
Leasing obligations*	4,186,413	2,081,046	2,105,367	0
Rental obligations	1,558,278	813,015	745,263	0
Total	5,744,691	2,894,061	2,850,630	0

* The sale-and-lease-back transactions concluded within the framework of the sales promotion model have terms of 36 or 48 months with a remaining volume for the following financial years of K€ 3,937 (previous year: K€ 4,305) which are offset by slightly increased subleasing contracts.

** Rental obligations relate to the period until June 2023.

By way of resolution made at the annual general meeting on 19 June 2019, the supervisory board consists of the following four members:

- Mr Christian Ehlers (chairman), lawyer
- Mr Maurice Oosenbrugh (deputy chairman), business manager, managing partner of EUCON GmbH
- Mr Heinz-Jürgen Buss, Dipl.-Kaufmann [business administration graduate], managing director Winkelmann Group GmbH & Co. KG
- Mr Thorsten Behrens, Dipl.-Kaufmann [business administration graduate], Managing Director Mergers & Acquisitions STEPHENS

Münster, 20 August 2019

Vectron Systems AG
The executive board



Thomas Stümmeler
CEO



Jens Reckendorf
CTO



Silvia Ostermann
COO

VECTRON

Willy-Brandt-Weg 41
48155 Münster,
Germany
T +49 (0)251 2856-0
F +49 (0)251 2856-560
www.vectron.de
ir@vectron.de