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Interim Financial Report as at
June 30, 2019



CONTENTS

INTERIM FINANCIAL REPORT

INTERIM FINANCIAL STATEMENT (HGB)	03
Balance Sheet	04
Income Statement	06
INTERIM FINANCIAL STATEMENT (IFRS)	07
Balance Sheet	08
Income Statement	10
Statement of Cash Flows	11
Statement of Changes in Equity	12
Notes to the Interim Financial Statement	13
CONTACT	26



INTERIM FINANCIAL STATEMENT OF FINLAB AG (HGB)
AS AT JUNE 30, 2019



BALANCE SHEET AS AT JUNE 30, 2019 (HGB) ASSETS

	in thousand EUR	
	6/30/2019	12/31/2018
A. Fixed assets		
I. Intangible assets		
Concessions, industrial property rights acquired for a consideration, and similar rights and values as well as licenses to such rights and values	9	9
II. Property, plant and equipment		
1, Other equipment, furniture, fixtures and fittings	79	93
III. Financial assets		
1, Shares in affiliated companies	2,899	2,899
2, Loans to companies with which a participation relationship exists	2,149	1,615
3, Investments	21,690	17,300
4, Securities held for investment	19,268	19,350
	<u>46,095</u>	<u>41,265</u>
B. Current assets		
I. Receivables and other assets		
1, Trade receivables	3	4
2, Receivables from affiliated companies	3,125	1,636
3, Receivables from investments	1,107	1,145
4, Other assets	1,126	1,020
II. Securities	62	62
III. Cash, bank balances	8,219	13,362
	<u>13,641</u>	<u>17,229</u>
C. Accruals and prepayments	34	28
	<u>59,770</u>	<u>58,522</u>



BALANCE SHEET AS AT JUNE 30, 2019 (HGB) LIABILITIES

	in thousand EUR	
	6/30/2019	12/31/2018
A. Equity		
1. Subscribed capital	5,239	5,239
2. Capital reserve	46,808	46,808
3. Retained earnings	6,927	5,275
	<u>58,973</u>	<u>57,322</u>
B. Provisions		
1. Provisions for taxation	47	123
2. Other provisions	535	531
	<u>583</u>	<u>653</u>
C. Liabilities		
1. Amounts owed to banks	0	3
2. Trade payables	50	117
3. Amounts owed to affiliated companies	0	4
4. Amounts owed to investments	0	8
5. Other liabilities	164	414
	<u>214</u>	<u>547</u>
	<u>59,770</u>	<u>58,522</u>



INCOME STATEMENT (HGB) JANUARY 1 TO JUNE 30, 2019

	in thousand EUR	
	1st half 2019	1st half 2018
1. Revenue	723	1,221
2. Other operating income	567	379
3. Cost of materials	-188	-90
Personnel expenses		
4. a) Wages and salaries	-702	-589
b) Social security contributions and expenses for pensions and other benefits	-73	-54
5. Amortization and depreciation of intangible assets and property, plant and equipment	-14	-12
6. Other operating expenses	-421	-617
7. Income from investments	1,770	1,210
8. Income from other securities and loans	24	15
9. Other interest and similar income	34	0
10. Write-downs of financial assets and securities classified as current assets	-17	-0
11. Taxes on income	-49	-121
12. Other taxes	-0	-0
13. Net result for the period	1,652	1,341



INTERIM FINANCIAL STATEMENT OF FINLAB AG (IFRS)
AS AT JUNE 30, 2019



BALANCE SHEET AS AT JUNE 30, 2019 (IFRS) ASSETS

	in thousand EUR	
	6/30/2019	12/31/2018
A. Non-current assets		
I. Intangible assets	9	9
II. Property, plant and equipment	79	93
III. Financial assets	94,886	91,514
	<u>94,974</u>	<u>91,616</u>
B. Current assets		
I. Securities	74	62
II. Trade receivables	3	4
III. Receivables from associated companies	41	530
IV. Receivables from affiliated companies	3,125	1,636
V. Other assets	475	113
VI. Income tax receivables	685	934
VII. Cash at banks	8,219	13,362
	<u>12,622</u>	<u>16,641</u>
	<u>107,596</u>	<u>108,257</u>



BALANCE SHEET AS AT JUNE 30, 2019 (IFRS) LIABILITIES

		in thousand EUR	
		6/30/2019	12/31/2018
A.	Equity		
I.	Subscribed capital	5,239	5,239
II.	Capital reserve	48,632	48,274
III.	Retained earnings	45,572	40,973
IV.	Revaluation reserve	6,561	11,782
		106,004	106,268
B.	Non-current liabilities		
I.	Non-current provisions	62	62
II.	Other liabilities	134	151
III.	Deferred tax liabilities	797	793
		993	1,006
C.	Current liabilities		
I.	Provisions for taxation	47	47
II.	Other provisions	473	544
III.	Liabilities to banks	0	3
IV.	Liabilities to affiliated companies	0	4
V.	Trade payables	50	278
VI.	Other liabilities	28	105
		598	982
		107,596	108,257



INCOME STATEMENT (IFRS) JANUARY 1 TO JUNE 30, 2019

	in thousand EUR	
	1st half 2019	1st half 2018
Revenue	723	1,221
Income from investments	1,770	1,210
Other operating income	417	360
Total income	2,910	2,791
Personnel expenses	-1,134	-1,059
Non-personnel expenses	-621	-709
Operating result (EBIT)	1,155	1,022
Financial result	3,546	944
Earnings before taxes (EBT)	4,701	1,966
Taxes on income	-101	-340
Net result for the period	4,600	1,626
Average number of shares issued (undiluted)	5,238,670	5,042,837
Dilution effect arising from share options	219,592	230,051
Average number of shares issued (diluted)	5,458,262	5,272,888
Undiluted earnings per share in EUR	0.88	0.32
Diluted earnings per share in EUR	0.84	0.31
Changes to the revaluation reserve	-5,221	-8,905
Overall result	-621	-7,278



STATEMENT OF CASH FLOWS (IFRS) JANUARY 1 TO JUNE 30, 2019

	in thousand EUR	
	1st half 2019	1st half 2018
Net result for the period	4,600	1,626
Income from the sale of securities and financial assets	-274	-144
Retirement of securities and financial assets	126	128
Write-ups of securities and financial assets	-3,360	-917
Write-downs of securities and financial assets	0	0
Change in revaluation reserve due to deferred taxes	0	-144
Amortization and depreciation of property, plant and equipment and intangible assets	14	12
Increase/decrease in provisions	-71	147
Other non-cash expenses and income	362	490
Increase/decrease in receivables and other assets	-1,178	-908
Increase/decrease in payables and other liabilities	-331	-4
Cash flow from operating activities	-111	285
Outflow of funds for investments in property, plant and equipment and intangible assets	-1	-11
Payments for long-term loans	-1,150	0
Outflow of funds for investments in financial assets	-4,156	-1,482
Proceeds from the sale of securities and financial assets	274	143
Cash flow from investing activities	-5,033	-1,350
Costs of the capital increase	0	-6
Proceeds from capital increases	0	5,188
Cash flow from financing activities	0	5,182
Net change in cash and cash equivalents	-5,144	4,117
Cash and cash equivalents at beginning of period	13,362	4,112
Cash and cash equivalents at end of period	8,219	8,229



STATEMENT OF CHANGES IN EQUITY (IFRS)
JANUARY 1 TO JUNE 30, 2019

	Subscribed capital	Capital reserve	Retained earnings	Revaluation reserve	Total equity
in thousand EUR					
As at 01/01/2019	5,239	48,274	40,973	11,782	106,268
Changes in the revaluation reserve recognized in equity	-	-	-	-5,221	-5,221
Net result for the period	-	-	4,600	-	4,600
Overall result	-	-	4,600	-5,221	-621
Share option program		358	-	-	358
As at 6/30/2019	5,239	48,632	45,572	6,561	106,004



NOTES TO THE INTERIM FINANCIAL REPORT (IFRS) OF FINLAB AG AS AT JUNE 30, 2019

INFORMATION ABOUT THE COMPANY

FinLab AG (hereinafter referred to as “FinLab” or the “Company”) is based in Grüneburgweg 18, Frankfurt am Main and is entered in the Commercial Register of the Local Court of Frankfurt am Main under HRB 58865.

The business activities of FinLab focus on the development of German fintech (financial technology) start-up companies and the provision of venture capital for their financial requirements. FinLab also invests globally in fintech companies within the context of venture rounds, mostly in the USA and in Asia.

FinLab is listed on the open market of the Frankfurt Stock Exchange with inclusion in the “Scale” Standard.

BASIC PRINCIPLES

The unaudited, condensed interim financial statements as at June 30, 2019 were prepared in accordance with the International Financial Reporting Standards (IFRS), as applied in the EU, and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). IAS 34 (Interim Financial Reporting) was observed. The option to apply new standards prematurely has not been exercised.

The accounting and valuation methods underlying the 2018 annual financial statement were consistently applied to this interim financial statement.

The annual financial statement contains values which have been determined legitimately using estimates and assumptions. The estimates and assumptions used are based on historical experience and other factors such as planning and likely (from the current standpoint) expectations and forecasts of future events. The assumptions and estimates taken into consideration mainly relate to the determination of the recoverable amount in connection with impairment testing and the recognition and measurement of deferred taxes and provisions.

Significant adjustments to the reported assets and provisions may be required in the next financial year for the following items due to a revaluation:

	in thousand EUR	
	6/30/2019	12/31/2018
Financial assets	94,886	91,514
Securities held as current assets	74	62
Other provisions	582	653



NOTES TO THE INCOME STATEMENT

Revenue

The reported revenue relates to the services provided by the company to subsidiaries and equity interests, particularly in the areas of management, accounting and marketing. There are no other significant categories of revenue.

Income from investments

Income from investments is made up of the income and expenses from investments, in particular from dividends received.

Other operating income

Other operating income mainly consists of the reversal of impairments amounting to EUR 230 thousand (previous year: EUR 230 thousand) and the charging-on of expenses amounting to EUR 92 thousand (previous year: EUR 97 thousand).

As in the previous year, there was no income from currency conversion.

Personnel expenses

Personnel expenses include the remuneration for directors and employees.

Personnel expenses also include the amounts resulting from the valuation of the share options issued to employees and directors. More details on the stock option program can be found in the annual financial statement as at 12/31/2018.

The employees of the company are insured under the statutory pension scheme, whereby ongoing contribution payments are recorded as an expense at the time of payment. There are no further pension commitments.

	in thousand EUR	
	1st half 2019	1st half 2018
Wages and salaries	-622	-626
Social security contributions	-74	-55
Other personnel expenses	-438	-378
	-1,134	-1,059



Other personnel expenses are mainly made up of the costs related to the valuation of the options issued under the stock option program.

Non-personnel expenses

Non-personnel expenses consist of other operating expenses and depreciation and amortization of property, plant and equipment and intangible assets. The main items are as follows:

	in thousand EUR	
	1st half 2019	1st half 2018
Occupancy costs	-260	-158
Consulting and audit costs	-131	-139
Banking and insurance fees	-49	-42
Costs of marketing and financial market information	-39	-72
Losses on receivables and write-downs	-37	0
Costs for communication and IT	-34	-31
Travel and entertainment expenses	-33	-21
Vehicle costs	-18	-17
Amortization and depreciation of property, plant and equipment and intangible assets	-14	-12
Office expenses	-3	-3
Other miscellaneous expenses	-3	-214
	-621	-709

Other expenses mainly include expenses from other cost transfers and expenses from other accounting periods.



Financial result

The financial result is made up of:

	in thousand EUR	
	1st half 2019	1st half 2018
Income from the sale of securities and financial assets	274	144
Retirement of securities and financial assets	-126	-128
Write-ups and write-downs of securities and financial assets	3,360	917
Interest and similar income	57	15
Interest and similar expenses	-19	-3
	<u>3,546</u>	<u>945</u>

Income from the sale of securities and financial assets relates to the following:

	in thousand EUR	
	1st half 2019	1st half 2018
Non-current securities in the category “valued at fair value through profit or loss”	274	144
	<u>274</u>	<u>144</u>

The retirement of financial assets and securities relates to the following valuation categories:

	in thousand EUR	
	1st half 2019	1st half 2018
Non-current securities in the category “valued at fair value through profit or loss”	-126	-128
	<u>-126</u>	<u>-128</u>

Interest and similar income and expenses mainly relate to interest on loans, bank deposits and bank overdrafts.



Tax on income

Tax on income relates to deferred taxes and the creation of provisions for tax on the financial year's result.

	in thousand EUR	
	1st half 2019	1st half 2018
Actual tax expense for the period	-49	-121
Deferred taxes	-51	-219
	-101	-340

Earnings per share

Earnings per share based on the earnings attributable to shareholders from continuing operations are as follows:

	in thousand EUR	
	1st half 2019	1st half 2018
Average number of shares issued (undiluted)	5,238,670	5,042,837
Dilution effect arising from share options	219,592	230,051
Average number of shares issued (diluted)	5,458,262	5,272,888
Undiluted earnings per share in EUR	0.88	0.32
Diluted earnings per share in EUR	0.84	0.31



NOTES TO THE BALANCE SHEET

Intangible assets and property, plant and equipment

The composition of the changes in intangible assets and property, plant and equipment is shown in the schedule of assets, which is an appendix to the notes.

Intangible assets primarily consist of purchased software licenses.

The useful life of intangible assets and property, plant and equipment ranges from 3 to 20 years. No groups have been created due to the subordinate importance.

No expenses were incurred for research and development and such expenses were therefore not included in the costs or capitalized.

No internally generated intangible assets were capitalized.

Financial assets

Financial assets include the following items:

	in thousand EUR	
	6/30/2019	12/31/2018
Shares in affiliated companies	14,904	14,904
Investments	60,311	52,753
Non-current securities	16,456	21,626
Loans	3,215	2,231
	<u>94,886</u>	<u>91,514</u>

The securities held as non-current assets relate to the following:

	in thousand EUR	
	6/30/2019	12/31/2018
Securities classified „valued at fair value through profit or loss“	306	252
Securities classified and measured at „fair value through other comprehensive income“ („FVOCI“)	16,150	21,374
	<u>16,456</u>	<u>21,626</u>



Deferred tax assets and liabilities

Deferred tax liabilities primarily result from differences in the valuation of financial assets and the discounting of non-current debt. A tax rate of 31.93% was taken into account.

Securities

The securities held as current assets are allocated to the categories “financial assets valued at fair value through profit or loss” and „fair value through other comprehensive income“ („FVOCI“) As at the reporting date, there are only holdings in the category “financial assets valued at fair value through profit or loss”.

Receivables and other assets

The receivables and other assets shown have a maturity of up to one year and are reported at their nominal amount.

The other assets and receivables relate to the following items:

	in thousand EUR	
	6/30/2019	12/31/2018
Receivables from loans	3,166	2,165
Receivables from sales tax	377	0
Receivables from income tax	685	934
Other	101	118
	<u>4,329</u>	<u>3,217</u>

Cash at banks

Cash at banks corresponds in full to cash and cash equivalents and mainly consists of current accounts, savings accounts and fixed-term deposits.



Equity

Subscribed capital

The subscribed capital amounts to €5,238,670.00 and is fully paid up. It consists of 5,238,670 registered ordinary shares. The shares are no-par value shares with a nominal value of €1.00 each.

The stockholders' meeting of June 25, 2019 authorized the management to acquire treasury stocks in the period up to June 24, 2023 of up to ten percent of the subscribed capital existing at the time the resolution was passed. The authorization may be exercised in whole or in part. The stocks may be purchased via the stock exchange, by means of a public purchase offer or as a public invitation to submit offers for sale. With the consent of the Supervisory Board, the acquired stocks may be sold on the stock exchange or through a public offer and can be fully or partially retracted.

With the approval of the Supervisory Board, the Management is authorized to increase capital stocks through June 14, 2023 by issuing new registered ordinary shares in the form of no par value shares with a calculated value of EUR 1.00 per share against cash or non-cash contributions once or in multiple installments in a total amount of up to EUR 2,494,335.00 (Authorized Capital 2018/I). The subscription rights of the shareholders can be excluded.

The subscribed capital of the Company was contingently increased by €1,815,000.00 by the Annual General Meeting of December 10, 2014 (Contingent Capital 2014/I). The subscribed capital of the Company was contingently increased by up to €453,867.00 by resolution of the Annual General Meeting of December 10, 2014 (Contingent Capital 2014/II). Based on the contingent capital increases, the Company has made partial use of the authorization to issue bonds with warrants and/or convertible bonds, profit participation bonds and/or participation rights with warrants and/or conversion rights or obligations.

In fiscal years 2015 to 2017, a total of 425,000 stock options were granted to the employees and members of the Board of Management of FinLab AG and 13,000 stock options to the employees and management of a subsidiary, which entitle each option right to purchase one share of the Company after a four-year waiting period. In accordance with the agreement, 25,000 stock options were returned to FinLab AG in fiscal year 2017. As a result, a total of 413,000 issued options remain as of June 30, 2019.

Capital reserve

The capital reserve contains the amount that will be received from the issue of shares in addition to the (accounting) par value (offering premium).

The capital reserve also includes the amounts resulting from the valuation of the share options issued.

Retained earnings

Income retained in previous years and in the current year is shown under retained earnings. There are no legal reserves as defined in Section 150 Para. 2 of the German Stock Corporation Act (AktG) or other reserves covered by the Articles of Association.



Reserve for the revaluation of financial instruments

The reserve for the revaluation of financial instruments includes the changes in value of the financial assets recognized in equity in the category „fair value through other comprehensive income“ („FVOCI“) and all adjustments of deferred taxes and provisions made in connection with the valuation of these assets.

During the reporting period, value adjustments to financial instruments were recorded in equity in the following amounts:

	in thousand EUR	
	1st half 2019	1st half 2018
Valuation and disposals of securities	-5,268	-9,049
Deferred taxes	47	144
	-5,221	-8,905

Provisions

Non-current provisions of EUR 32 thousand (12/31/2018: EUR 32 thousand) for the archiving of files and of EUR 30 thousand (12/31/2018: EUR 30 thousand) for decommissioning obligations and not discounted due to the minor effect.

Provisions for tax on income were made based on earnings for the financial year in the amount of EUR 0 thousand (previous year: EUR 166 thousand).

Other current provisions are made up as follows:

in thousand EUR	12/31/2018	Use	Reversal	Allocation	6/30/2019	Likelihood of use
Personnel	153	-43	-	121	231	Medium
Office expenses	123	-23	-	-	100	Low
Audit costs	104	-47,5	-3	25	79	Medium
Supervisory Board	50	-40	-	30	40	High
Tax consultancy	14	-10	-	-	5	High
Outstanding invoices	99	-81	-	-	18	High
	544	-244	-3	176	473	

The personnel provisions relate to provisions for employee bonuses, holiday entitlement and contributions to the trade association.



Liabilities

Other liabilities relate to the following items:

	in thousand EUR	
	6/30/2019	12/31/2018
Wage and church tax	28	20
Liabilities to investments	0	294
Other	134	175
	162	489

OTHER DISCLOSURES

Notes to the Statement of Cash Flows

Cash flows are recognized in the statement of cash flows according to IAS 7 in order to provide information about the movement of the company's cash and cash equivalents. Cash flows are differentiated according to operating, investing and financing activities. The indirect presentation method is used.

During the reporting period, there were cash inflows from interest income in the amount of EUR 6 thousand (previous year: EUR 15 thousand) and cash outflows from interest expenses amounting to EUR 17 thousand (previous year: EUR 0 thousand). Dividends in the amount of EUR 0 thousand (previous year: EUR 892 thousand) were received.

Income taxes of EUR 0 thousand were paid (previous year: EUR 0 thousand).

Cash (cash and cash equivalents) consists of cash at bank.

Notes to segment reporting

As the "chief operating decisions maker" in the sense of IFRS 8.7, the Executive Board of FinLab AG regularly reviews information about the development of the company at overall portfolio level. It also makes decisions regarding the allocation of resources at this level.

Information relating to accounting is therefore only available for the company as a whole and is not allocated to individual segments. FinLab is accordingly managed as a "single segment entity" (SSE), so that the financial and other effects of business activities can be identified on the basis of the elements in the financial statements. Reporting on operating segments is therefore unnecessary.

The company's value is mainly determined on the basis of the market value of investments as reflected in equity according to IFRS. Equity according to IFRS is a key parameter for managing and monitoring the company.

FinLab operates in German-speaking countries and its income was generated in Germany.



Contingent liabilities and other financial obligations

The remaining payment obligations for agreed shareholdings not yet called in for shares in FinLab EOS VC Europe I amount to EUR 4,061 thousand (2018/12/31: EUR 4,760 thousand) as at the accounting date.

Leasing

FinLab has concluded operating lease agreements for vehicles and technical equipment (movable goods). There was also a rental agreement for office space (real estate).

The concluded rental and lease agreements are to be regarded as operating lease contracts and the leased object is therefore to be attributed to the lessor. Some industry-standard renewal options are available.

As at the reporting date, a total of EUR 1,188 thousand in rental commitments resulted from a rental agreement signed in April 2017 for a fixed term of five years and eight months. The rental agreement ends in December 2022. A bank guarantee of EUR 56 thousand was provided as a rent deposit. In the current financial year, payments amounting to EUR 198 thousand have been made.

Further financial obligations of EUR 28 thousand result from existing lease agreements.

Related Parties

As at June 30, 2019, LION CAPITAL AG, Kulmbach, held more than 25% of the company's shares. As at June 30, 2019, LION CAPITAL AG, Kulmbach is classified as an affiliated company within the meaning of Section 15 of the German Stock Corporation Act (AktG) with regard to other companies. The indirect owner in the meaning of Section 17 Para. 1 of the German Stock Corporation Act (AktG) is Mr. Bernd Förtsch, Kulmbach.

As he had a voting majority at the Annual Shareholders' Meeting on June 25, 2019, Mr. Bernd Förtsch was able to exert what amounted to a controlling influence over the company. Furthermore, it is expected that such a voting majority will be held at future annual shareholders' meetings, making FinLab a business controlled by Mr. Bernd Förtsch in accordance with Section 17 Para. 1 and 2 of the German Stock Corporation Act (AktG) as at June 30, 2019.

In the financial year, there were no corresponding business transactions to report.

The members of the company's Executive Board only received short-term remuneration during this financial year. The total amount was EUR 257 thousand (previous year: EUR 357 thousand).

Supervisory Board remuneration amounting to EUR 30 thousand (previous year: EUR 25 thousand) was to paid members of the Supervisory Board during the reporting year. As in the previous year, costs were reimbursed in the amount of less than EUR 1 thousand.

All transactions with related companies and individuals were carried out on conditions applicable to transactions with third parties.



As at the reporting date, FinLab directly or indirectly held 20 percent or more of the voting rights in the following companies:

Investments	Headquarters	Percentage holding
Heliad Management GmbH	Frankfurt am Main	100%
Patriarch Multi-Manager GmbH	Frankfurt am Main	100%
VCH Investment Group AG	Frankfurt am Main	100%
FinLab Asset Management GmbH	Frankfurt am Main	100%
Heliad Equity Partners GmbH & Co. KGaA	Frankfurt am Main	45.3 %
nextmarkets GmbH	Köln	38.1 %
Authada GmbH	Darmstadt	25.1%
Vaultoro Limited	London/UK	25.0%
Iconic Holding GmbH	Frankfurt am Main	24.5%
awamo GmbH	Frankfurt am Main	21.4%
Fastbill GmbH	Frankfurt am Main	20.9%
CASHLINK Technologies GmbH	Frankfurt am Main	20.0%

Employees

Over the course of the year, FinLab employed 13 members of staff on average (previous year: 12).

Executive Board and Supervisory Board

Executive Board:

- Juan Rodriguez, member of the Executive Board, Bad Vilbel
- Stefan Schütze, member of the Executive Board, Frankfurt am Main



Supervisory Board:

- Axel-Günter Benkner, independent management consultant, Nidderau, (Chairman of the Supervisory Board)
- Stefan Müller, fully authorized representative of Börsenmedien Aktiengesellschaft, Küps
- Dr. Friedrich Schmitz, entrepreneur, Munich

Post-Balance Sheet Events

There have been no material events of special significance since the close of the fiscal year.

Frankfurt am Main, August 2019

The Executive Board



CONTACT

FinLab AG

Grüneburgweg 18

60322 Frankfurt am Main

investor-relations@finlab.de

Telephone +49 (0) 69 . 719 1280-0