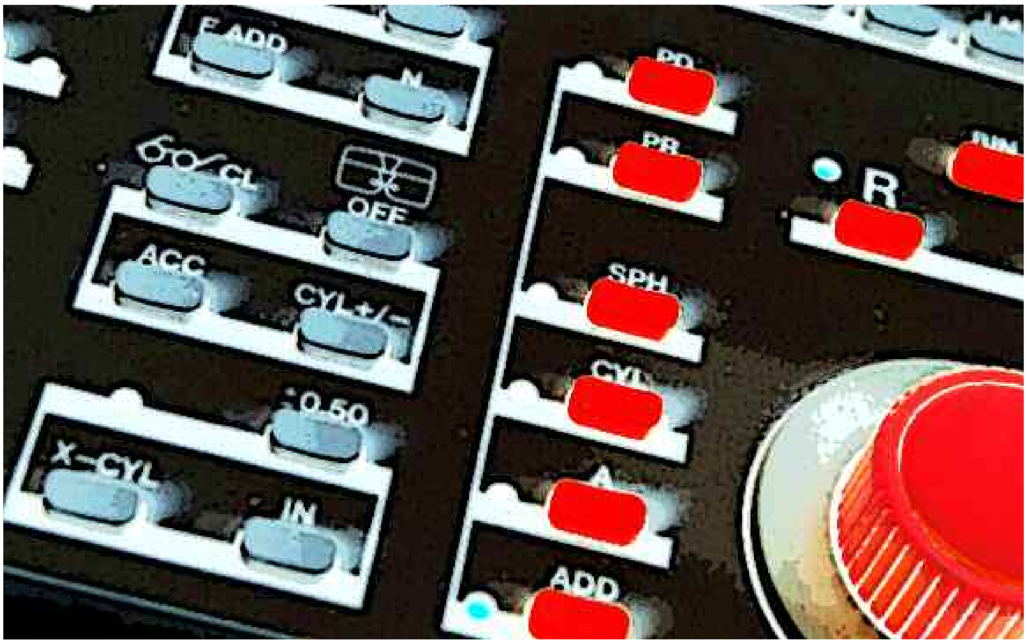
ifa systems AG

Interim financial report

as of June 30, 2019



Group key indicators

in € ’000, if not stated otherwise	2015	2016	2017	2018	2019/06/30
Sales	8,267	8,864	8,553	6,611	6,111
own development work capitalized	2,395	1,596	824	522	228
Total performance	11,676	11,893	9,592	7,930	6,559
EBITDA	3,414	1,030	-2,942	1,266	3,204
EBITDA margin (%) in relation to total performance	29.2	8.7	n.a.	16.0	48.8
EBIT	2,686	-2,216	-7,797	106	2,538
EBIT margin (%) in relation to total performance	23.0	-18.6	n.a.	1.3	38.7
Consolidated net income / loss	2,062	-2,224	-9,291	740	2,059
Earnings per share (EUR)	0.75	-0.81	-3.38	0.27	0.75
Operating cash flow	1,708	1,222	544	-70	1,699
Free cash flow	-1,108	-474	-296	-606	1,461
Balance sheet total	26,446	22,965	20,740	18,588	18,302
Equity	20,271	15,806	8,267	7,612	9,627
Equity ratio (%)	76.7	68.8	39.9	41.0	52.6
Employees (average)	87	91	73	59	59
Total performance per employee	134	131	131	134	111
Number of shares (’000)	2,750	2,750	2,750	2,750	2,750

The figures above can be derived from the balance sheet and the profit and loss accounts without the intention to replace them.

Dear shareholders and business partners,

we are proud to announce a series of positive news: A new major shareholder, license agreements regarding the use of our database and last but not least the operating business which developed most successfully in the first half year. But first things first:

When Topcon informed us that they consider the sale of their shares, we offered help in the search for a new fitting investor. The selection process was accompanied by the Management Board so that the decision was made also in the interest of the company, its employees and of course all other shareholders. On June 5, 2019 we could announce that NEXUS AG, a German company and one of Europe's leading software providers in the healthcare sector, takes over the majority shares of ifa systems AG.

It is a win-win situation for both companies: ifa gained a partner with NEXUS AG that serves the Health IT market equally successful as we do and with whom we can significantly increase the dynamics in our core business. For the considerably larger NEXUS AG the purchase is in line with its buy-and-build-strategy including the goal of a successful cooperation in projects where both partners can make full use of their competence for the customer's benefit. Over the next few months we want to fill our cooperation plans with content and analyze the joint product portfolio. We are convinced that NEXUS will especially benefit from ifa's expertise in ophthalmology.

The next positive surprise followed a few days later: The major order for our subsidiary Inoveon Corp. regarding the license agreement about the use of their database. This contract grants a customer the worldwide and non-exclusive use of a database hosted and developed by Inoveon Corp. This database contains more than 3 million anonymized ETDRS qualified images in the field of ophthalmology. We have always been convinced that the database contents are economically usable and worth exploiting. Previous attempts to develop a business model for the evaluation of the database failed on the question how to organize a chargeable use. With the licensing we have found an appropriate way and hope to fascinate more prospects for the quality and content of the database. However, this licensing business is not exactly predictable.

Last but not least we want to inform in this report about the successful performance of the operating business in the first half of 2019. With the implementation of the telematics infrastructure Germany, you almost want to say “finally”, paved the way to drive digitalization in healthcare. A study of the foundation “Bertelsmann Stiftung” found that Germany occupies the penultimate place in this respect among the 18 countries examined.

From our perspective, the telematics infrastructure is not only the data highway where all parties involved in healthcare - doctors, hospitals, pharmacists and others - can securely exchange data amongst each other. It also opens doors for a variety of other applications that are about to come. The electronic medical record, the core element of our software applications, turns into an integration platform due to the large number of interfaces to third party devices and software. This development has started now and will open up a lot of potential for the future.

The topics of the first half required our attention and generated many additional tasks. We are pleased that we can focus even more on the successful development of the company in the second half year. We hope that you will continue to accompany us constructively on this journey.

The Management Board

Jörg Polis   Christoph Reinartz


Zeit für Ihre Patienten

Interim Group Management Report
Economic Report

Macro-economic and sector-specific framework conditions

Overall economic development

According to experts of different institutions there are increasing signs in the first half of 2019 that the growth dynamic of the global economic is decreasing. Consistent with these estimates the International Monetary Fund reduced its quarterly forecast for the global growth 2019 for the third time this summer to only 3.2 percent. Especially the commercial disputes, among others between the USA and China, and the uncertainties about the prospective Brexit developments have a restraining effect.

The European economy also felt the effects of the increasing international tensions. Despite the surprisingly positive start in 2019, the economists of the EU Commission again corrected their economic outlook for the eurozone downwards. In their summer forecast they only predict a GDP growth of 1.2 percent. For Germany, the largest economy in the EU, Brussels expects a growth by 0.5 percent in 2019. Also, the Federal Statistical Office refers to a decreasing national and international demand especially affecting the export-oriented German industry.

Development of the Health IT eye care market

The German high-tech industry association Spectaris expects an annual growth by 5 percent for the medical technology market up to 2022. The driving force is the global demographic development. According to UN estimates the number of the over 60-year-old will increase from 760 million to two billion people between 2010 and 2050. This corresponds to a doubling of their share of the world's population to about 25 percent. At the same time, the increasing wealth of a growing number of emerging countries accelerates the increase of the per-capita expenditure in healthcare. Thus, this market is generally less susceptible for economic fluctuations.

The implementation of the telematics infrastructure in Germany reached its peak in the first half of 2019. The predetermined deadline, that all people involved in healthcare need to be connected until June 30, 2019, lead to a strong demand for the providers of these solutions. The TI creates the requirements for a secure exchange of information between doctors, hospitals, pharmacies and other participants. At the same time, it provides the basis for the implementation of further solutions contributing to a stronger digitalization in healthcare.

Results of operations

Sales development

As of half-year reporting date, the revenue of the ifa Group increased by 95.1 percent to EUR 6.1 million (previous year: EUR 3.1 million). Besides the successful operating performance during the reporting period, the database licensing of the American subsidiary Inoveon Corp. played a significant role in this increase with nearly EUR 2.5 million. License agreements of this type prove that the know-how of these databases is economically usable. Large orders of this type are one-time effects and are not calculable.

Sales by product area (in € '000)	01/01 – 06/30 2019	01/01 – 06/30 2018	Absolute deviation	in %
Basic licenses	685	352	332	94.3
Basic licenses Inoveon database	2,549	–	–	–
Runtime licenses	1,921	1,682	239	14.2
Hardware, third-party SW and accessories	420	347	73	21.0
Services	264	283	-19	-6.7
Topcon basic transaction	46	205	-159	-77.6
Topcon project business	91	79	12	15.2
Other	135	185	-50	-27.0
Total	**6,111**	**3,133**	**3,330**	**95.1**

The basic licenses developed particularly positive during reporting period. They include revenues with new customers or licenses for additional products sold to existing customers and especially benefited from the implementation of the telematics infrastructure. Also, the runtime licenses, which customers pay for the duration the software is in use, developed positively. The revenues with the former major shareholder Topcon halved to EUR 137 thousand (previous year: EUR 284 thousand).

Order situation

As of June 30, 2019, ifa enjoys a good order situation. The strengthening of the sales team, which is showing the first results, and the opportunities arising from the implementation of the telematics infrastructure have contributed to it. Additional potentials, that could arise from the collaboration with the new major shareholder NEXUS AG, will be further investigated and the joint product portfolio will be analyzed in the second half of this year. The effects resulting from it are not quantifiable at the time of this reporting.

Result

Based on a revenue of EUR 6.1 million, the total performance amounted to EUR 6.6 million (previous year: EUR 3.8 million) in the first half-year 2019. The own work capitalized amounted to EUR 228 thousand (previous year: EUR 414 thousand) and will likely be below the level of the previous year (EUR 522 thousand) at the end of 2019.

Most of the cost items changed only marginally compared to the previous year. The personnel costs increased by EUR 324 thousand to EUR 2,164 thousand (previous year: EUR 1,840 thousand) primarily due to the expansion of the sales team and provisions for bonus payments in connection with revenue target agreements. In return, the other operating expenses decreased by 21.1 percent to EUR 758 thousand (previous year: EUR 961 thousand) among others due to reduced legal and consulting fees. The costs for rental and leasing contracts basically remained unchanged but are mainly accounted for as amortization according to IFRS 16. The EBITDA (earnings before interest, taxes, depreciation and amortization) increased in accordance with the higher revenue to EUR 3.2 million (previous year: EUR 591 thousand). After depreciation amounting to EUR 666 thousand (previous year: EUR 550 thousand), which were increased due to the introduction of IFRS 16, the operating result

(EBIT) amounts to EUR 2.5 million while we broke even (EUR 41 thousand) here as planned last year. The consolidated net income after the financial result and taxes amounts to EUR 2.1 million (previous year: EUR -12 thousand). This is equivalent to earnings of EUR 0.75 per outstanding share for the first half of 2019.

Thanks to the income resulting from the license agreements for the use of the Inoveon database, the revenues and profitability clearly exceeded the original planning for the first half of 2019, whereas the current business developed as expected.

Financial postition and net assets

The balance sheet total changed only marginally during the first half of 2019. It amounted to EUR 18.3 million (December 31, 2018: EUR 18.6 million). However, the positive business development in the first half-year had a significant impact on the balance sheet structure of the ifa Group.

On the assets side the long-term assets remained almost unchanged at EUR 12.5 million (previous year: EUR 12.7 million). The introduction of IFRS 16 had no significant impact here. In the area of the short-term assets the trade receivables increased reporting day related and in consequence of the license agreement to EUR 2.3 million (previous year: EUR 552 thousand). Due to the repayment of loans, the liquid funds decreased by EUR 1.5 million to EUR 2.2 million (previous year: EUR 3.7 million).

On the liabilities side, the equity increased resulting from the net profit to EUR 9.6 million (previous year: EUR 7.6 million). As a result of this and due to the lower debt level at balance sheet date, the equity ratio increased to 52.6 percent (previous year: 41.0 percent).

In the area of the short-term liabilities the short-term interest-bearing debts decreased thanks to the full redemption of the loan from the Mizuho Bank (previous year: EUR 2.0 million). The liabilities to affiliated companies reduced to EUR 3.0 million with the change of the major shareholder. This loan is now granted by NEXUS AG. The trade payables increased due to the introduction of IFRS 16 and reporting date related from EUR 80 thousand in the previous year to EUR 549 thousand.

The development of long-term and short-term liabilities as well as liquid funds since the beginning of the year are shown in the following table:

in € ’000	June 30 2019	December 31 2018	Absolute deviation	in %
Short-term financial liabilities	3,000	6,000	-3,000	-50.0
Liquid funds	2,168	3,693	-1,525	-41.3
Net debt	832	2,307	1,475	63.9

The net debt of the ifa Group was reduced by almost EUR 1.5 million or two thirds during the first half of the year. The gearing amounts to 8.6 percent by June 30, 2019 (December 31, 2019: 30.3 percent).

Investments and depreciation

In the first half of 2019 EUR 238 thousand (previous year: EUR 416 thousand) were invested of which EUR 228 thousand (previous year: EUR 414 thousand) were capitalized as intangible assets according to IAS 38. This investment was opposed to the depreciation of tangible and intangible assets amounting to EUR 666 thousand (previous year: EUR 550 thousand). The initial application of IFRS 16 resulted in an increase here as well. The intangible assets amount to EUR 12.5 million by midyear 2019 after EUR 12.7 million at the end of 2018.

The tangible assets remained almost unchanged at EUR 52 thousand at the beginning of the year. They predominantly consist of hardware and software.

Cash flow statement

The positive business performance also effected the cash flow statement. By June 30, 2019, the cash flow from operating activities improved by EUR 2.0 million to EUR 1.7 million compared to the previous year period (previous year: EUR -323 thousand). The higher payments from customers had a significant influence here.

The cash flow from investing activities reduced to EUR 238 thousand (previous year: EUR 416 thousand). Thus, capitalized development expenses were also further reduced in 2019 compared to the previous years. After the free cash flow remained negative with EUR -739 thousand in the past year, it amounted to EUR 1.5 million in the first half of 2019. From this position, financial debt in the amount of EUR 3.0 million could be repaid. The liquid funds amount to EUR 2.2 million at the end of the period (previous year per June 30: EUR 3.7 million).

in € '000	01/01/ – 06/30/2019	01/01/ – 06/30/2018	Absolute deviation	in %
Cash flow from operating activities	1,699	-323	2,022	n/a
Cash flow from investing activities	-238	-416	178	-42.8
Cash flow from financing activities	-3,004	-10	-2,994	n/a
Cash flow	**-1,543**	**-749**	**-794**	**-106.0**

Overall statement

We look back on a very successful first half of 2019. As of the half-year reporting date, the revenue of the ifa Group increased by 95.1 percent to EUR 6.1 million compared to the previous year period. Besides the positive business performance during the reporting period, the database licensing of the American subsidiary Inoveon Corp. played a significant role in this increase with EUR 2.5 million. License agreements of this type prove that the know-how of these databases is economically usable. Large orders of this type are one-time effects and are not predictable.

Predominantly due to the revenue from the license agreements also the profitability was significantly above the forecast for the operating business in the first half of 2019. Based on the half-year figures we therefore anticipate a revenue between EUR 9.3 and 9.7 million in the financial year 2019. That complies with the originally planned range from EUR 6.8 to 7.2 million resulting from the current business and the revenues already obtained from the unforeseeable license agreements amounting to EUR 2.5 million. The result as EBITDA will likely achieve EUR 3.4 to 4.2 million (previous year: EUR 1.3 million) also due to the special effect. Originally, based on the current business, we expected an operating result (EBIT) between EUR 0.2 and 0.5 million.

Supplementary Report

Significant events after the reporting date, which have an impact on the financial position and results of operations, have not occurred.

Opportunity and Risk Report

Regarding the opportunity and risk report, we refer to the published information in the annual report 2018. Significant changes to the facts described there did not arise in the first six months of the financial year 2019.

Forecast Report

Overall economic development

The European economy experiences the international trade conflicts and the uncertainties arising from the Brexit at midyear. Especially the German automotive industry and mechanical engineering show initial signs of weakness which, however, can be compensated by the blooming construction industry and the increasing consumption. The finance ministers of the G7 countries are optimistic in their latest final declaration that the worldwide growth will stabilize and increase moderately already in 2020 but risks still remain. The question, whether the global economy is only facing a setback or whether it is the start of an economic downturn, consequently remains unanswered.

Development of the Health-IT market

Currently it is expected that the market for medical engineering remains a market with a relatively stable growth and is more robust in relation to economic fluctuations than other industries. This is also indicated by latest publications of companies from this area. The digitalization in the healthcare sector in Germany still has a great potential. It can help to significantly reduce the rising healthcare costs in the aging society. The management consultancy McKinsey has calculated in cooperation with the Federal Association Managed Care (in German: Bundesverband Managed Care): Up to EUR 34 billion could have been saved in the German healthcare sector in 2018 with a consistent application of digital technologies. This corresponds to over one-tenth of the total expenditures in the system. The telematics infrastructure is an important step to tap this potential. Also, for this reason we are optimistic for the further development of the ifa Group.

Development of the ifa systems Group

The telematics infrastructure forms the basis for the secure exchange between the players in the healthcare sector. The electronic medical record is one of the next milestones. It enables the collection, storage and targeted sharing of data that are stored in a structured form in the assessment of findings, diagnosis and therapy. The ifa Group is one of the leading providers in the field of ophthalmology. Already today users are working on more than 15,000 workstations worldwide with ifa's software solutions. As integration platform they are offering the possibility to connect almost every device and software that are applied in practices and clinics worldwide and thus guarantee a consistent electronic workflow. Therefore, we assume that the trends in medical engineering in general and the greater efforts in the German healthcare sector will have a positive impact on the further development of the Group.

Revenue and result

The original forecast for the financial year 2019 included a revenue between EUR 6.8 and 7.2 million. In addition to our current business we managed to gain licensees for the database of our American subsidiary. These license agreements contribute to significantly exceed the original revenue target. The framework conditions are currently favorable, so that we expect a positive development of our operating business also for the second half. However, license agreements are not predictable and are therefore considered to be special effects.

The higher revenues also have a positive impact on the profitability. Therefore, we have raised the guidance for the current financial year.

Financial position and net assets

The significant revenue increase led to a positive cash flow in a noticeable degree. And we expect that this position will be further expanded based on the expected payments for the second half of the year. The positive development of the first half-year enabled us to repay financial liabilities and thus to reduce the net debt by about two thirds. Due to this, the equity ratio is again above 50 percent and we expect to present these solid balance sheet ratios also in the future.

Overall statement

The extremely positive business development in the first half-year prompted us to raise our expectations for the financial year. Now, we expect to achieve a revenue between EUR 9.3 and 9.7 for the overall year 2019. EUR 6.8 to 7.2 million thereof will be achieved from the current business and EUR 2.5 million as special effect from the license agreement for Inoveon's database. The result as EBITDA will likely achieve EUR 3.4 to 4.2 million (previous year: EUR 1.3 million) also due to this special effect. Originally, based on the current business, we expected an operating result (EBIT) between EUR 0.2 and 0.5 million. Not included in this forecast are further license agreements that would always represent a special effect.

Disclaimer: The Group management report contains future-related statements. Actual results could differ significantly from expectations in regard to the planned development if one of the uncertanties mentioned, or other uncertanties, should occur, or if the assumptions on which our statements are based, including those relating to general economic developments, prove to be inaccurate.

Consolidated interim accounts

Consolidated balance sheet
as of 2019/06/30 and 2018/12/31

Assets

(€ '000)	2019/06/30	2018/12/31
Long-term assets		
Intangible assets	12,525	12,663
Tangible fixed assets	52	54
Other long-term receivables	304	606
Deferred tax assets	624	705
Other long-term assets	0	0
	13,505	**14,028**
Short-term assets		
Inventories	52	31
Trade receivables	2,256	552
Receivables from affiliated companies	0	49
Tax receivables	105	91
Other short-term receivables	216	144
Cash and cash equivalents	2,168	3,693
	4,797	**4,560**
	18,302	**18,588**

Equity and liabilities

(€ ’000)	2019/06/30	2018/12/31
Equity		
Subscribed capital	2,750	2,750
Capital reserve	7,305	7,305
Other reserves	-428	-2,443
	9,627	**7,612**
Long-term liabilities		
Long-term interest-bearing liabilities	0	0
Other long-term liabilities	53	52
Deferred tax liabilities	2,535	2,568
	2,588	**2,620**
Short-term liabilities		
Other accruals	1,119	1,107
Tax liabilities	542	126
Short-term interest-bearing liabilities	0	2,000
Trade payables	549	80
Liabilities to affiliated companies	3,000	3,996
Other short-term liabilities	877	1,047
	6,087	**8,356**
	18,302	**18,588**

Group profit and loss statement
(for the first half year 2019 and 2018)

(in € '000)	01/01 – 06/30 2019	01/01 – 06/30 2018
Revenues	6,111	3,133
Other income	220	217
Own development work capitalized	228	414
Total performance	**6,559**	**3,764**
Costs of purchased goods and services	-434	-372
Personnel costs	-2,164	-1,840
Other expenses	-758	-961
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**3,203**	**591**
Amortizations	-666	-550
Earnings before interest, taxes (EBIT)	**2,537**	**41**
Financial income	59	18
Financial costs	-70	-59
Earnings before taxes	**2,526**	**0**
Income taxes	-468	-12
Consolidated net profit/loss	**2,058**	**-12**

Statement of comprehensive income
(for the first half year 2019 and 2018)

(€ '000)	01/01 – 06/30 2019	01/01 – 06/30 2018
Consolidated net profit/loss	**2,058**	**-12**
Initial application of IFRS 15, 16	-2	-1,249
Currency translation differences	-41	-81
Total income	**2,015**	**-1,342**

Consolidated cash flow statement
(for the first half year 2019 and 2018)

(in € '000)	01/01 – 06/30 2019	01/01 – 06/30 2018
Cash inflows from customers	5,647	3,356
Cash outflows to suppliers and employees	-3,989	-3,832
Other cash inflows	267	342
Other cash outflows	-223	-189
Income tax payments	-3	0
Cash flow from operating activities	**1,699**	**-323**
Cash outflows for investment in tangible assets	-10	-5
Cash outflows for investments in intangible assets	-228	-414
Cash inflows from sale of tangible fixed assets	0	3
Cash flow from investing activities	**-238**	**-416**
Cash inflows from the raising of credits	0	0
Cash outflows for the repayment of financial liabilities	-3,004	-10
Cash flow from financing activities	**-3,004**	**-10**
Cash and cash equivalents at beginning of period	3,693	4,328
Cash flow	**-1,543**	**-749**
Effect of exchange rates and changes in the consolidated group	12	17
Cash and cash equivalents at end of period	**2,162**	**3,596**

Consolidated statement of changes in equity
as of 06/30/2019

	Subscribed capital €'000	Capital reserves €'000	Income reserves €'000	Other result €'000	Group equity €'000
as of 12/31/2017	**2,750**	**7,305**	**-3,055**	**1,267**	**8,267**
Consolidated net income	0	0	740	0	740
Changes in value	0	0	0	-1,244	-1,244
Currency translation differences	0	0	3	-154	-151
Total income	**0**	**0**	**743**	**-1,398**	**-655**
Rounding adjustment	0	0	0	0	0
Transactions with equity holders	**0**	**0**	**0**	**0**	**0**
Dividend payment	0	0	0	0	0
as of 12/31/2018	**2,750**	**7,305**	**-2,312**	**-131**	**7,612**
Consolidated net income	0	0	2,058	0	2,058
Changes in value	0	0	-749	747	-2
Currency translation differences	0	0	-83	42	-41
Total income	**0**	**0**	**1,226**	**789**	**2,015**
Rounding adjustment	0	0	0	0	0
Transactions with equity holders	**0**	**0**	**0**	**0**	**0**
Dividend payment	0	0	0	0	0
as of 06/30/2019	**2,750**	**7,305**	**-1,086**	**658**	**9,627**

Condensed consolidated interim financial statements

Accounting and valuation principles

The present interim financial statement of ifa system AG, as of June 30th, 2019, was prepared according to the International Financial Reporting Standards (IFRS) as adopted by the EU. The interpretations of the International Financial Reporting Interpretation Committee (IFRIC) have been taken into account.

The interim financial statement as of June 30th, 2019 complies with the regulations of IAS 34. This is a condensed financial statement that does not include all data of an IFRS consolidated financial statement. Therefore, this statement should be read in conjunction with the annex to the consolidated financial statement of 2018.

The first-time application of IFRS 16, that entered into force on 01/01/2019, led to differences in the accounting and valuation principles. With IFRS 16 the current distinction between finance lease and operating lease is omitted, and lease obligations and the right of use are to be shown in the balance sheet. Exceptions are lease liabilities with a term of less than twelve months as well as low-value lease contracts. According to IAS 17 (Operating Lease), the leasing expenses were reported as other operating expenses. According to IFRS 16, the expenses are incorporated in the amortization of the usage right and in the interest portion of the lease payment. The following table shows the effects on the balance sheet and profit and loss account.

Effects on the balance sheet

(in € ’000)	
Intangible assets	196
Lease liabilities	198
Equity	-2

Effects on the profit and loss account

(in € ’000)	
Other operating expenses	-94
Amortization	92
Interest expenses	2

Otherwise the same accounting and valuation principles were applied as in the consolidated financial statement for the financial year 2018.

This statement has not been audited.

Consolidation range

By resolution of the annual general meeting of the Integration AG i. L. on 05/29/19, the final account dated 05/28/19 was approved. The profit and loss account for the period from 01/01/19 to 05/28/19 was included in the consolidated financial statement. Assets or liabilities of the Integration AG no longer exist. Otherwise there were no changes in the consolidated group.

Internally generated intangible assets (in € '000)	**06/30/2019**	**12/31/2018**
Internally generated intangible assets	10,237	10,468
Goodwill	0	0
Other intangible assets	2,288	2,195
Total	**12,525**	**12,663**

In the first half of 2019 EUR 228 thousand own work (software development, database content) were capitalized according to the regulations of IAS 38. The valuation is based on directly attributable production costs.

Interest-bearing debt (short- and long-term) (in € '000)	**RT <1Y**	**RT 1–5 Y**	**RT > 5 Y**	**Total**
Liabilities 12/31/2018	6,000	0	0	6,000
Liabilities 06/30/2019	3,000	0	0	3,000

Other income (in € '000)	**01/01 – 06/30 2019**	**01/01 – 06/30 2018**
Topcon reimbursement of expenses	90	54
Remuneration in kind	87	83
Reversal of provisions	19	0
Other operating income	24	80
Total	**220**	**217**

The other income changed only marginally compared with the reporting period of the previous year.

Other operating expenses

(in € '000)	01/01 – 06/30 2019	01/01 – 06/30 2018
Legal expenses and consulting costs	197	260
Advertising costs/travel expenses	120	150
Third-party development costs	93	110
Vehicle costs	61	84
Communication costs	58	70
Licenses	53	76
Premises expenses	35	93
Commissions, remuneration	20	62
Office equipment	18	29
Premiums, fees	18	18
Remaining other expenses	84	8
Total	**757**	**960**

The decrease in other expenses is largely attributable to the changed accounting requirements according to IFRS 16. Opposite to this, depreciations and amortizations increased which led to an improvement in EBITDA.

Other explanations

Business relationships with affiliated parties
There were no transactions with affiliated persons during the reporting period.

Statement by the legal representatives (balance sheet oath)

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statement give a true and fair view of the assets, financial position and net result of the Group, and the consolidated interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development for the remaining months of the financial year of the Group.

Frechen, 08/12/2019

ifa systems AG

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