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### Fiagon AG Medical Technologies

#### Hennigsdorf

#### Annual financial statements for the business year from 01/01/2018 to 12/31/2018

#### Balance sheet

##### assets

	December 31, 2018 EUR	December 31, 2017 EUR
A. Fixed assets	14,907,775.93	13,266,138.09
I. Tangible assets	832.04	2,958.04
II. Financial Assets	14,906,943.89	13,263,180.05
B. Current Assets	3,229,209.36	1,137,642.51
I. Receivables and other assets	333,189.24	1,113,941.62
II. Cash in hand, Bundesbank balances, bank balances and checks	2,896,020.12	23,700.89
C. Prepaid expenses	6,145.34	9,553.74
Balance sheet total, total assets	18,143,130.63	14,413,334.34

##### liabilities

	December 31, 2018 EUR	December 31, 2017 EUR
A. Equity	17,831,486.37	12,851,860.57
I. Subscribed capital (conditional capital: EUR 15,236)	126,788.00	108,012.00
II. Capital reserve	17,704,698.37	12,743,848.57
B. contributions made to carry out the agreed capital increase	0.00	2,545.00
C. Provisions	266,150.00	297,350.00
D. Liabilities	45,494.26	1,261,578.77
Balance sheet total, total liabilities	18,143,130.63	14,413,334.34

#### attachment

#### A.

General information **on the annual financial statements** Fiagon AG Medical Technologies, based in Hennigsdorf, is registered in the Neuruppin District Court with HRB No. 10738.

The company's annual financial statements as of December 31, 2018 were drawn up on the basis of the accounting and valuation regulations of the German Commercial Code (HGB) and of the relevant provisions of the Stock Corporation Act (AktG).

The company is a small corporation within the meaning of Section 267 of the German Commercial Code. It partly makes use of the size-dependent relief for small corporations for the annex.

The company prepares a voluntary consolidated financial statement according to the regulations of

§§ 290 ff. HGB.

## B. Accounting and valuation principles

When preparing the annual financial statements, the management assumed the going concern premise.

In detail, the following accounting and valuation methods have been applied unchanged:

The property, **plant and equipment** are generally valued at acquisition or production cost, reduced by scheduled straight-line depreciation, on the basis of maximum tax rates, insofar as these are permissible under commercial law. Low-value assets up to a value of EUR 800.00 were written off in full in the year of acquisition. The depreciation on additions to fixed assets was always pro rata temporis.

The one under the Shares in the subsidiaries shown in the **financial assets**, as well as loans to affiliated companies, were recognized at cost. Based on the current planning, there are no likely permanent impairments.

**Receivables and other assets** were generally reported at cost.

The **liquid means** are at their nominal value.

The **active deferred income** includes payments made before the balance sheet date, which represent expenses for the time thereafter.

The **equity** is stated at nominal value and complies with the information in the commercial register and the regulations in the articles of association. The capital reserve contains voluntary additional payments from shareholders and is shown at nominal value.

**Provisions** have been recognized in the amount of the settlement amount required according to prudent business judgment and take into account all risks that are recognizable as of the balance sheet date and must be recognized in an appropriate amount.

**Liabilities** are shown at their settlement amount.

Insofar as the annual financial statements were based on amounts in **foreign currencies**, the conversion was carried out using the respective closing rate or the mean spot exchange rate.

## C. Notes on the balance sheet

### 1. Fixed assets

The shares shown under financial assets serve to establish a permanent connection. The loans to Fiagon GmbH in the amount of EUR 8,809 thousand (previous year: EUR 7,165 thousand) have a term until December 31, 2021.

The financial assets are shown at acquisition cost despite the negative equity of the affiliated companies, as there is no likely permanent impairment within the meaning of Section 253 (3) sentence 5 of the German Commercial Code (HGB) and, if you exercise the option of Section 253 (3) sentence 6 of the German Commercial Code, none voluntary depreciation is carried out in the case of only temporary impairment. The unchanged approach to acquisition costs results from the 5-year planning of the subsidiaries, which in 2019 showed a balanced result for Fiagon GmbH and a profit for Fiagon NA and increasing profits for both companies in the following years.

For 2019, it is forecast that the non-consolidated turnover at Fiagon GmbH will increase from just under EUR 7 million in 2018 to over EUR 8 million and at Fiagon NA from EUR 6 million to over EUR 7 million, with significant positive contribution margins. At the consolidated group level, sales of just under EUR 13 million are forecast for 2019.

New sales contracts in China (since September 2018 for minimally invasive spine surgery) and the USA (since June 2018 for ENT and cranial surgery), which will only come into full effect in 2019, will contribute to the increase in sales. Due to the planned adjustment of the transfer prices charged by Fiagon GmbH to Fiagon NA from 2019, Fiagon NA's profit will be lower than in the previous year in favor of Fiagon GmbH.

The receivables from affiliated companies include short-term current accounts and clearings with Fiagon GmbH in the amount of EUR 221 thousand as well as trade receivables of EUR 17 thousand and have a total amount of EUR 238 thousand (previous year: EUR 973 thousand) with a remaining term of up to one year out.

The other assets in the amount of KEUR 95 (previous year: KEUR 141) mainly include sales tax receivables of the current year in the amount of KEUR 79.

### 2. Equity

The company's share capital amounted to EUR 126,788 on the balance sheet date. It is divided into 126,788 shares with a nominal value of EUR 1.00 each. The authorized capital as of December 31, 2018 amounts to EUR 63,394 (2018 / I).

In May 2018, the company offered the subscribers of the loan agreements concluded in the previous year a conversion of their loan along with accrued interest on the terms of the 2018 capital increase. In total, the company had taken out loans of EUR 1,314 thousand, plus EUR 99 thousand of interest accrued up to the date of conversion on May 8, 2018. A total of EUR 1,036 thousand was converted from this and 3,364 new shares were subscribed. The converted amount of EUR 1,036 thousand was added to the capital reserve. The conversion took place for 3,029 new shares against the conditional capital 2015 / I and for 335 new shares against the conditional capital 2017 / I.

In May and June 2018, the company carried out a capital increase against the capital 2017 / I approved by the 2017 Annual General Meeting. The company was able to

place the entire authorized capital 2017 / I in the amount of 12,867 shares, with a premium of EUR 308.03 per share. With the placement of all 12,867 shares, the company received a premium of EUR 3,963 thousand in 2018, which was added to the capital reserve.

The 2017 Annual General Meeting resolved to increase the company's share capital by June 30, 2022 by up to 12,867 no-par value registered shares (Authorized Capital 2017 / I). This Authorized Capital 2017 / I forms the basis for the capital increase carried out in 2018.

The capital reserve developed as follows:

As of 01/01/2018:	KEUR	12,744
Additions through voluntary additional payments - loan conversion	KEUR	1,036
Additions through voluntary additional payments - capital increase	KEUR	3,963
Withdrawal to cover losses:	KEUR	-39
As of December 31, 2018:	KEUR	17,705

At the Annual General Meeting held on September 11, 2018, it was decided to convert the 16,231 new shares resulting from the loan conversion and capital increase 2018 into voting preferred shares of category D. The 2018 Annual General Meeting also decided to cancel the as yet unused Authorized Capital 2015 / I. Furthermore, it was decided at the 2018 Annual General Meeting that the company can issue up to 63,394 new shares from a new Authorized Capital 2018 / I by August 31, 2023, as the Authorized Capital 2017 / I was fully utilized in the course of the 2018 capital increase .

### 3. Liabilities

Other liabilities in the amount of EUR 40 thousand (previous year: EUR 1,229 thousand) include tax liabilities of EUR 18 thousand (previous year: EUR 13 thousand). The liabilities to shareholders reported in the previous year in the amount of EUR 1,159 thousand resulted from the convertible loans issued, which were essentially converted or repaid in the reporting year.

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

### D. Other information

The company has taken on a guarantee for a bank loan from Fiagon GmbH in the amount of EUR 500 thousand. A claim is so far unlikely, as Fiagon GmbH repaid its bank loans as planned in 2018.

The average number of employees in the financial year was 4.

The company's organs are the general meeting, the management board and the supervisory board.

Hennigsdorf, May 14, 2019

Prof. Dr. Kai Desinger  
Board of Directors (CEO)

Dr. Friedrich Jacobi  
Board of Directors (CFO)

Dr. Dirk Mucha  
Board of Directors (CTO)

The above balance sheet and notes are an abbreviated version of the annual financial statements.

### other components of the report

#### Information on the determination:

The annual financial statements were adopted on July 26, 2019.