

# Interim report 2017



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## Foreword of the Managing Director

### Dear shareholders, employees, and business partners,

In the first half-year of 2017, we achieved our financial targets, while sales during the reporting period fell within the guidance. In the first six months of 2017, sales revenues rose significantly to €5.4 million (previous year: €1.7 million), which put us well on course to meet the sales target - raised in April - for the current financial year. Operating result also developed positively. As of the reporting date June 30, 2017, EBITDA amounted to €1.9 million.

Following the eventful year 2016, which was marked by the change in corporate structure, Staramba managed to attain new levels of professionalisation. This should be the foundation for a 3D and VR company exhibiting strong and sustainable growth in the coming years. In 2016, the former Social Commerce Group (SSE), a technology holding company, was transformed into an operating company. The company has been operating since August of last year under the name Staramba SE. In addition to these fundamental changes, Staramba SE expanded its strategic development in 2017. Further to the 3D database, which now includes over 7,000 records, Staramba's future focus areas include the gradual development of the 3D INSTAGRAPH® scanner, especially the completion and worldwide launch of "Staramba's VR Experience".

For example, Staramba is currently focusing on signing the remainder of the world's most important soccer clubs as licensing partners, expanding a global sales infrastructure for the 3D INSTAGRAPH®, our 3D photogrammetry scanner, and connecting every scanner sold to a global cloud platform, which will allow scanner operators additional sales opportunities for their scans. At the same time, our scanner network is continuously being expanded, which is accelerating ever faster thanks to the completion of the 3D INSTAGRAPH® scanner "Fusion", and the start of serial production at the end of the second quarter. By the end of the year, we shall sell and deliver additional 85 scanners. Demand is currently higher than our production capacities, so we are expanding our manufacturing to serve all orders in the remaining months.

When we signed the framework agreement for up to 100 3D INSTAGRAPH® scanners in December 2016, Staramba's stock was set on fire, with the price on XETRA jumping from €6.65 to more than €40 a share on 30 June 2017. While we are satisfied with this development, we remain convinced that the current market capitalisation does not reflect yet the real value of the company. We continue to generate a growing public interest, whereby all media without exception reports positively on Staramba and our development. Continuous reporting across a wide range of media enhances our visibility and transparency, which benefits all of our shareholders and potential investors.

Highlights in the first six months of the current financial year include:

- The sales forecast of around €10 million, which was issued in March for the full year 2017, could be raised to nearly €16 million two months later thanks to a stronger than anticipated demand. Further to the planned increase in 3D figurines sales, this increase was due to the high demand for 3D INSTAGRAPH® scanners, as well as the already partially realised growth in scanner sales and the initial monetisation of the digital

business. We expect the lion's share of sales to come in the third and especially fourth quarters of 2017.

- By resolution of March 15, 2017, the Board of Directors has resolved to increase the Company's share capital by €150,000, from €2,122,000 to €2,262,000, by issuing 150,000 new ordinary shares. All 150,000 new shares were subscribed by investors on the day of issue at an issue price of €20.00 per share, concluding the capital increase.
- In addition, the Board decided on March 15th to issue a convertible bond with a total volume of €5,000,000.00 and a term of two years. The convertible bond is divided into 5,000 bearer bonds with a nominal value of €1,000.00 each. The conversion price has been set at €21.20 per share if bond holders opt to exercise their right of conversion. A part of the conversion took place at the beginning of September 2017 by our major investor 3D Safe Corp., becoming thus the fourth-largest investor of Staramba SE - with just under a 6% share thereof- upon publication of this interim financial statements. As a result, the share capital increased by €70,755, amounting to €2,332,755 upon publication of the interim financial statements.
- In March 2017, the Board appointed Christian Daudert as the new Managing Director. Mr Daudert took over the role from Mr Julian von Hassell, who left his position as Managing Director on 28 March 2017 at his own request.
- On April 13, 2017, the company reported the full acquisition of Staramba USA Corp. (SUSA), based in New York. SUSA operates in the same 3D market segment as Staramba SE and holds significant licenses and usage rights to world-famous stars from sports and entertainment, including World Wrestling Entertainment, Inc., the National Football League and KISS. In the course of this takeover, Staramba SE increased its ownership percentage in Social VR GmbH (formerly Social VIP GmbH) from 48% to 96%. Following the takeover, all content including personnel and inventory of SUSA as well as Social VR GmbH were acquired under a so-called "asset deal", and the shares in the companies were sold. Employees of SUSA and Social VR GmbH were integrated into the Staramba business.
- In May 2017, a 3-year contract with the leading US vendor of pop-up store concepts, JBC & Associates, LLC, was signed for the sale of over 100 3D INSTAGRAPH® scanners to be placed and operated at selected shopping malls.
- At the end of June 2017, Staramba launched the new 3D INSTAGRAPH® 2.0 scanner. The "Fusion" scanner is the world's first 3D photogrammetry system scanner, which eliminates the cost-intensive processing of 3D data, and enables 3D scans of people in a fraction of a second. Serial production was started immediately.

Last but not least, we refer to a successful annual general meeting in Berlin, which was held on July 25, 2017. All agenda items were adopted by a large majority. We are delighted that Mr Marc Kneifel, the driving force behind our 3D INSTAGRAPH® scanner, was appointed to the Board of Directors. He replaced Mr. Julian von Hassell, who left the company, and to whom we would like to express again our gratitude. It was particularly satisfying to witness the early re-election of the two existing Board of Directors members, Marthe Wolbring and Prof. Dr. Klemens Skibicki. In the coming years, therefore, Staramba can ensure the continuity of its central control body.

The second half of the year 2017 presents some challenges that must be overcome to meet the fiscal year targets. In mid-September, our VR Experience became available on Steam, the largest online distribution platform for gaming software, albeit initially for registered Alpha testers only. In the coming months, our VR Experience will provide a substantial contribution to Staramba's sales and earnings, and thus constitutes our most important future project.

We are confident that the initiatives and restructuring measures implemented will keep Staramba on the desired growth path. The entire management of Staramba SE views the future with great optimism, as the focus on the digital business is delivering early results, and the VR market is also developing beyond our expectations. We remain confident that our future-orientated technologies and the IP-based portfolio will create sustainable value for our shareholders.

Berlin, September 2017

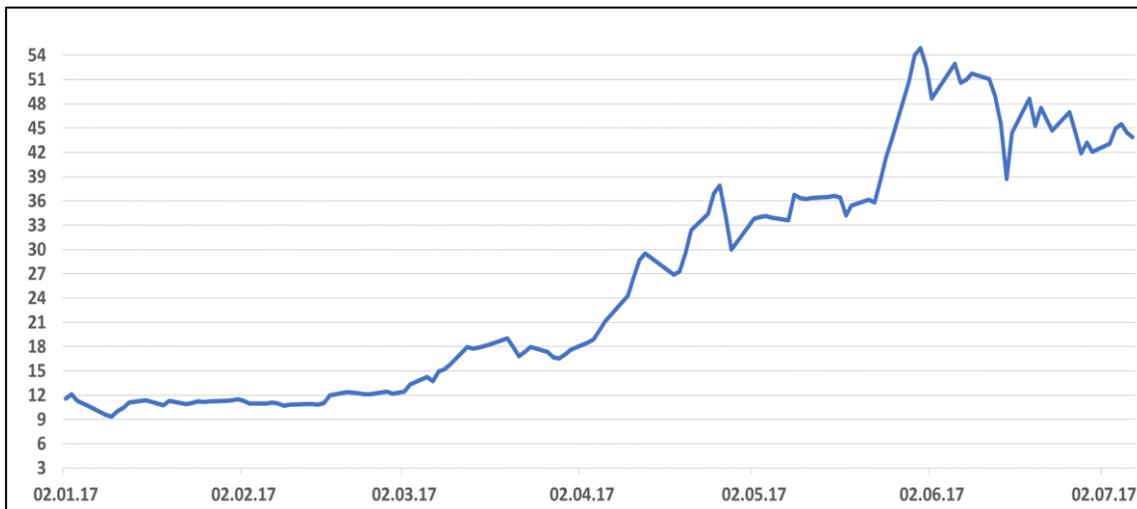
**Christian Daudert**

Managing Director

## The Share

### Share information (as of June 30, 2017)

Total number of shares:	2,262,000 no-par-value bearer shares
Amount of share capital:	€2,262,000.00
ISIN:	DE000A1K03W5
WKN:	A1K03W
Stock exchange:	Frankfurt/Main; Berlin
Market segment:	Regulated Market – General Standard
Financial year:	Calendar year
Accounting standard:	HGB (German Commercial Code)
Custody type:	Collective on-demand



*Stock price performance in 2017*

In the first half of 2017, international stock markets exhibited a predominantly positive mood. This was also the case for most German companies and many international stock indexes, which showed an upward trend during the reporting period. Further to stable economic data, especially in the Euro area, the capital market environment was supported, among other things, by the Manuel Macron's victory in the French presidential elections. Moreover, the persistently low interest rate environment continued to have a positive effect on investor behaviour. At the end of the reporting period, the sentiment on the stock markets was particularly affected by the speech of ECB head Mario Draghi, in which he suggested an end to the expansionary monetary policy. At the same time, the ongoing appreciation of the Euro against the US dollar and falling oil prices caused uncertainty among investors. Nevertheless, these did not have a lasting negative effect on the positive overall picture of the first half of the year.

Analogous to the overall market, Staramba SE stock exhibited a positive behaviour in the period under review. Based on an XETRA closing price of €11.58 on January 2, 2017, the share recorded a sideways movement in the first two months; on January 10, 2017, the share reached its lowest

price in the first half of the year of €9.40 before a new thrust propelled the share to its year-high of €54.90 on May31, 2017. In the following weeks after the peak, the share price fell slightly again and moved sideways before closing on June 30, 2017 at €42. In the first half of 2017, the Staramba SE stock price showed an impressive 260% growth.

## Research

At present, Staramba SE is covered by the following research companies:

Research company	Current analyst	Date of last publication	Decision	Target price
SMC Research	Holger Steffen	20/7/2017	Speculative Buy	€63.15

## Investor relations

The objective of Staramba's Investor Relations work is to achieve a fair stock valuation on the capital market. In the first half of 2017, we accomplished this through a continuous and transparent dialogue with all market participants, as well as by delivering precise and valuation-relevant information.

The focus of the reporting period was the 8th. DVFA Spring Conference in Frankfurt am Main. In this setting, the Managing Director presented and discussed the equity story and current developments in several one-on-one meetings with existing and especially potential new investors. In February, Staramba presented itself at the ODDO Seydler Small & Mid Cap Conference in Frankfurt am Main, and in November held a roadshow in Hamburg, and the PriorBörse conference in Frankfurt. In the first half of the year, numerous conference calls and individual discussions were held with investors and analysts at the Berlin headquarters.

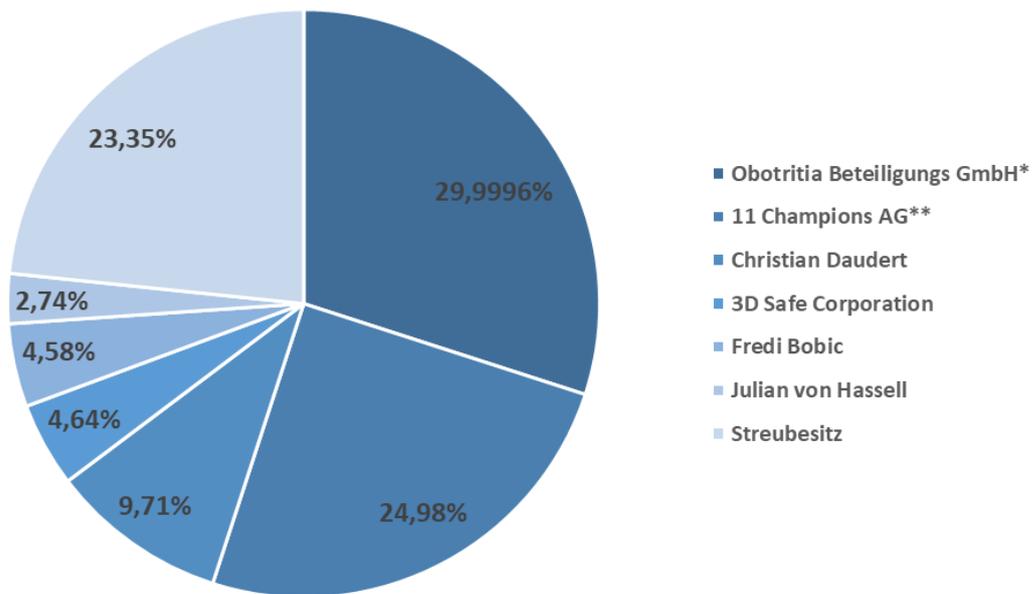
## Annual General Meeting 2017

On July 25, 2017, the annual general meeting of Staramba SE took place in the "Im Erlenhof", THE MIX Victor's event location in Berlin. All agenda items were adopted by a large majority. Julian von Hassell, former Managing Director, left the management ranks and was replaced by Mr Marc Kneifel also in the Board of Directors. Mr Kneifel is the driving force behind the 3D INSTRAGRAPH® scanner. It was particularly satisfying to witness the early re-election of the two existing Board of Directors members, Marthe Wolbring and Prof. Dr. Klemens Skibicki. In the coming years, therefore, Staramba can ensure the continuity of its central control body.

## Shareholder structure

In the first half of 2017, 3D Safe Corporation became a major shareholder since the capital increase in March. A slight change in the shareholder structure of Staramba SE has resulted in a continued stability, accompanied by a long-term oriented investor base.

As of June 30, 2017, the free float was around 23%. The following overview shows all holdings in Staramba SE ≥ 3% as of June 30, 2017 according to the information available to us:



\* Rolf Elgeti is attributed the shares of Obotritia Beteiligungs GmbH acc. §22 WpHG

\*\* Christian Daudert is attributed the voting rights acc. to Art. §22 WpHG

### Shareholding / Bodies

The following table shows direct and indirect shareholdings of all members of the Board of Directors and the Managing Director as of June 30, 2017:

	Shares
<b>Members of the administrative board</b>	
Obotritia Beteiligungs GmbH*	678,590
11 Champions AG**	564,960
Christian Daudert	219,648
Julian von Hassell	62,050
Marthe Wolbring	0
Professor Dr Klemens Skibicki	27,500
<b>Managing Directors</b>	
11 Champions AG**	564,960
Christian Daudert	219,648
Julian von Hassell (until 31.3. 2017)	62,050

\* Rolf Elgeti is attributed the shares of Obotritia Beteiligungs GmbH acc. §22 WpHG

\*\* Christian Daudert is attributed the shares of 11 Champions AG acc. §22 WpHG

## **Interim management report (unaudited)**

### **Company fundamentals**

#### **Composition and structure of the company**

In the previous financial year, Staramba SE ("SSE") was a group of companies (then still operating under the name "Social Commerce Group SE") under unified management, which provided consulting and other tasks related to the business. SSE then changed its corporate structure in the past financial year. In the previous year, Staramba SE, functioned exclusively as a holding company. It did not operate its own businesses. In June 2016, the remaining 48% of shares in Staramba GmbH were acquired by SSE for the exchange for the shares previously held in yoyo smart social web solutions AG (Hamburg), MXM Mixed Reality Marketing AG (Stendal), and Staramba USA Corporation (Tampa). An agreement was signed 30 June 2016 to merge Staramba GmbH into Staramba SE. The company has been operating since August 2016 under the name Staramba SE.

The company has a single-tier management structure, with a general meeting, a Board of Directors, and a Managing Director. From June 30, 2017, the Board of Directors consists of five members: Christian Daudert (Chairman), Professor Dr Klemens Skibicki (Vice-Chairman), Rolf Elgeti, Marthe Wolbring, and Julian von Hassell. The Managing Director in 2016 was Julian von Hassell. On March 28, 2017, Christian Daudert took over the office of Mr. von Hassell, who resigned from his position at his own request.

In the year under review, the company had 43 employees as of the reporting date of June 30, 2017, belonging to 17 nationalities. Staramba is continually hiring new specialists in the development of VR software. At the time of reporting, 67 employees were already working in the Berlin headquarters. Looking ahead and given the increased activities of the company, it is expected that additional employees and potentially Managing Directors will join the company.

#### **Company's business model and strategy**

Staramba SE works with licensors in the international sport, music, and entertainment sectors to develop and sell photogrammetric 3D scanners, digital products (apps, games, data) and photo-realistic 3D figurines made of high-quality polymer gypsum. Licensees include top European football teams such as the German national team, FC Bayern München, Real Madrid, Arsenal London, and FC Chelsea. Licensed Staramba products include such celebrities from the world of film and music like Elvis Presley, KISS, Kiesza, and Roland Kaiser for UNIVERSAL, Bravado, ABG, Epic Rights, and many other brands. Scanned persons are distributed as 3D models in Staramba's own 3D database and implemented in specially developed virtual worlds (VR applications). The 3D database already contains over 7,000 3D data sets thanks to the extremely complex and high-quality development work. The company also sells complementary products based on the 3D models through its online shop. In the B2B2C area, digital products are also sold directly to industrial customers such as, for example, Konami. In addition, there are brick & mortar shops at home and abroad that can have a Staramba 3D-INSTAGRAPH® scanner on hand to scan anyone to create personalised 3D products.

The goal of Staramba SE is to provide its customers with innovative and customised solutions and to provide new opportunities in an increasingly digital environment. In so doing, it is blazing new trails where few businesses have gone before. For instance, SSE has licensed the images of prominent celebrities from the worlds of sport and entertainment to meet the known demand for product solutions offered digitally and/or purely digital products. With Staramba's VR Experience, Staramba enters the virtual world to help their customers meet their stars online and virtually in the near future. To do so, Staramba focuses on the so-called "social experience" by means of Staramba's VR database. "Staramba's VR Experience" is populated with stars and legends from film, music, sports and society. Further to the world footballer Cristiano Ronaldo from Real Madrid, celebrities include NFL's shooting star Ezekiel Elliott from the Dallas Cowboys, or Elvis "The King" Presley.

Staramba SE ensures celebrities that their data are kept extra secure from theft and misuse by keeping all of the processes that go into producing the files in-house or by having its own employees collect celebrity data on mobile devices for subsequent storage on its own, redundantly protected servers.

Celebrities and their labels receive a commission for each figurine sold. Thus, Staramba's brand will more easily and more quickly achieve greater public awareness. Staramba will give the increasing number of small 3D scanning studios shooting up around the world, usually without their own printers and regularly with significant excess capacity, the opportunity to expand their product portfolio by offering customers scanned locally to be printed alongside well-known celebrities by Staramba in the quality for which Staramba is known. Staramba is targeting new markets for the purely digital use of 3D imaging data, a field promising high profit margins. With the most important future project, Staramba's VR Experience, Staramba opens up a new market offering high potential from every standpoint. In the future, "Staramba's VR Experience" will make a significant contribution to the company's sales and earnings.

Staramba SE shares are traded as general standard listings on the Frankfurt stock exchange.

The company's background means that it enjoys considerable connections to the world of international, professional-level sport. Staramba is using this closeness to further push its sales and marketing success.

## Business report

### Preamble

In the opinion of the management, the company's development in the current fiscal year 2017 corresponded to the ambitious expectations of the company. SSE is still in the early stages of a start-up. The ambitious sales targets for 2017 (€15.9 million) are mainly based on the high demand for the 3D INSTAGRAPH® scanners, as well as the already partially realized strong increase in scanner sales, and the initial monetarisation of the digital business and the planned increase in sales with 3D characters. What is more, the first significant sales will be generated in the current financial year, especially in the digital 3D data business. Staramba expects the lion's share of sales in the third and especially fourth quarter of 2017. In the first half of the year, the company generated €5.3 million in sales, well on our course to meet the sales target for the year. Sales in the first half of the year consist of sales for scanners, figurines and digital products.

To attain these sales targets, the company endeavours to sign the remainder of the world's most important soccer clubs as licensing partners, implement a global sales infrastructure for 3D INSTAGRAPH®, our 3D photogrammetry scanner, and connect every scanner sold to a global cloud platform which will allow scanner operators additional sales opportunities for their scans. Staramba is currently in talks with several major operators of malls and shopping centres in Germany, America, and Asia.

### Assets

On the balance sheet date, the Company's fixed assets amounted to T€78,891.6 (December 31, 2016: T€77,483.6). The bulk of this was T€73,601.3 in goodwill (December 31, 2016: T€75,015.3). Most of this amount was capitalised at fair value as a result of the merger with Staramba GmbH. Furthermore, the acquisition of significant assets of Staramba USA Corp. and Social VR GmbH, Berlin resulted in additional intangible assets and property, plant and equipment. In return, the stake in Staramba USA Corp., which was taken to 100% in the first quarter of 2017, was sold. As for intangible assets excluding goodwill, they amounted to T€4,947.5 as of the reporting date (December 31, 2016: T€2,106), while property, plant and equipment stood at T€323.6 (December 31, 2016: T€160.4).

Current assets including amortized costs of T€2,500.1 (December 31, 2016: T€3,443.8) comprise inventories of T€33.1, T€1,342.9 for trade receivables, and Other Receivables amounting to T€620.3 (December 31, 2016: T€2,436.9), T€420.8 in Cash and Bank Balances, and T€81.2 in Prepayments.

As of June 30, 2017, the balance sheet total amounted to T€81,391.7 (December 31, 2016: T€80,927.5).

Shareholders' equity as of June 30, 2017 amounts to T€54,101.8 (31 December 2016: T€54,268.4).

As of June 30, 2017, the subscribed capital (share capital) amounts to T€2,262.0 (December 31, 2016: T€2,122.0), and is divided as of June 30, 2017 into 2,262,000 shares (31 December 2016: 2,112,000), which are attributable to the bearer.

The capital reserve amounted to T€10,086.4 as of June 30, 2017 (December 31, 2016: T€7,236.4). As of June 30, 2017, the profit carry-forward amounted to T€44,919.9 (December 31, 2016: T€845.5).

The equity ratio of the company is 66.5%. (December 31, 2016: 66%).

The deficit of the first half of the year 2017 amounts to T€3,166.6 (net profit for the first half of 2016: T€45,765.5).

Liabilities including provisions for the Company as of the reporting date of June 30, 2017 amounted to T€6,029.2 (December 31, 2016: T€3,905.4).

As of June 30, 2017, provisions amount to T€260.1 (December 31, 2016: T€264.1), and consist of Tax provisions of T€27.1 (December 31, 2016: T€34.3) and Other provisions amounting to T€233.1 (December 31, 2016: T€229.8). Other provisions are primarily reserves for accounting and audit costs. Provisions for outstanding invoices, licensing fees and retention obligations were also established. In addition, provisions for holiday leave were posted.

As of June 30, 2017, liabilities amounted to T€6,029.2 (December 31, 2016: T€3,641.2) and consist of an issued convertible bond for T€5,000.0, liabilities to credit institutions for T€539.7 (December 31, 2016: T€505.1), advance payments received for orders for T€0.78 (December 31, 2016: T€76.3), trade accounts payable for T€258.3 (December 31, 2016: T€731.6), as well as other liabilities for T€230.6 (December 31, 2016: T€2,328.0). Other liabilities include tax liabilities for T€17.8 (December 31, 2016: T€-85.1) from loans. There are not Social security liabilities as of the balance sheet date (December 31, 2016: T€35.8). The issued convertible bond has a regular maturity until March 2017. As in the previous year, Other liabilities have a residual term of less than one year.

## **Financial situation**

The fundamental objectives of financial management are to optimise the company's profitability and liquidity situation. The company increased its capital in March 2017. As a result, the subscribed capital was increased by T€150 and a further T€2,850.0 was placed on reserve. After deducting the costs associated with the capital increases, the company received a total of €2.8 million in new financial resources.

Liquidity hedging in the reporting period was achieved by the aforementioned capital increase and the issue of a convertible bond amounting to T€5,000.0. The Board of Directors decided on March 17th to issue a convertible bond with a total volume of €5,000,000.00, and a term of two years. The convertible bond is divided into 5,000 bearer bonds with a nominal value of €1,000.00 each. The conversion price has been set at €21.20 per share if bond holders opt to exercise their right of conversion. A part of the conversion took place in early September 2017 by our major investor 3D Safe Corp. As a result, the share capital increased by €70,755, amounting to €2,332,755 upon publication of the interim financial statements.

Thanks to the comfortable liquidity situation, the Company has been able to repay premiums of €2.1 million, including interest on the reporting date of June 30, 2017, on the short-term loans reported in the annual financial statements totalling €2.3 million. Shares of Staramba USA Corp. held and acquired in the first quarter were disposed of at the end of the second quarter. As a result, the positive developments in the business of Staramba GmbH were integrated directly

into Staramba SE. On the basis of the capital increase described above and the cash inflow from operating activities, the company's ability to meet its payment obligations is ensured.

Liquidity risks in particular and the financial risks in general are managed at Staramba SE with an accounting and controlling system. This system posts transactions daily, creates weekly analyses, and triggers early warnings based on certain KPIs, was introduced by Social Commerce Group SE in the previous year and was fully implemented in the course of the merger and renaming of Staramba SE. Online access makes it possible to read daily and/or week-by-week analyses and updated KPIs. The company's receivables and liabilities are therefore constantly monitored so that measures can be taken to counter any issues that might arise.

### **Earnings situation**

Earnings before interest and taxes (EBIT) on the first half of the year 2017 amounted to T€-4,728.9 (first half of 2016: T€42,677.8). Sales amounted to T€5,399.3 (2016: T€1,673.0) and largely consisted of digital sales and sales for scanners. Other operating income amounted in the first half of 2017 to T€47.0 (2016: T€54,643.1).

The cost of purchased goods and services amounted to T€1,348.7 (2016: T€302.4).

Personnel expenses, which included, for example, the costs for the Managing Director of the company, amounted to T€892.9 (2016: T€702.9). The growth in personnel expenses compared to the previous year was due to the increase in the average number of employees. Depreciation and amortisation totalled T€6,633.1 (2016: T€4,398.4), and resulted mainly from amortisation of intangible assets of fixed assets, in particular goodwill of T€5,770.4 (2016: T€4,327.8). Bad debts of T€169,1 were written off in the reporting year.

Other operating expenses of T€1,266.8 (2016: T€1,005.7) are by their very nature heterogeneous and include, in addition the costs for financial statements, auditors, lawyers, and other consultants, the incidental costs related to money transfers, currency conversion expenses, rents and leases, outsourcing, and other expenses of Staramba SE. There was an increase in rents and operating expenses, consulting costs, maintenance, insurance, advertising, and travel. This increase in expenses compared to the previous year results from the expanded business operation.

The financial loss during the reporting period was T€171.5 (2016: T€-205,9).

This results in the first half of 2017 to earnings after taxes of T€-3,166.1 (2016: T€50,666.3).

### **Investments**

In March 2017, the stake in Staramba USA was increased to 100%. The shares were acquired for T€5,100.0. In the course of this takeover, the ownership percentage in Social VR GmbH, Berlin rose to 96%.

In June 2017, all shares of Staramba USA Corp. were sold for T€4,996.0 to resolve the resulting Group structure. In return, all relevant assets of Staramba USA Corp. were acquired. The bulk of these consist of intangible assets in the form of acquired license contracts, the cost of which is T€795.0; the goodwill resulting from the opportunities of the acquired license agreements amounts to T€4,300.

At the same time, STARAMBA SE acquired the entire business of Social VR GmbH, Berlin. All employees, the existing research and development work, as well as the operating and business equipment were also taken over. The acquisition resulted in additions of T€43.6 to property, plant and equipment, intangible assets in the form of software applications for T€100.0, as well as goodwill amounting to T€56.4.

Furthermore, ongoing investment in operating and business equipment for the extension of the development of VR business amounted to T€136.0.

Besides the above-mentioned amounts, T€2,742.3 were invested in intangible assets, mainly concerning software applications. It is worth mentioning the investment in artificial intelligence for T€1,000.0, and the acquisition of extensive database modules for T€1,525.0.

As of the closing date, there were no significant outstanding investment commitments.

### **Personnel**

At of reporting date of June 30, 2017, Staramba employed 43 people (December 31, 2016: 28). In the year under review, Staramba experienced an ongoing increase in personnel, particularly in order to strengthen the company's presence in the Virtual Reality segment.

### **Research and Development**

The company's R&D focuses on applications rather than on the underlying technologies. Its R&D costs are primarily in the form of personnel expenses.

### **Licences**

License duration is continually monitored and, if necessary, extended or adapted.

### **Risk and Opportunity Report**

The risk and opportunity situation has not changed significantly for Staramba SE since the end of 2016. There are no current risks to continued existence of the company. All risks and opportunities as well as the structure and composition of risk and opportunity management are comprehensively described in the Annual Report 2016.

### **Forecast report**

For the second half of the year 2017, Staramba expects a significant increase in sales, especially in the fourth quarter. The management plans sales of approx. €10.5 million, and still maintains the sales forecast of €15.9 million for the 2017 financial year.

## Consolidated balance sheet (unaudited)

### ASSETS

	Financial year	2016
	EUR	EUR
<b>A. Fixed assets</b>		
I. Intangible assets		
1. Purchased concessions, industrial property rights and similar rights and values, as well as licenses for such rights and values	4,947,977.32	2,105,530.00
2. Goodwill/business value	<u>73,601,351.00</u>	75,015,326.00
II. Tangible assets		
1. Other assets, operating and office equipment	279,942.16	160,415.10
2. Down payments made and assets under construction	<u>42,685.50</u>	0.00
III. Financial assets		
1. Holdings	<b>19,661.81</b>	202,361.81
<b>B. Current assets</b>		
I. Inventories		
1. Raw, Auxiliary and Supplies	27,332.56	31,588.01
2. Unfinished products	0.00	40,522.39
3. Advance payments	<u>5,784.08</u>	0.00
II. Accounts receivables and other assets		
1. Receivables from affiliated companies	1,342,891.90	331,105.99
2. Receivables from companies to which the company holds an interest	1,722.20	467,615.06
3. Other assets	<u>620,347.40</u>	2,436,960.06
- of which with a remaining term of more than one year €12,500.00 (prev. year: €11,443.69)		
III. Cash on hand and bank balances	<b>420,835.24</b>	13,964.99
<b>C. Deferred expenses and accrued income</b>	<b>81,240.40</b>	122,258.45
	<u><b>81,391,771.57</b></u>	<u>80,927,647.86</u>

### LIABILITIES

	Financial year		2016
	EUR	EUR	EUR
<b>A. Shareholders' Equity</b>			
I. Subscribed capital		<b>2,262,000.00</b>	2,112,000.00
II. Capital reserves		<b>10,086,399.96</b>	7,236,399.96
III. Profit/loss carried forward		<b>44,919,995.07</b>	-845,505.40
IV. Annual net loss/profit		<b>-3,166,629.07</b>	45,765,691.72
<b>B. Provisions</b>			
1. Tax provisions	27,105.98		34,298.58
2. Other provisions	<u>233,107.05</u>	<b>260,213.03</b>	229,841.47
<b>C. Liabilities</b>			
1. Bonds	5,000,000.00		0.00
- of which convertible €5,000,000.00 (€0.00)			
- thereof with a residual term of up to one year €5,000,000.00 (€0.00)			
2. Liabilities owed to banks	539,525.75		505,162.25
- thereof with a residual term of up to one year €539,525.75 (€505,162.25)			
3. Advance payments received on orders	728.66		76,329.50
- thereof with a residual term of up to one year €728.66 (€76.329.50)			
4. Trade accounts payable	258,344.65		731,638.74
- of which with a residual term of up to one year €258,344.65 (€731,638.74)			
5. Other liabilities	<u>230,620.68</u>	<b>6,029,219.74</b>	2,328,083.41
- of which from taxes €17,834.80 (€0,00)			
- of which relating to Social Security: €35,852.44)			
- thereof with a residual term of up to one year €230,620.68 (€2,328,083.41)			
<b>D. Deferred income and accrued expenses</b>		<b>105,919.43</b>	117,833.00
<b>E. Deferred taxes</b>		<b>20,894,653.41</b>	22,635,874.63
		<b>81,391,771.57</b>	80,927,647.86

## Income statement (unaudited)

	01.01.2017 - 30.06.2017	01.01.2016 - 31.12.2016
	EUR	EUR
1. Sales revenues	<b>5,399,291.54</b>	2,052,819.37
2. Reduction of inventories of unfinished products	<b>-40,522.39</b>	0.00
3. Increase in inventory of orders-in-progress	<b>0.00</b>	-331,607.61
4. Capitalised cost of self-constructed assets	<b>0.00</b>	39,775.84
5. Other operating income	<b>47,049.56</b>	57,549,063.36
- of which income from currency translation €591.17 (€10,113.76)		
6. Cost of materials		
a) Expenditure for raw materials and supplies and on purchased goods	-42,262.80	-472,036.20
b) Expenses for purchased services	<u>-1,306,488.87</u>	-665,391.61
7. Personnel expenses		
a) Wages and salaries	-749,842.18	-1,208,055.89
b) Social contributions and expenses for retirement and support	<u>-143,084.93</u>	-225,616.58
- of which for old-age care €0,00 (€160,00)		
8. Depreciation		
a) Of intangible assets and property, plant and equipment	-6,463,950.47	-11,854,153.68
b) Of current assets, as long as they exceed the usual depreciation for a stock corporation	<u>-169,147.58</u>	-350,533.24
9. Other operating expenses	<b>-1,266,853.28</b>	-1,870,514.59
- of which expenses from currency translation €1,018.36 (€1,256.15)		
10. Other interest and similar income	<b>7,364.46</b>	15,029.49
- of which from affiliated companies €0.00 (€5,153.38)		
11. Interest and similar expenses	<b>-178,893.05</b>	-394,765.05
12. Taxes on income and earnings	<b>1,741,220.92</b>	3,482,442.11
- of which income from the allocation and reversal of deferred taxes €1,741,221.22 (€3,482,442.71)		
<b>13. Result after tax</b>	<b>-3,166,119.07</b>	45,766,455.72
14. Other taxes	<b>510.00</b>	764.00
<b>15. Annual net loss/profit</b>	<b>-3,166,629.07</b>	45,765,691.72

## Reduced notes to the half-year report as of June 30, 2017

### A. General information

Staramba SE is a company listed on the regulated, general standard market of the stock exchanges in Frankfurt and Berlin, and is organised as a Societas Europaea (SE) under European law with registered office at Aroserallee 66, 13407 Berlin, 66, Germany (Commercial Register HRB 158018, Berlin-Charlottenburg Local Court). The half-year financial statements are published on the company's website ([www.staramba.com](http://www.staramba.com)).

The company is a large corporation according to the rules of §267 para. 3, sentence 2 and §264d HGB. The annual financial statements have been prepared in accordance with the accounting requirements of Sections 242 ff. And Sections 264 ff. HGB and the supplementary provisions of the German Stock Corporation Act.

There were no changes in the organisation of the balance sheet or income statement. The redefinition of the sales revenues per §277 I in the new version of the HGB did not result in any changes as the revised provisions were already applied in 2015. For this reason, there were no consequential effects on the trade or other receivables shown.

### B. Information on accounting and valuation methods

The accounting and valuation principles applied correspond to those applied in the previous year. The accounting and valuation were carried out assuming the continuation of business activity (§252 para. 1 no. 2 HGB).

Intangible assets were valued at acquisition costs less scheduled straight-line depreciation. If the assets are indefinitely usable, no scheduled depreciation is recognised.

Tangible assets were valued at acquisition cost. The fixed assets were depreciated on a straight-line basis. The amortisation period is based on the scheduled normal useful life.

In the case of assets held as fixed assets, there was no unscheduled depreciation as a result of a presumed permanent impairment to be recognised per §253 para. 3 HGB.

Low-value assets acquired for a cost of less than €410.00 were fully amortised in the reporting year.

Financial assets include investments in companies in which the company holds an interest. They were valued at cost of acquisition. No impairment was required as of the balance sheet date.

Inventories include raw materials, consumables, and supplies as well as the orders in progress. They are valued at acquisition or production cost or at their fair value if lower.

Trade receivables and other assets were posted at their nominal values. Specific value adjustments were made to the extent required. There was no need to make any general allowances. Any receivables held in foreign currencies were valued at the exchange rate as of the statement closing rate.

In all cases, cash and cash equivalents were stated at their nominal value.

The accrued expenses are prepaid expenses for the following financial years. These are essentially expenditures related to existing licensing agreements.

Provisions have been set up for all identifiable risks and contingent liabilities, in each case at an amount that represents a reasonable fulfilment value (§253 para. 1 s. 2 HGB).

Provisions with a remaining term of more than one year are discounted as a general rule using the market rate corresponding to their remaining term (§253 para. 2 s. 1 HGB). Cost increases are taken into account when determining the settlement value.

The liabilities were posted at their settlement value. Liabilities with a remaining term of more than one year are subject to interest. Therefore, no discounting was included.

Transactions in foreign currencies were either posted at the current exchange rate or at the exchange rates contractually agreed. The currency conversion as of the closing date is in accordance with §256a HGB.

To determine deferred taxes resulting from temporary or semi-permanent differences between the commercial values of assets, liabilities and prepaid expenses and their tax bases, these are measured with the individual company tax rates at the time of reduction of differences, and the amounts of the resulting tax burden and relief not discounted. Active and deferred tax liabilities are identified without offsetting. The capitalization of a deferred taxes excess was omitted by exercising the corresponding option.

### **C. Other details**

#### **Auditory transparency**

The half-year financial report as of June 30, 2017 and the interim report were neither audited under § 317 HGB nor reviewed by an auditor.

#### **Information about management**

The company opts for the so-called monistic or single-tier management system pursuant to Article 38 lit b) SeVO.

As of the closing date, the Board of Directors consists of the following persons:

1. Mr Christian Daudert, Asset Manager, Rostock (Chairman)
2. Professor Dr Klemens Skibicki, University Faculty, Cologne
3. Mr Julian von Hassell, Corporate Consultant, Uetersen
4. Ms Marthe Wolbring, PR Consultant, Berlin

5. Mr Rolf Elgeti, founder and personally liable partner of Obotritia Beteiligungs GmbH, residing in Potsdam.

The board did not lose any members during the first half of year 2017.

The company is represented by its Managing Director:

For the period from January 1, 2017 to March 27, 2017, Mr Julian von Hassell, Uetersen. For the period from March 28, 2017, by the Managing Director Mr. Christian Daudert, Rostock.

#### **Information on unusual transactions with related parties (§285 No. 21 HGB)**

There were no such transactions during the reporting period.

#### **Events after the closing date which must be reported per §285 No. 33 of the new version of HGB**

The Board decided on 15 March 2017 to issue a convertible bond with a total volume of €5,000,000.00 and a term of two years. The convertible bond is divided into 5,000 bearer bonds with a nominal value of €1,000.00 each. The annual interest rate is 6%. Convertible bonds may be converted by their holders into new Staramba SE shares. The conversion price has been set at €21.20 per share if bond holders opt to exercise their right of conversion. The convertible bonds were offered to Obotritia Beteiligungs GmbH, controlled by board member Rolf Elgeti, and to the chairman of Board of Directors, Christian Daudert. The convertible bond is issued in accordance with the resolution of the annual general meeting of Staramba SE on July 28, 2016, which excluded the right of existing shareholders to subscribe. It was instead to be offered to selected investors as part of a private placement. The aforementioned of Contingent Capital 2016/I of up to €905,999.00 approved by the general meeting secures these conversion rights. The convertible bond was listed on the Frankfurt Stock Exchange on March 22, 2017. Part of the conversion took place at the beginning of September 2017 by the 3D Safe Corp., so that the company's share capital increased by €70,755, and amounts to €2,332,755 at the date of publication of the interim financial statements.

By resolutions of the annual general meeting on July 25, 2017, the former Managing Director, Mr. Julian von Hassell, left the Board of Directors. Mr. Marc O. Kneifel has become a new member of the Board of Directors. Marthe Wolbring and Prof. Dr. Skibicki were re-elected to the Board of Directors ahead of time.

Furthermore, the general meeting on July 25, 2017 conditionally increased the share capital by up to €75,000.00 (contingent capital 2017/I).

The authorised capital of July 28, 2016 has been cancelled (Authorized Capital 2016/I).

The Board of Directors is now authorised by a resolution of the annual general meeting of July 25, 2017 to increase the share capital by up to €1,131,000.00 for a period of five years, calculated from the date of entry into the Commercial Register on August 08, 2017 (authorised capital 2017/I).

No other events occurred after the end of the reporting period which are of major importance for the SSE and could lead to a revised assessment of the company's position.

Berlin, September 2017

Staramba SE

Christian Daudert  
*The Managing Director*

## **Declaration of the legal representatives**

To the best of our knowledge, and in accordance with the applicable reporting principles, the interim financial statements give a true and fair view of the company's assets, financial position, and results of operations. The interim management report including the results of operations presents the situation of the company in a true and fair manner as are the principal opportunities and risks associated with the expected development of the company.

Berlin, September 2017

Christian Daudert  
*The Managing Director*

### **Forward-looking statements**

This release contains forward-looking statements based on current experience, estimates and projections of the management and currently available information. They are not guarantees of future performance. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Many factors could cause the actual results, performance or achievements of Staramba to be materially different from those that may be expressed or implied by such statements. Forward-looking statements therefore speak only as of the date they are made. Staramba does not assume any obligation to update the forward-looking statements contained in this release or to conform them to future events or developments.