



## **Annual Report 2015**

### **Consolidated Financial Statements**

of InVision AG as of 31 December 2015 in accordance with IFRS and § 315a of the German Commercial Code as well as the Group management report pursuant to § 315 of the German Commercial Code

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### Financial Summary

<b>(in TEUR)</b>	<b>2015</b>	<b>2014</b>	<b>Δ</b>
<b>Revenues</b>	<b>12,708</b>	<b>13,409</b>	<b>-5%</b>
Subscriptions	10,483	9,467	11%
Projects	2,225	3,942	-44%
<b>R&amp;D Expenses</b>	<b>5,560</b>	<b>4,970</b>	<b>12%</b>
as a % of revenues	44%	37%	7 PP
<b>EBIT</b>	<b>2,676</b>	<b>4,124</b>	<b>-35%</b>
as a % of revenues	21%	31%	-10 PP
<b>Consolidated result</b>	<b>2,156</b>	<b>4,282</b>	<b>-50%</b>
as a % of revenues	17%	31%	-14 PP
<b>Operating cash flow</b>	<b>2,334</b>	<b>3,089</b>	<b>-24%</b>
as a % of revenues	18%	23%	-5 PP
<b>Earnings per share (in EUR)</b>	<b>0.96</b>	<b>1.94</b>	<b>-51%</b>
<b>(in TEUR)</b>	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>	<b>Δ</b>
<b>Balance sheet total</b>	<b>14,243</b>	<b>15,239</b>	<b>-7%</b>
<b>Liquid funds</b>	<b>1,405</b>	<b>3,388</b>	<b>-59%</b>
<b>Equity</b>	<b>8,376</b>	<b>8,455</b>	<b>-1%</b>
as a % of balance sheet total	59%	55%	4 PP

## Consolidated Balance Sheet

InVision AG, 31 December 2015

IFRS, in Euro

<b>Assets</b>	<b>Note</b>	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
<b>A. Short-term assets</b>			
1. Liquid funds	(23)	1,404,551	3,387,696
2. Securities	(24)	0	1,000,000
3. Trade receivables	(25)	2,755,752	2,033,144
4. Income tax claims	(26)	97,561	123,844
5. Prepaid expenses and other short-term assets	(27)	171,634	185,214
<b>Total short-term assets</b>		<b>4,429,498</b>	<b>6,729,898</b>
<b>B. Long-term assets</b>			
1. Intangible assets	(28)	582,612	702,864
2. Tangible assets	(29)	8,808,971	6,806,481
3. Deferred taxes	(31)	386,555	962,060
4. Other long-term assets	(32)	35,056	37,429
<b>Total long-term assets</b>		<b>9,813,194</b>	<b>8,508,834</b>
<b>Total assets</b>		<b>14,242,692</b>	<b>15,238,732</b>
<b>Equity and liabilities</b>			
<b>A. Short-term liabilities</b>			
1. Trade payables	(34)	116,231	136,805
2. Provisions	(35)	627,617	917,039
3. Income tax liabilities	(35)	20,773	22,506
4. Short-term share of deferred income and other short-term liabilities	(36)	1,852,296	1,707,839
<b>Total short-term liabilities</b>		<b>2,616,917</b>	<b>2,784,189</b>
<b>B. Long-term liabilities</b>			
Liabilities to financial institutions	(37)	3,250,000	4,000,000
<b>Total long-term liabilities</b>		<b>3,250,000</b>	<b>4,000,000</b>
<b>C. Equity</b>			
1. Subscribed capital	(38)	2,235,000	2,235,000
2. Reserves	(39)	1,191,184	9,306,292
3. Equity capital difference from currency translation	(40)	-366,655	-391,335
4. Group/consolidated result		5,316,246	-2,695,414
<b>Total equity</b>		<b>8,375,775</b>	<b>8,454,543</b>
<b>Total equity and liabilities</b>		<b>14,242,692</b>	<b>15,238,732</b>

## Consolidated Statement of Comprehensive Income

InVision AG, 31 December 2015

IFRS, in Euro

	Note	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
1. Revenues	(41)	12,707,639	13,408,790
2. Other operating income	(42)	129,697	815,266
3. Cost of materials/cost of goods and services purchased	(43)	-373,738	-246,879
4. Personnel expenses	(44)	-6,321,870	-6,546,807
5. Amortisation/depreciation of intangible and tangible assets	(45)	-526,468	-379,156
6. Other operating expenses	(46)	-2,939,655	-2,926,783
<b>7. Operating result (EBIT)</b>		<b>2,675,605</b>	<b>4,124,431</b>
8. Financial result	(47)	-40,455	-32,417
9. Currency losses/gains		33,110	-39,183
<b>10. Result before taxes (EBT)</b>		<b>2,668,260</b>	<b>4,052,831</b>
11. Income tax	(48)	-536,708	150,254
<b>12. Consolidated net profit</b>		<b>2,131,552</b>	<b>4,203,085</b>
13. Exchange rate differences from converting foreign financial statements		24,680	78,641
<b>14. Consolidated result</b>		<b>2,156,232</b>	<b>4,281,726</b>
Earnings per share		0.96	1.94

## Consolidated Cash Flow Statement

InVision AG, 31 December 2015

IFRS, in Euro

	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
<b>1. Cash flow from operating activities</b>		
<b>Consolidated net loss/profit</b>	<b>2,131,552</b>	<b>4,203,085</b>
+ Depreciation and amortisation of fixed assets	526,468	379,156
-/+ Profits/losses from the disposal of intangible and tangible assets	36	-85,005
-/+ Decrease/increase in provisions	-289,422	-518,753
+/- Decrease/increase in deferred taxes	575,505	-73,670
-/+ Other non-cash income/expenses	-52,336	-75,444
-/+ Increase/decrease in inventories and trade receivables	-722,608	-458,773
-/+ Increase/decrease in other assets and prepaid expenses	15,953	-43,664
+/- Decrease/increase in income tax claims/liabilities	24,550	-127,606
-/+ Increase/decrease in trade payables	-20,574	-183,792
+/- Decrease/increase in other liabilities and deferred income	144,457	73,218
<b>Cash flow from operating activities</b>	<b>2,333,581</b>	<b>3,088,752</b>
<b>2. Cash flow from investing activities</b>		
- Payments made for investments in tangible fixed assets	-2,368,944	-6,332,005
- Payments made for investments in intangible assets	-838	-16,645
+ Payments received from sale of securities	1,000,000	0
- Payments made for investments in securities	0	-1,000,000
+ Payments received from the disposal of intangible and tangible assets	13,866	150,478
+ Increase in cash and cash equivalents due to changes in group consolidation	0	11
<b>Cash flow from investing activities</b>	<b>-1,355,916</b>	<b>-7,198,161</b>
<b>3. Cash flow from financing activities</b>		
+ Additions to long-term financing liabilities	0	4,000,000
- Payments made for redemption of long-term financing liabilities	-750,000	0
- Payments made in order to repurchase the Company's outstanding shares	0	-228,330
+ Payments received from equity contributions (issuance of Company's shares)	0	4,695,604
- Payments made to shareholders of InVision AG	-2,235,000	-5,587,500
<b>Cash flow from financing activities</b>	<b>-2,985,000</b>	<b>2,879,774</b>
Change in cash and cash equivalents	-2,007,335	-1,229,635
Effect of foreign exchange rate changes on cash and cash equivalents	24,190	41,453
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,387,696</b>	<b>4,575,878</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,404,551</b>	<b>3,387,696</b>

## Consolidated Statement of Equity

InVision AG, 31 December 2015

IFRS, in Euro

	Subscribed capital	Reserves	Equity capital difference from currency translation	Profit/Losses	Equity
<b>31 December 2013</b>	<b>2,147,133</b>	<b>10,470,785</b>	<b>-469,976</b>	<b>-6,898,499</b>	<b>5,249,443</b>
Repurchase of the Company's outstanding shares	-7,991	-220,339	0	0	-228,330
Sale of the Company's outstanding shares	95,858	4,744,971	0	0	4,840,829
Transaction costs for the sale of the Company's outstanding shares	0	-145,225	0	0	-145,225
Deferred taxes on transaction costs	0	43,600	0	0	43,600
Increase of subscribed capital	5,587,500	-5,587,500	0	0	0
Statutory subscribed capital decrease	-5,587,500	0	0	0	-5,587,500
	<b>2,235,000</b>	<b>9,306,292</b>	<b>-469,976</b>	<b>-6,898,499</b>	<b>4,172,817</b>
Consolidated net profit	0	0	0	4,203,085	4,203,085
Equity capital difference from currency translation	0	0	78,641	0	78,641
<b>Total of costs and income</b>	<b>0</b>	<b>0</b>	<b>78,641</b>	<b>4,203,085</b>	<b>4,281,726</b>
<b>31 December 2014</b>	<b>2,235,000</b>	<b>9,306,292</b>	<b>-391,335</b>	<b>-2,695,414</b>	<b>8,454,543</b>
Dividend payment	0	0	0	-2,235,000	-2,235,000
	<b>2,235,000</b>	<b>9,306,292</b>	<b>-391,335</b>	<b>-4,930,414</b>	<b>6,219,543</b>
Consolidated net profit	0	0	0	2,131,552	2,131,552
Equity capital difference from currency translation	0	0	24,680	0	24,680
<b>Total of costs and income</b>	<b>0</b>	<b>0</b>	<b>24,680</b>	<b>2,131,552</b>	<b>2,156,232</b>
Offsetting of reserves against group result	0	-8,115,108	0	8,115,108	0
<b>31 December 2015</b>	<b>2,235,000</b>	<b>1,191,184</b>	<b>-366,655</b>	<b>5,316,246</b>	<b>8,375,775</b>

## Consolidated Notes

to the Consolidated Financial Statements of InVision AG as of 31 December 2015 in accordance with IFRS and § 315a of the German Commercial Code

### General Information

#### 1. General information about the Company

InVision Aktiengesellschaft, Düsseldorf (hereinafter also referred to as "InVision AG" or the "Company"), together with its subsidiaries (hereinafter also referred to as the "InVision Group" or the "Group"), develops and markets products and services for optimising workforce management, increasing the productivity, improving the quality of work, and reducing costs, and is mainly active in Europe and the United States.

The Company's registered offices are located at Speditionstraße 5, 40221 Düsseldorf, Germany. It is recorded in the Commercial Register of the Local Court of Düsseldorf under registration number HRB 44338. InVision AG has been listed in the prime standard segment of the Frankfurt Stock Exchange under securities identification number 585969 since 18 June 2007.

The IFRS consolidated financial statements are expected to be approved by the Supervisory Board of InVision AG on 11 March 2016 and then cleared for publication on 17 March 2016.

#### 2. Basis of the accounting

Because it is listed on a regulated market, InVision AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The consolidated financial statements as of 31 December 2015 were prepared in accordance with the IFRS, which were promulgated by the International Accounting Standards Board (IASB), in force on the balance sheet closing date, and applicable in the European Union. The designation "IFRS" also encompasses the still valid International Accounting Standards (IAS), as well as the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC). The requirements prescribed under § 315a of the German Commercial Code (HGB) must also be observed.

All provisions of the IFRS, IAS, IFRIC and SIC, which are valid for fiscal year ending 31 December 2015, have been applied in the consolidated financial statements.

In fiscal year 2015, the following provisions under the IAS/IFRS/IFRIC were endorsed by the EU for adoption into EU law and/or must be applied for the first time. Most of them have little or no effect on the consolidated financial statements of InVision AG.

<b>IFRS</b>	<b>Material effect</b>
IFRIC 21 Levies	None
Amendments to IFRS 3, IFRS 13, IAS 40 in line with Annual Improvements, Cycle 2011-2013)	None

The following amendments of the IASB were not adopted early in the existing consolidated financial statements. Where amendments affect InVision AG, the future effects on the consolidated financial statements are examined. In most of these cases, the EU has also not yet endorsed the amendments.

IFRS	Material effect
Amendments in line with Annual Improvements, Cycle 2010-2012	None
Amendments to IAS 19 Employee Benefits	None
IFRS 14 Regulatory Deferral Accounts	None
Amendments to IFRS 11 Joint Arrangements	None
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets	None
IFRS 15 Revenue from Contracts with Customers	None
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture	None
IFRS 9 Financial Instruments	None
Amendments to IAS 27 Equity Method in Separate Financial Statements	None
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures	None
Amendments in line with Annual Improvements, Cycle 2012-2014	None
Amendments to IAS 1 Presentation of Financial Statements	None
Amendments to IFRS 10, IFRS 12 and IAS 28 Consolidation Exception for Investment Entities	None
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses	None
Amendments to IAS 7 Statement of Cash Flows	None
IFRS 16 Leases	None

### 3. Group of consolidated companies

The consolidated financial statements cover InVision AG as well as the following subsidiaries:

- injixo Limited, London, United Kingdom
- WFM Software AB, Solna, Sweden
- InVision Software OÜ, Tallinn, Estonia
- InVision Software SAS, Paris, France
- InVision Software Systems S.L., Madrid, Spain
- injixo B.V., Arnhem, The Netherlands
- injixo Inc., Naperville, United States
- injixo AG, Cham, Switzerland

InVision AG holds a direct 100% ownership interest in each of the consolidated subsidiaries.

With retroactive effect as of 1 January 2015, and with entry in the commercial register dated 22 June 2015, InVision Software (Deutschland) GmbH was merged with InVision AG by means of an absorption merger, by transferring the entirety of its assets, according to the provisions of the German Transformation Act (UmwG).

InVision Software GmbH, Vienna, Austria was liquidated and deleted from the company register (Handelsgericht Wien, FN 286193y) on 16 December 2015 and is no longer part of the group of consolidated companies as of this date.

### 4. Consolidation principles

The consolidated financial statements comprise the annual financial statements of InVision AG and its subsidiaries as of 31 December of each fiscal year. The annual financial statements of the subsidiaries are prepared while applying the uniform accounting and valuation methods as of the same balance sheet closing date as the annual financial statements of the parent company.

The balance sheet closing date of all subsidiaries integrated into the consolidated financial statements is 31 December of the applicable fiscal year in question.

All account balances, transactions, income, expenses, profits and losses from intra-group transactions, which are included in the book value of assets, are eliminated in full.

Subsidiaries are fully consolidated as of the date of their formation or acquisition (i.e., as of the date on which the Group acquires control over them), provided that they are not of minor importance for the Group's net assets, financial position and results of operations. The inclusion of these subsidiaries in the consolidated accounts ends as soon as the parent company's control no longer exists.

Newly-formed subsidiaries are consolidated using the acquisition method pursuant to IFRS 3. Under that method, acquisition costs of the business combination are apportioned to the identifiable assets, which are acquired, and to the identifiable liabilities, which are assumed, based on their fair values as of the date of acquisition. The expenses and income, which have accrued since the acquisition, are included in consolidated accounts.



## 5. In general

The consolidated financial statements were prepared on the basis of historical acquisition or production costs (costs). Historical costs are based in general on the fair value of the consideration paid in exchange for the asset.

The consolidated balance sheet was structured according to short-term and long-term assets and liabilities. The consolidated statement of comprehensive income is prepared using the cost of production method.

## 6. Reporting currency

The consolidated financial statements are prepared in euro because the majority of the Group transactions are based on that currency. Unless otherwise indicated, all figures herein have been rounded up or down to the nearest thousand (TEUR, T€) in accordance with standard commercial practices. The figures are shown in euro (EUR, €), in thousand euro (TEUR, T€) or in million euro (MEUR, m€).

## 7. Currency translation

Each company within the Group stipulates its own functional currency. The items reported in the financial statements of each company are valued using that functional currency. Foreign currency transactions are initially converted into the functional currency at the currency spot rate applicable on the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency will be converted into the functional currency at the exchange rate applicable on each relevant reporting date. All differences in the exchange rate are recognised in equity. This treatment does not apply to any exchange rate differences arising from foreign currency transactions, if they are used to hedge a net investment of a foreign operation. These differences are recognised directly in equity capital until the net investment is sold, and recognised in the period results only after such sale. Any deferred taxes resulting from the currency differences of such foreign currency credits will also be recognised directly in equity capital. Non-monetary items, which are valued at historical costs in a foreign currency, are converted at the exchange rate applicable on the date of the transaction. Non-monetary items, which are reported at fair value in a foreign currency, are converted at the exchange rate applicable on the date the fair value was calculated.

Assets and liabilities of foreign operations are converted into euro as of the balance sheet (reporting) date. The conversion of income and expenses shall be made at the average exchange rate for the fiscal year. Any differences resulting from these currency conversions will be booked as a separate component of the equity capital account.

Any goodwill acquired with the purchase of a foreign operation and any adjustments in the book value of the assets and liabilities, which resulted from that transaction in order to accord with fair value, will be converted at the exchange rate applicable on the reporting date.

The following exchange rates were used (per EUR 1.00):

<b>Currency</b>	<b>Exchange rate on reporting date 2015</b>	<b>Exchange rate on reporting date 2014</b>	<b>Average annual exchange rate 2015</b>	<b>Average annual exchange rate 2014</b>
USD	1.0906	1.2141	1.1101	1.3291
GBP	0.7367	0.7789	0.7262	0.8064
SEK	9.1806	9.393	9.3511	9.0995

## 8. Intangible assets

Acquired intangible assets are valued at the time of their receipt according to their cost of acquisition or cost of production.

Internally produced intangible assets are recognised when they are identified and when it is likely that the group will receive a future economic benefit from the asset and the asset's acquisition and production costs can be reliably determined. For subsequent valuations, the value of the intangible assets is recognised at the acquisition or production costs of those assets, less the accumulated amortisation and less the accumulated impairment costs (shown under the amortisation item). Intangible assets are amortised on a straight-line basis over their estimated usable life (3 to 15 years). The amortisation period and amortisation method are reviewed at the end of each fiscal year.

When producing new software and further developing existing software, the InVision Group cannot clearly and unequivocally delineate the relevant software because the knowledge and improvements gained from producing new software and from the continued development of existing software are incorporated into other InVision Group products. Since not all criteria pursuant to IAS 38.57 were met by 31 December of the fiscal year, no development costs were capitalised.

## 9. Tangible assets

Tangible assets (land and buildings as well as computer hardware, tenant installations, furnishings and equipment) are recognised at the cost of acquisition or production less the accumulated depreciation. These assets are depreciated on a straight-line basis over the estimated useful life of the individual asset. The useful life for buildings is 9 to 33 years, for computer hardware 3 to 5 years, and for furnishings and equipment, 5 to 13 years. Tenant installations are depreciated over the term of the lease or over their useful life, if that period is shorter.

Subsequent expenditures made for a tangible asset are recognised at the costs of acquisition, if it is likely that the Group will receive a future economic benefit from it, and the costs for the asset can be reliably determined. Costs for repairs and maintenance, which do not increase the estimated useful life of the tangible asset, are recognised in the period in which they are incurred and are reported on the income statement.

## 10. Accounting for leases

The determination of whether a contract is or contains a lease is made on the basis of the economic content of the contract, and requires an assessment about whether the fulfilment of the contract depends on the use of a specific asset or assets and whether the contract grants a right to use the asset.

The Group acts as lessee only.

Any asset under a finance lease, according to which virtually all property-related risks and opportunities relating to the transferred asset are transferred to the Group, is recognised as an asset at the commencement of the lease term and valued at the lower of the then-current fair market value of the asset or the present cash value of the minimum lease payments to be made thereunder. These assets are subject to scheduled depreciation over the shorter of the two aforementioned time periods: i.e., the term of the lease or the economic useful life of the leased property. Lease payments are separated into their components of either financing costs and amortisation of the lease obligation in such a manner that the remaining residual book value of the lease will incur a constant rate of interest. The remaining leasing obligations as of the balance sheet closing date are itemised in the balance sheet according to their remaining terms to maturity.

Lease payments under operating leases are booked in the income statement as expenses arising over the term of the lease.

## 11. Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, unless the borrowing costs were incurred for the purchase, construction or production of qualified assets. In that case, the borrowing costs will be added to the production costs for such assets. During the fiscal year, the InVision Group had neither acquired nor produced qualified assets.

## 12. Impairment of non-financial assets

Non-financial assets are tested for impairment if facts or changes in circumstances suggest that the book value of an asset might no longer be recoverable. For the impairment test, the recoverable amount of the asset or the cash-generating unit must be determined. The recoverable amount is either the fair value less the costs to sell or the value in use, whichever value is higher. The fair value less the costs to sell is defined as the price which two informed, contractually-willing and independent business partners could achieve (less the cost to sell) when selling an asset or a cash-generating unit. The value in use of an asset or a cash-generating unit is calculated by determining the present cash value of the estimated future cash flow based on the current use of the asset or unit. If the recoverable value is less than the book value, then the difference will be immediately written off and entered in the income statement.

The impairment of a particular asset (except for goodwill), which had been previously recognised to profit and loss, will be reversed, if there is evidence that the impairment no longer exists or that the amount of the impairment has declined. The recoverable amount will be recognised as income in the income statement. The recoverable amount (or the reduction in the amount of the impairment) of an asset will be recognised, however, only to the extent that it does not exceed the book value, which would have resulted had no impairment been previously recognised (including the effects from amortisation or depreciation).

## 13. Financial investments and other financial assets

Financial assets within the meaning of IAS39 are either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. Financial assets will be measured at fair value the first time they are recognised.

The classification of the financial assets into the measurement categories depends on their nature and their purpose of use, and will be made upon their initial recognition. To the extent it is permissible and required, reclassifications are made at the end of the fiscal year.

All standard market purchases and sales of financial assets are recognised on the trade date; in other words, on the day on which the Group has entered into the obligation to purchase or sell the asset. Standard market purchases and sales are purchases and sales of

financial assets, which prescribe the delivery of assets within a period of time that is set by market rules or market conventions.

Extended loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. These assets are measured at amortised costs using the effective interest method. Any gains or losses are recognised in the results for the period, if the loans and receivables have been derecognised or impaired or it has been done in connection with amortisation.

Financial assets are tested for impairment as of each balance sheet date. If it is likely that with respect to financial assets recognised at their amortised costs, the Company will be unable to collect all of the amounts, which are owed under loans, receivables or held-to-maturity investments pursuant to applicable contract terms and conditions, an impairment or write-down of the receivables will be recognised on the income statement. The impairment loss is defined as the difference between the asset's book value and the present cash value of the anticipated future cash flows calculated using the effective interest method. The book value of the asset is reduced using a value adjustment account. The impairment loss will be recognised on the income statement. An impairment previously recognised as a cost will be reversed into income on the income statement, if some of the value subsequently recovered (or a reduction in the impairment amount) can be objectively attributed to the set of facts that transpired following the original impairment. Any recovered value will be recognised, however, only to the extent that it does not exceed the amount of the amortised cost which would have resulted had the impairment not occurred. The financial asset will be derecognised, if it is classified as non-recoverable.

As in the previous year, the book values of the assets and liabilities for the most part match their fair values.

#### 14. Short-term financial assets

Short-term financial assets comprise accounts receivable and other receivables. A bad debt allowances for accounts receivable will be made if it is likely that the total amount of the original invoice cannot be collected. The amount of the bad debt allowances will be the face value of the account less the realisable amount that equals the present cash value of the anticipated cash flows.

#### 15. Other short-term assets

Assets are recognised at their face or nominal value, but will be separately discounted in value if they are subject to identifiable risks.

#### 16. Cash and cash equivalents

Cash and cash equivalents consist of credit balances held with financial institutions as well as securities which may be redeemed for cash on short notice. These credit balances held with financial institutions are measured at face or nominal value.

#### 17. Taxes

The actual tax refund claims and tax debts for the current period and for earlier periods must be valued at the amount at which a refund is expected from the tax authorities or a payment must be made to the tax authorities.

Deferred taxes are recognised under the liabilities method for all temporary differences between the tax basis of the assets / liabilities and their respective book values in the IFRS financial statements. In addition, any deferred taxes based on losses carried forward are entered on the balance sheet.

Deferred taxes are valued according to the tax rates (and tax regulations), which are effective as of the balance sheet closing date or which have for the most part been enacted into law, and which are expected to be valid and binding on the date the deferred tax receivable is realised and/or the deferred tax liability is settled.

Deferred tax receivables are recognised in an amount at which it is likely that taxable income will be available for crediting against the temporary differences.

The valuation of deferred tax assets for loss carry-forwards and for deductible temporary differences depends on the future taxable earnings of the InVision Group companies. The estimate regarding such taxable earnings is made as of the balance sheet date taking into account the respective business perspectives. For purposes of capitalising deferred taxes based on the losses carried forward, only those tax loss carry-forwards will be recognised, which are very likely to be applied.

#### 18. Provisions

A provision is shown only if the Company has a present, statutory or de facto obligation (liability) based a past event, if it is likely that the fulfilment of the obligation will lead to an outflow of funds representing an economic benefit, and if a reliable estimate of the amount of the obligation can be made. If no provision could be created because one of the criteria mentioned was not fulfilled, then the liabilities in question will be reported as contingent liabilities.

Provisions are examined on each balance sheet closing date and adjusted to accord with the best estimate as of that date. If there is an expectation that the expenditures, which are required to satisfy a deferred liability, will be reimbursed either in whole or in part by another party, then the reimbursement will be recognised only when it is nearly certain that the Group will receive the

reimbursement.

## 19. Liabilities

Liabilities comprise long-term liabilities to financial institutions, trade payables, tax liabilities, interest owed, liabilities owed to employees, and other liabilities. When such items are recognised for the first time, they are booked at their cost of acquisition, which corresponds to the fair value of the consideration received. All liabilities are measured in subsequent years at the adjusted cost of acquisition under the effective interest method. The liability is derecognised when it has been settled, cancelled or expired.

## 20. Revenue and cost recognition

The InVision Group's revenues are generated primarily by providing the following services:

- Subscriptions to software-based services and content
- Projects comprising the perpetual (duration unrestricted) transfer of rights to use software products (licences) as well as related services

The revenues are reported less any early payment discounts, customer bonuses and rebates. Agreements with several components (e.g. subscriptions and services) are internally allocated to their individual components, and revenues are recognised on the basis of those individual components.

Revenues are generally recognised when the sales price is determined or determinable, no significant duties exist and the collection of the receivables is likely. Income from subscriptions is recognised on a straight-line basis pro rata temporis throughout the period of time for which they were calculated. Income from the perpetual transfer of rights of use is generally recognised as soon as the relevant licence key is delivered. Income from projects are recognised as soon as the service is provided.

Costs are recognised when the good or service is used or at the time they were generated. Interest is recognised as either an expense and/or income according to the period in which it arose under the effective interest method. Rental payment costs under operating leases are likewise recognised on a straight-line basis over the entire term of the lease, irrespective of the payment arrangements made under such leases.

## 21. Contingent liabilities and contingent receivables

Contingent liabilities are either potential obligations, which could result in an outflow of resources but the existence of which must be confirmed through the occurrence or non-occurrence of one or more future events, or current obligations, which do not satisfy the recognition criteria of the liability. These items are listed separately in the notes, unless the possibility that resources with economic benefits will be lost is unlikely. There were no contingent liabilities in the fiscal year.

In connection with business combinations, contingent liabilities are recorded as liabilities on the balance sheet pursuant to IFRS3.37, if the fair value can be reliably calculated.

Contingent receivables are not recognised in the financial statements. They are, however, listed in the notes, if the receipt of economic benefits is likely.

## 22. Management discretion and the main sources of forecasting uncertainty

When preparing the consolidated financial statements, some assumptions and estimates must be made, which have an effect on the amount and reporting of the recognised assets and liabilities, the income and expenses, and the contingent liabilities for the reporting period. These assumptions relate primarily to the assessment of the carrying value of assets, the assessment of deferred tax assets, the percentage-of-completion measurement with respect to jobs in progress, uniform group determination of the economic useful lives of tangible assets, and the recognition and measurement of provisions. The assumptions and estimates are based on premises delivered from available information at the time in question. The basis for the anticipated future business development is the circumstances present at the time the consolidated financial statements are prepared in a realistic scenario of the future development of the overall environment. If these overall conditions deviate from the assumptions made and cannot be influenced by management, then the resulting figures could deviate from the originally anticipated estimates.

## Notes to the Consolidated Balance Sheet

### 23. Liquid funds (cash and cash equivalents)

Liquid funds contain only those payment instruments, which have a term to maturity of less than six months calculated from the date of purchase. As in the previous year, cash and cash equivalents consist solely of credit balances held with financial institutions.

### 24. Securities

The securities held on 31 December 2014 in the amount of € 1 million were disposed during the year 2015.

## 25. Trade receivables

Trade receivables (net) have a term to maturity of up to one year, they are adjusted when needed and consist of the following items:

	31 Dec 2015	31 Dec 2014
Trade receivables	2,819	2,044
Bad debt allowances	-63	-11
<b>Total</b>	<b>2,756</b>	<b>2,033</b>

## 26. Income tax claims

The income tax claims include refund claims of various subsidiaries.

## 27. Prepaid expenses and other short-term assets

	31 Dec 2015	31 Dec 2014
Prepaid and deferred items	168	132
Other miscellaneous assets	4	53
<b>Gesamt</b>	<b>172</b>	<b>185</b>

## 28. Intangible assets

Intangible assets consist primarily of software and industrial property rights acquired in exchange for consideration. These assets are valued at their historical cost of acquisition, less the scheduled amortisation. With respect to scheduled amortisation, the software acquired in exchange for consideration and the industrial property rights were amortised over their expected useful lives (3 to 15 years).

## 29. Tangible assets

Tangible assets consist of land and buildings, furnishings and office equipment, which are recognised at their historical costs of acquisition, less any scheduled depreciation if the assets are subject to wear and tear. Tangible assets are depreciated on a straight-line basis over their useful lives (3 to 33 years). The carrying value of the tangible assets is subject to impairment testing. None of the assets have been subject to non-scheduled depreciation.

## 30. Development of the long-term assets

Fiscal year 2015	01 Jan 2015	Additions	Disposals	Currency differences	31 Dec 2015
<b>Concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets</b>					
Gross	1,298	1	60	70	1,309
Value adjustment	595	172	60	19	726
Net	703	-171	0	51	583
<b>Other equipment, furnishings and office equipment</b>					
Gross	7,411	2,369	251	5	9,534
Value adjustment	605	354	237	3	725
Net	6,806	2,015	14	2	8,809
<b>Long-term assets</b>					
Gross	8,709	2,370	311	75	10,843
Value adjustment	1,200	526	297	22	1,451
Net	7,509	1,844	14	53	9,392

Fiscal year 2014	01 Jan 2014	Additions	Disposals	Currency differences	31 Dec 2014
<b>Concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets</b>					
Gross	1,360	17	149	72	1,298
Value adjustment	508	167	96	18	595
Net	852	-150	53	54	703
<b>Other equipment, furnishings and office equipment</b>					
Gross	1,224	6,332	154	9	7,411
Value adjustment	527	212	142	8	605
Net	697	6,120	12	1	6,806
<b>Long-term assets</b>					
Gross	2,584	6,349	303	81	8,709
Value adjustment	1,035	379	238	26	1,200
Net	1,549	5,970	65	55	7,509

### 31. Deferred taxes

The following table sets forth the status of the deferred tax assets according to the balance sheet items:

	31 Dec 2015	31 Dec 2014
Deferred taxes based on temporary differences from licence valuations	94	30
Deferred taxes based on losses carried forward	293	932
<b>Total</b>	<b>387</b>	<b>962</b>

The tax loss carry-forwards for the Group totalled TEUR 10,122 (previous year: TEUR 12,383). Of this amount, TEUR 1,278 was valued (previous year: TEUR 5,291), and thereupon TEUR 293 (previous year: TEUR 932) was recognised as deferred taxes. For the TEUR 8,843 in other losses carried forward (previous year: TEUR 7,092), no deferred taxes were recognised.

### 32. Other long-term assets

Other long-term assets consist only of security deposits paid for leased office space.

### 33. Research and development

The expenses for research and development came to TEUR 5,560 (previous year: TEUR 4,970) in the fiscal year.

### 34. Short-term Liabilities

The short-term liabilities are allocated as follows:

	2015	2014
Trade payables	116	137
Provisions	628	917
Income tax liabilities	21	23
Deferred income	1,516	1,323
Other liabilities	336	384
<b>Total</b>	<b>2,617</b>	<b>2,784</b>

The deferred income items involve previously recognised invoiced amounts for subscription services for the respective next year and deferred project revenues.

### 35. Income tax liabilities and provisions

Income tax liabilities and provisions developed as follows:

	01 Jan 2015	Utilisation	Transfer	Reversal	Allocation	Currency difference	31 Dec 2015
<b>Income tax liabilities</b>	<b>23</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>21</b>
Provisions for:							
- Personnel expenses	219	177	0	19	26	1	50
- Annual accounts costs	98	97	-2	1	100	1	97
- Outstanding invoices	50	48	0	2	48	0	48
- Trade associations	14	13	0	1	14	0	14
- Other	536	44	2	112	36	0	418
<b>Total provisions</b>	<b>917</b>	<b>379</b>	<b>0</b>	<b>135</b>	<b>223</b>	<b>2</b>	<b>628</b>
<b>Total</b>	<b>940</b>	<b>385</b>	<b>0</b>	<b>135</b>	<b>227</b>	<b>2</b>	<b>649</b>

The provisions for personnel expenses related primarily to holiday entitlements.

### 36. Deferred income and other liabilities

Deferred income and other liabilities are short-term and are allocated as follows:

	2015	2014
Deferred income	1,516	1,323
Value added tax	234	189
Payroll tax	62	85
Social security charges	40	70
Salaries	0	4
Other liabilities	0	37
<b>Total</b>	<b>1,852</b>	<b>1,708</b>

### 37. Long-term Liabilities

The bank loan in the amount of TEUR 4,000 that was raised in fiscal year 2014 to finance the commercial property for own use was reduced by scheduled repayments to TEUR 3,250 as of 31 December 2015.

### 38. Subscribed capital

The registered share capital of InVision AG is reported as the subscribed capital. The subscribed capital is divided into 2,235,000 no-par value shares (Stückaktie), each such share representing a notional amount of EUR 1.00 of the Company's registered share capital. At the end of the reporting period, the Company holds no treasury shares.

The Executive Board is authorised, with the consent of the Supervisory Board, to increase the registered share capital one or more times by up to EUR 1,117,500 (Authorised Capital Account 2015) on or before 17 May 2020.

Pursuant to the shareholder resolution adopted on 18 May 2015, the registered share capital was conditionally increased by up to EUR 1,117,500 (Conditional Capital Account 2015). Pursuant to a shareholder resolution also adopted on 18 May 2015, the Company was authorised to buy-back its own shares in a quantity representing up to 10 percent of the registered share capital as it existed at the time the resolution was adopted. The authorisation will remain in effect until 17 May 2020.

### 39. Reserves

The reserves include the net proceeds from the capital increase carried out on 18 June 2007 in connection with the Company's initial listing on the Frankfurt Stock Exchange. The reserves also include IPO costs (while factoring in tax effects), purchase and sale of the Company's own treasury shares and capital increases from company funds in previous years, and are not included in profit and loss. By merging the other profit reserves and legal profit reserves, the total reserves were at TEUR 9,306 at the beginning of the financial period. In fiscal year 2015, TEUR 8,115 were taken from the reserves in favour of the group result.

### 40. Equity capital difference based on currency conversion

The equity difference from currency conversion is a result of converting on the basis of the modified closing date method [modifizierte Stichtagsmethode]. The difference arises from conversion of the items on the income statement of those subsidiaries, which rendered their accounts in a foreign currency, at the average exchange rate and the conversion of the items of equity capital of those subsidiaries at the historical rate of the initial consolidation, on the one hand, and the exchange rate on the reporting date [Stichtagskurs], on the other hand.

## Notes to the Consolidated Statement of Comprehensive Income

### 41. Revenues

Revenues categorised as follows:

<b>By Business Activities</b>	<b>2015</b>	<b>2014</b>
Subscriptions	10,483	9,467
Projects	2,225	3,942
<b>Total</b>	<b>12,708</b>	<b>13,409</b>

By now, there is an integrated sales and marketing organisation for all products and services of the Group. Thus, a categorisation of revenues by regions as provided in previous years, was not carried out for fiscal year 2015.

### 42. Other operating income

Other operating income is broken down as follows:

	<b>2015</b>	<b>2014</b>
Income from property	55	98
Income from reducing bad debt allowances	4	82
Post-selling income from consulting brand "Core Practice"	0	422
Income from changes in group consolidation	0	56
Income attributable to other periods	28	33
Other miscellaneous income	43	124
<b>Total</b>	<b>130</b>	<b>815</b>

### 43. Cost of materials

The costs of materials incurred are project-specific goods and services supplied by independent enterprises.

### 44. Personnel expenses

Personnel expenses consisted of the following:

	<b>2015</b>	<b>2014</b>
Wages and salaries	5,379	5,607
Social charges and other pension provisions	943	940
<b>Total</b>	<b>6,322</b>	<b>6,547</b>
- of which for pensions (direct insurance)	54	31

The direct insurance policies are classified as a defined contribution plan.

### 45. Depreciation and amortisation of tangible and intangible assets

No tangible or intangible assets were subject to impairment. Thus, only scheduled amortisation and depreciation is shown under this item.

### 46. Other operating expenses

Other operating expenses are itemised as follows:



	2015	2014
Office space expenses	854	709
Cloud services	512	280
Marketing and advertising costs	307	293
Travel expenses	274	254
Consulting costs	258	306
Communication expenses	155	134
Vehicle expenses	114	166
Receivable write-offs and bad debt allowances	76	12
Leasing and maintenance costs	20	248
Post-selling expenses from consulting brand "Core Practice"	0	422
Creation of provisions for project-related risks	0	34
Income from reversing or liquidating provisions	-135	-414
Other expenses	505	483
<b>Total</b>	<b>2,940</b>	<b>2,927</b>

#### 47. Financial result

The financial result is divided into the following:

	2015	2014
Interest and similar income	18	24
Interest and similar expenses	-58	-56
<b>Total</b>	<b>-40</b>	<b>-32</b>

Debt capital costs are recognised as an expense in the period in which they are incurred.

#### 48. Income taxes

Income taxes are divided as follows:

	2015	2014
Income tax	-39	-76
Deferred tax	576	-74
<b>Total</b>	<b>537</b>	<b>-150</b>

Detailed information about the deferred tax assets and liabilities, which must be set aside, can be found in note 31 above. The basis, upon which the deferred taxes were set aside, is an income tax rate of 30 percent for the domestic corporation and the future local tax rate for the foreign subsidiaries. It is also assumed that on the basis of the current tax legislation, any existing tax loss carry-forwards may continue to be used indefinitely into the future. The deferred tax assets will be reduced in the future by the recognised tax loss carry-forwards to the extent that the Company generates profits.

The actual tax rate is computed as follows:

	2015	2014
Consolidated net income before taxes	2,668	4,053
Income tax	537	-150
<b>Actual tax rate</b>	<b>20%</b>	<b>-4%</b>

The difference between the theoretical income tax expense (when applying the tax rate applicable to the InVision Group) and the reported income tax expense may be attributed to the following causes:

	2015	2014
Result before income tax	2,668	4,053
Theoretical income tax expense based on the tax rate of the parent company	800	1,216
Effects of losses carried forward	655	-808
International tax rate differences	-714	-523
Other tax effects	-204	-35
<b>Total</b>	<b>537</b>	<b>-150</b>

## Notes to the Consolidated Cash Flow Statement

The cash flow statement shows changes in the cash position of the InVision Group in the fiscal year due to incoming and outgoing cash payments. Under IAS7, cash flow is distinguished between cash flow from operating activities, cash flow from investing activities and cash flow from financing activities.

The net financial position, as reflected in the cash flow statement, consists of all liquid funds, which are reported on the balance sheet (i.e., cash on hand and credit balances at financial institutions) and which can be reduced to cash within three months (calculated from the date acquired) without causing any significant fluctuation in value, less any short-term financial liabilities. The cash flows from investing and financing activities are computed directly (i.e., on a cash basis). In contrast, cash flow from operating activities is derived indirectly from the results for the period. Cash flow from operating activities includes the following incoming and outgoing payments:

	<b>2015</b>	<b>2014</b>
Interest received	18	24
Interest paid	-58	-56
Income taxes received/paid	63	-124

The net financial position shown in the cash flow statement represents total liquid funds as reported in the consolidated cash flow statement.

## Other Information

### 49. Miscellaneous financial obligations

As of the balance sheet closing date, other financial obligations arised from lease agreements, mostly related to tangible assets and office space, for the following amounts:

	<b>&lt; 1 year</b>	<b>1 to 5 years</b>	<b>Total</b>
Obligations as lessee	218	392	610

### 50. Contingent liabilities

	<b>2015</b>	<b>2014</b>
Non-payment guarantee	93	92

### 51. Financial assets and liabilities

The financial liabilities existing in the Group are a bank loan for financing a commercial property for own use and short-term liabilities arising from accounts payable. The significant financial assets of the Group consist of cash and cash equivalents and accounts receivable. The book value of these positions, represents the maximum default risk and totals TEUR 4,160 (previous year: TEUR 6,421). Business relationships are established with creditworthy contracting parties (counter-parties) only. In order to evaluate the creditworthiness of counter-parties (above all, large customers), the Group relies on available financial information and on its own internal trading records. The Group holds trade receivables against a number of customers from a wide range of industries and regions. Credit assessments regarding the financial strength of the receivables are constantly performed. The typical terms of payment granted (with no discounts or deductions) are 30 days. With respect to all trade receivables, which were overdue by more than 45 days as of the balance sheet date and involve a default risk, bad debt allowances were created.

Neither in 2015 nor in 2014 did the Company hold any assets for trading purposes and any financial liabilities, which were recognised in the income statement at their fair value. The Group also did not execute any derivatives or hedging transactions. Reclassifications were not made either in 2015 or in 2014.

There were no significant differences between the book value of the financial assets and liabilities reported and the fair values.

### 52. Capital risk management

The Group manages its capital (equity capital plus debt capital less cash and cash equivalents) with the goal of using financial flexibility to achieve its growth targets while at the same time optimising its financing costs. The overall capital management strategy has remained the same as in the previous year.

Management reviews the capital structure at least once each half-year. The review covers the costs of capital, the security and collateral provided, and the open credit lines and credit opportunities.

During the reporting year, the capital structure may be shown as follows:

	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
Equity capital	8,376	8,455
- as a percentage of total capital	59%	55%
Liabilities	5,867	6,784
- as a percentage of total capital	41%	45%
Short-term liabilities	2,617	2,784
- as a percentage of total capital	18%	18%
Net gearing*	53%	40%

(\* ) calculated as the ratio of liabilities (less any cash and cash equivalents) to equity capital

The Group's equity ratio target is 50 percent.

### 53. Finance risk management

The monitoring of finance risk is handled by management on a centralised basis. Individual financial risks are generally reviewed at least once each quarter.

The Group's primary risks resulting from financial instruments involve liquidity and credit risks. As a rule, business transactions are executed only with creditworthy contracting parties. Moreover, the amounts of any receivables are constantly monitored in order to avoid exposing the InVision Group to any significant credit risk. The maximum default risk is limited to the book value of the asset as reported in the balance sheet.

The Group manages liquidity risks by holding adequate reserves, monitoring and maintaining credit agreements, and planning and coordinating incoming and outgoing payments.

### 54. Market risks

Market risks can arise from changes in exchange rates (currency risk) or interest rates (interest risk). Given the limited relevance these risks have for the Group, the Group has not heretofore hedged such risks using derivative financial instruments. These risks are managed through constant monitoring. Currency risks are largely avoided by virtue of the fact that the Group invoices primarily in euro or in the local currency. As of the balance sheet date, the receivables denominated in foreign currencies equalled TEUR 175 (previous year: TEUR 304) and the payables denominated in foreign currencies equalled TEUR 49 (previous year: TEUR 18). Had the euro appreciated by 10 percent compared to other currencies relevant to the Group as of 31 December 2015, then the pre-tax result would have been TEUR 21 (previous year: TEUR 30) lower.

### 55. Transactions between related parties

There were no transactions involving goods and services between closely related enterprises and persons, neither in the reporting period or the previous year.

### 56. Events after the balance sheet closing date

After the close of the fiscal year, no further specific transactions occurred, which would be of material importance for the consolidated financial statements.

### 57. Number of employees

In fiscal year 2015, the Company employed on average 91 employees (previous year: 104), not including the Executive Board.

### 58. Information on the Company's governing bodies

The following persons were members of the Executive Board in the fiscal year:

- Peter Bollenbeck (Chairman), Düsseldorf
- Armand Zohari, Bochum

In the fiscal year, the Executive Board members received the following remuneration benefits:

In EUR	2015	2014
<b>Peter Bollenbeck</b>	<b>207,744</b>	<b>209,000</b>
of which fixed salary	180,000	180,000
of which other benefits	27,744	29,000
<b>Armand Zohari</b>	<b>207,828</b>	<b>207,762</b>
of which fixed salary	180,000	180,000
of which other benefits	27,828	27,762
<b>Total remuneration Executive Board</b>	<b>415,572</b>	<b>416,762</b>

The Executive Board holds, either directly or indirectly, 55.9 percent of the Company's registered share capital.

The Supervisory Board consists of:

- Dr. Thomas Hermes (Chairman), Attorney at Law and Notary, Essen
- Matthias Schroer (Deputy Chairman), Entrepreneur, Rosenheim
- Prof. Dr. Wilhelm Mülder, University Professor, Essen

Dr. Thomas Hermes is the supervisory board chairman of the registered housing association known as Wohnungsgenossenschaft Essen-Nord e.G., Essen. Matthias Schroer and Prof. Dr. Wilhelm Mülder do not sit on any other supervisory boards.

The remuneration benefits paid to the Supervisory Board in the fiscal year consist of the following:

In EUR	2015	2014
<b>Dr. Thomas Hermes</b>	<b>12,000</b>	<b>12,000</b>
of which fixed compensation	10,000	10,000
of which meeting fees and expenditures	2,000	2,000
<b>Matthias Schroer</b>	<b>9,500</b>	<b>9,500</b>
of which fixed compensation	7,500	7,500
of which meeting fees and expenditures	2,000	2,000
<b>Prof. Dr. Wilhelm Mülder</b>	<b>7,000</b>	<b>7,000</b>
of which fixed compensation	5,000	5,000
of which meeting fees and expenditures	2,000	2,000
<b>Total compensation Supervisory Board</b>	<b>28,500</b>	<b>28,500</b>

Otherwise in the fiscal year, the Supervisory Board members were not granted any loans or provided any advances for future payments, and no contingent liabilities were incurred for the benefit of such persons.

#### 59. Information on the fees of the Company auditors

The fee for the Company's annual accounts auditor, which was recognised for fiscal year 2015, consists of the following:

	2015	2014
Auditing service for the annual accounts	50	50
Tax advisory services	5	22
<b>Total</b>	<b>55</b>	<b>72</b>

#### 60. Information on segment reporting

Since the internal and external business processes for all products and services are to the largest extent identical, they collectively represent a single operating segment within the meaning of IFRS8.

#### 61. Proposal for the Appropriation of Profit

The Executive Board and the Supervisory Board propose to carry forward the group result to new account.

#### 62. Statement under § 161 of the German Stock Corporation Act

On 28 January 2016, the Executive Board and Supervisory Board issued a statement under § 161 of the German Stock Corporation Act regarding the extent to which it has elected to comply with the recommendations of the "Government Commission of the German Corporate Governance Code" and published this statement on the Internet at [www.invision.de/investors](http://www.invision.de/investors).

### 63. Responsibility statement by the Executive Board

To the best of our knowledge and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the Group's assets, liabilities, financial position and results of operation, and the Group's management report includes a fair review of the development and performance of the business, together with a description of the principal opportunities and risks related to the anticipated development of the Group for the remainder of the fiscal year.

Düsseldorf, 4 March 2016

Peter Bollenbeck

Armand Zohari

## Group Management Report

of InVision AG for the Financial Year 2015

The following management report was prepared in accordance with the requirements under § 315 of the German Commercial Code (HGB) and contains information about InVision AG, Düsseldorf (hereinafter also referred to as "AG" or "Company"), and its consolidated subsidiaries (hereinafter together with the Company also collectively referred to as "InVision", "InVision Group" or "the Group"). As the Group's parent company, InVision AG performs group management functions and, at the same time, is the key member of the InVision Group. The explanations below generally relate to the Group, unless there has been an express reference to the Company itself.

### The Company

#### Business

The InVision Group develops and markets products and services for optimising workforce management, increasing the productivity, improving the quality of work, and reducing costs, and is mainly active in Europe and the United States.

#### Employees

On 31 December 2015, InVision employed 88 employees worldwide (including the Executive Board members). Compared to the end of the previous year, the number of employees declined by 12 percent (31 December 2014: 100 employees). At the end of the year, 56 employees (31 December 2014: 65 employees) were employed in Germany, while 32 employees (31 December 2014: 35 employees) were employed in foreign subsidiaries.

#### Research & Development

The research and development costs in the fiscal year totalled TEUR 5,560 and increased by 12 percent (previous year: TEUR 4,970). Research and development costs as a percentage of revenues are 44 percent (previous year: 37 percent).

#### Information pursuant to § 315 (4) HGB and § 175 (2) AktG

The Company's registered share capital equals EUR 2,235,000 and is divided into 2,235,000 no-par value bearer shares. Each such share represents a notional share of the registered share capital of EUR 1.00. Each share entitles the holder to a single vote. Shareholders may exercise their rights and cast their votes at the Annual Shareholders' Meeting in accordance with the Company's articles of association and the statutory rules.

Pursuant to a resolution adopted by the Company's Shareholders' Meeting on 18 May 2015, the Executive Board was authorised in accordance with § 4 (4) of the Company's articles of association but subject to the consent of the Company's Supervisory Board, to increase the Company's registered share capital one or more times by a total of up to EUR 1,117,500 on or before 17 May 2020 and to do so by issuing new, no-par bearer shares in exchange for cash and/or non-cash capital contributions (Authorised Capital Account 2015). Shareholders must generally be granted a pre-emptive right, which gives them an indirect option to subscribe shares (§ 186 (5) AktG). The Executive Board is authorised, however, with the consent of the Supervisory Board, to exclude the shareholders' pre-emptive right to subscribe shares in the following cases:

- for fractional amounts,
- if the capital increase is carried out against cash capital contributions and the pro rata amount of registered share capital attributable to the new shares, for which the pre-emptive right is excluded, does not exceed 10 percent of the registered share capital available on the date that the new shares are issued and, in accordance with §§ 203 (1) and (2), 186 (3) sentence 4 AktG, the issue price of the new shares is not significantly lower than the stock market price of the same class of existing publicly listed shares (with the same features) at the time that the Executive Board definitively sets the issue price. Included in this maximum threshold amount for a pre-emptive right's exclusion is the pro rata amount of the registered share capital that is attributable to shares, which had already been issued since 18 May 2015 from the authorised capital account of 2015 or which could be subscribed on the basis of the option and conversion rights granted since 18 May 2015 or on the basis of conversion duties also established since that time, if - upon utilising the authorised capital account or upon the granting of the warrant-linked and/or convertible bonds, the shareholder's pre-emptive rights would be excluded pursuant to or consistently with § 186 (3) sentence 4 AktG. Also added to the maximum threshold is the pro rata amount of the registered share capital attributable to treasury (own) shares, which the Company has bought back since 18 May 2015 on the basis of the authorisation granted pursuant to § 71 (1) no. 8 AktG and have been sold to third parties in exchange for a cash payment without having granted a shareholder pre-emptive right, unless the sale was carried out either on the open stock market or based on a public offer made to the shareholders;
- to the extent it would be necessary to grant to the holders of conversion or option rights under any convertible or warrant-linked bonds a subscription right, to which they would be entitled as shareholders after having exercised a conversion right or option right or after having discharged a conversion duty;
- for capital increases in exchange for the non-cash capital contributions, specifically for purposes of acquiring companies, divisions of companies and equity holdings.

Pursuant to a shareholder resolution adopted on 18 May 2015, the registered share capital was increased conditionally by up to EUR 1,117,500 (Conditional Capital Account 2015). The conditional capital increase must be carried out only to the extent that the creditors, to whom convertible or warrant-linked bonds were issued by the Company on the basis of the authorising resolution of the Shareholders' Meeting on 18 May 2015, exercise their conversion rights on or before 17 May 2020 and the Company has not satisfied the conversion claim in some other manner. The new shares will be entitled to draw dividends as of the beginning of the fiscal year in which they are issued. The Executive Board is authorised, with the consent of the Supervisory Board, to stipulate the details concerning the implementation of the respective conditional capital increase.

Pursuant to the shareholder resolution adopted on 18 May 2015, the Company was authorised to buy back its own shares in an amount representing a 10 percent pro rata amount of the registered share capital of EUR 223,500. The repurchased shares, together with the other treasury shares, which the Company has previously acquired and still holds or which must be attributed to the Company under § 71a et seq. AktG, cannot exceed 10 percent of the Company's registered share capital. The authorisation is in effect until 17 May 2020. The shares purchased on the basis of the authorisation may be used for all legally permissible purposes.

The authorisation to buy back the Company's own shares was granted to the Company in order, inter alia, to flexibly adjust the equity capital to meet the changing business needs and to be able to react to favourable stock market conditions. In addition, the acquired shares may be used as consideration when acquiring companies or when making equity investments in companies.

On the reporting date, the Company did not hold any treasury shares.

To the Company's knowledge, as of 31 December 2015, the following shareholders held more than 10 percent of the Company's registered share capital:

- InVision Holding GmbH, Düsseldorf (21.9%)
- Peter Bollenbeck, Düsseldorf (17.0%)
- Armand Zohari, Bochum (17.0%)
- Matthias Schroer, Rosenheim (11.3%)

Executive Board members are appointed and dismissed in accordance with §§ 84 et seq. of the AktG. Pursuant to § 6 (1) of the articles of association, the Executive Board consists of at least two persons. Alternative members of the Executive Board may be appointed. Pursuant to § 6 (2) of the articles of association, the Supervisory Board is responsible for determining the number of, and appointing the regular Executive Board members and alternate Executive Board members and has the authority to revoke such appointments. The Supervisory Board is also responsible for selecting a member of the Executive Board to serve as that body's chairman and for selecting other Executive Board members to serve that body's deputy chairmen.

Amendments to the articles of association are adopted by the Shareholders' Meeting if, in accordance with § 179 AktG, a majority of at least three-quarters of the registered share capital represented at the meeting votes in favour of the amendment.

Pursuant to § 10 (2) of the articles of association, the Supervisory Board is authorised to amend the articles, provided the amendment involves only the wording. Pursuant to § 21 (1) of the articles of association, the shareholder resolutions require a simple majority of the votes cast, unless the laws prescribe another majority. In those cases in which the laws require a majority of the registered share capital represented at the time the resolution is adopted, a simple majority of the represented registered share capital will suffice, unless the laws prescribe a higher majority.

There are no significant agreements which are subject to a restriction relating to a change of control resulting from a takeover offer. Likewise, no agreements for indemnifying employees or members of the Executive Board in the event of a takeover offer have been reached.

## General Business Conditions

According to the International Monetary Fund, the economic output in the euro area increased by 1.6 percent in 2015, whereas the economic output in the United States increased by 2.6 percent.

## Business Development

### Results of operation

Consolidated revenues during the reporting year equalled TEUR 12,708 (previous year: TEUR 13,409) and therefore decreased by 5 percent. Revenues from subscriptions increased by 11 percent to TEUR 10,483 (previous year: TEUR 9,467). Project revenues decreased by 44 percent to TEUR 2,225 (previous year: TEUR 3,942).

Personnel expenses declined in the reporting year to TEUR 6,322 (previous year: TEUR 6,547).

Other operating expenses were at TEUR 2,940 (previous year: TEUR 2,927) and remained almost on the same level of the previous year. Office space expenses increased by 20 percent to TEUR 854 (previous year: TEUR 709). Consulting expenses declined by 16 percent to TEUR 258 (previous year: TEUR 306). Communication expenses increased by 16 percent to TEUR 155 (previous year: TEUR 134). Due to the expansion of the business activities with cloud products, expenses for cloud services increased by 83 percent to TEUR 512 (previous year: TEUR 280). Leasing and maintenance expenses declined by 92 percent to TEUR 20 (previous year: TEUR 248). Miscellaneous expenses decreased by 5 percent to TEUR 505 (previous year: TEUR 483). The income from reversing of provisions decreased by 67 percent to TEUR 135 (previous year: TEUR 414).

The operating result (EBIT) decreased in the reporting period by 35 percent to TEUR 2,676 TEUR (previous year: TEUR 4,124). The EBIT margin decreased in the reporting period to 21 percent (previous year: 31 percent).

Interest income decreased to TEUR 18 (previous year: TEUR 24) and the interest expense slightly increased to TEUR 58 (previous year: TEUR 56).

In fiscal year 2015, consolidated net profit equalled TEUR 2,132 (previous year: TEUR 4,203).

Overall, business development in the fiscal year of 2015 was in line with expectations.

Earnings per share were EUR 0.96 (previous year: EUR 1.94), based on an average of 2,235,000 shares in 2015 (previous year: 2,208,515 shares).

### Net assets and financial position

Primarily due to significantly increased payments made for investing activities and payments to shareholders liquid funds decreased to TEUR 1,405 (previous year: TEUR 3,388) as of the end of the fiscal year. The securities that were held as current assets at the end of last fiscal year, worth TEUR 1,000, were sold during the year of 2015.

Trade receivables increased by 36 percent to TEUR 2,756 (previous year: TEUR 2,033). The income tax claims decreased to TEUR 98 (previous year: TEUR 124). The prepaid expenses and other short-term assets decreased by 7 percent to TEUR 172 (previous year: TEUR 185). During the reporting year, intangible assets decreased to TEUR 583 (previous year: TEUR 703) due to depreciation. Due to the capitalisation of the renovation and settings of the commercial property for own use that was purchased in the previous fiscal year, tangible assets increased to TEUR 8,809 (previous year: TEUR 6,806). Deferred tax assets decreased by 60 percent to TEUR 387 (previous year: TEUR 962).

Trade payables declined by 15 percent to TEUR 116 (previous year: TEUR 137). The provisions decreased by 32 percent to TEUR 628 (previous year: TEUR 917). The tax reserves remained almost unchanged at TEUR 21 (previous year: TEUR 23). The short-term share of the deferred income and other short-term liabilities increased by 8 percent to TEUR 1,852 (previous year: TEUR 1,708).

The long-term bank loan in the amount of TEUR 4,000, that was raised in the previous year to partly finance a commercial property for own use, was repaid as scheduled in fiscal year 2015 and totalled TEUR 3,250 at the balance sheet date.

During the financial year, reserves of the amount of TEUR 8,115 were offset against the group result. Thus, the reserves amounted to TEUR 1,191 (previous year: EUR 9,306) and profit totalled to TEUR 5,316 (previous year: TEUR -2,695), at the end of the reporting period.

The balance sheet total as of 31 December 2015 equalled TEUR 14,243 (previous year: TEUR 15,239). Equity capital is now at TEUR 8,376 (previous year: TEUR 8,455), and the equity ratio equals 59 percent (previous year: 55 percent).

Cash flow from operating activities reached TEUR 2,334 in the reporting period (previous year: TEUR 3,089) and corresponds to a share of 18 percent of the Group revenues (previous year: 23 percent).



InVision Software (Deutschland) GmbH was merged with InVision AG on 1 January 2015. InVision Software GmbH, Vienna, Austria, was deleted from the commercial register, Vienna, on 16 December 2015, and is no longer part of the group of consolidated companies as of that date.

## Basic Principles of the Compensation System

In addition to the reimbursement of expenditures which they incurred in discharging their official duties, the members of the Company's Supervisory Board are paid a fixed fee of EUR 5,000. The Chairman of the Supervisory Board receives twice that amount, and the Deputy Chairman receives one and one-half times that amount. The fee is paid after the fiscal half-year has ended. Any value added tax charged on the costs for reimbursement and fees is reimbursed.

The Executive Board compensation consists of a fixed-base salary, which increases if contractually defined revenue thresholds are met. Executive Board members also have a right to use a car leased by the Company. Furthermore, the Executive Board members will be paid an allowance to cover their costs for health insurance and long-term care insurance. The Company has also taken out private liability insurance to cover the Executive Board members, if those members do not have their own personal liability insurance protection. Moreover, the Company has executed a D&O insurance policy with a deductible.

## Risk Report

### Principles of risk management and of accounting-related internal control system

For the InVision Group, a comprehensive and self-contained risk management programme is a significant component of the Group's corporate strategy. A company-wide monitoring system ensures the systematic identification and assessment of risks regarding any likelihood of occurrence or the possible quantitative effects on corporate value.

Risk management is intended to identify, at an early stage, specifically any risks which threaten the Company's very existence in an effort to launch effective counter-measures for avoiding the risks. Another goal is to minimise the possible adverse effects, which all risks could have on the net assets, financial position and results of operation, while largely preserving the corresponding opportunities.

Potential counter-measures for dealing with risk include, for example, avoiding high-risk activities, reducing individual areas of potential risk by utilising commercial alternatives with a lower potential for risk, diversifying and limiting individual risks, and shifting risks onto insurance carriers or contracting parties.

The Executive Board is responsible for administering the risk management. A fundamental review of all risks is made once each year, at least. There are standardised accounting rules used in the Group's companies, the compliance with which is continuously monitored. This also guarantees that the accounts conform to the standard accounting rules applicable from time to time. An internal ad hoc report is prepared in the event that there are significant changes or newly emerged risks. All risk-relevant topics and the then-current economic situation over time are constantly monitored. If necessary, operational teams or external experts are called in to participate.

The risk management is described and stipulated in a group risk management policy and its suitability and functionality is reviewed each year in connection with the audit of the annual financial statements.

### Significant risks related to the business

Since 2011, InVision increasingly offers cloud-based services. If customers do not accept this offering, due to data security issues or any other considerations in principle, revenues of the InVision Group could permanently decrease accordingly.

InVision relies on seasoned and well-trained teams of employees. The future success of InVision will also depend on finding and retaining, on a long-term basis, highly qualified employees. The competition for employees with scientific, technical or industry-specific expertise is quite intense. It is therefore possible that the Company will be unable to promptly recruit new staff on the open labour market and that this may give rise to additional costs. The loss of qualified staff or long-term difficulties in hiring suitable employees could result in InVision's inability to successfully implement important decisions and courses of action, which in turn would impair its business operations. This particularly applies in the case of a zombie apocalypse.

The aforementioned risks, both individually and collectively, could have adverse effects on the net assets, financial position and results of operation of the Company and of the InVision Group as a whole.

## Supplement Report

After the end of the fiscal year, there was no special transaction which would be of material importance to the annual financial statements.

## Forecast Report

### Anticipated global economic development

According to the forecasts made by the International Monetary Fund, the economic output in the euro area will increase by 1.8 percent in 2016, whereas the economic output in the United States will increase by 2.7 percent.

### Anticipated development of InVision

For the upcoming years, InVision expects a stable demand for the products of the InVision Group. For 2016 and 2017 each, the Executive Board expects a decline in project revenues and an increase in subscription revenues as well as an increase in profits.

Düsseldorf, 4 March 2016

Peter Bollenbeck  
Armand Zohari

## Independent Auditor's Report

To InVision Aktiengesellschaft

We have audited the consolidated financial statements prepared by InVision Aktiengesellschaft – consisting of the balance sheet, income statement, statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements together with the Group management report – for the period 1 January 2015 through 31 December 2015. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS, as adopted by the EU, and with the additional requirements of the German Commercial Code under § 315a (1) HGB is the responsibility of the Executive Board of InVision Aktiengesellschaft. Our responsibility is to express an opinion on the IFRS consolidated financial statements and the Group management report based on our audit.

We have conducted our audit of the consolidated financial statements in accordance with § 317 HGB and the German generally accepted standards for the audits of financial statements promulgated by the German Institute of Auditors (Institute of Wirtschaftsprüfer or IDW). Those standards require that we plan and perform the audit such that any misstatements and violations, which materially affect the presentation of the net assets, financial position and results of operation in the IFRS consolidated financial statements and Group management report, are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes the assessment of the annual financial statements of the companies included in the consolidated financial statements, the determination of the companies to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by statutory representatives, as well as the evaluation of the overall presentation of the IFRS consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operation of the Group in accordance with these requirements. The Group management report is consistent with the IFRS consolidated financial statements and as a whole provides a suitable view of the Company's situation and suitably presents the opportunities and risks of future development.

Düsseldorf, 4 March 2016

RSM Verhülsdonk GmbH  
Wirtschaftsprüfungsgesellschaft - Steuerberatungsgesellschaft

Grote - Wirtschaftsprüfer

Schmitz - Wirtschaftsprüfer