Staramba

Touch the Future

Annual Report 2016

Report of the Managing Director

Dear shareholders, employees, and business partners,

The 2016 financial year was a very eventful one for Staramba. The change in the corporate structure took our business to another, more professional level and will form the basis for long-term, dynamic growth. In retrospect, 2016 will probably be seen as a key turning point in Staramba's corporate history. In the past financial year, the former Social Commerce Group (SSE), a technology holding company with interests in a total of four companies, was transformed into an operating company. With the swap agreement of 17 June 2016, the remaining 48% of shares in Staramba GmbH were acquired by SSE for the exchange for the shares previously held in yoyo smart social web solutions AG, MXM Mixed Reality Marketing AG, and Staramba USA Corporation. Subsequently, on 30 June, a merger agreement retroactively effective 1 January 2016 merged all shares in Staramba GmbH into SSE, consequently eliminating the previous holding structure. The company has been operating since August of last year under the name Staramba SE. Besides these fundamental changes, the company did not neglect its strategic development. In October 2016, as a further significant step in focusing the company's business, the 3D printing manufactory was sold to a US investor. This reflects Staramba's strategic realignment in response to the strong demand for digital solutions distinct from the marketing of 3D printed figurines. The areas that Staramba will focus on in the future include not only virtual reality (VR), but also augmented reality (AR), app development, 2D and 3D configurators, and setting up a scanner network and sales platform. With this step, we want to offer solutions specifically adapted to our customers' requirements.

Achieving the high goals, we had set for 2016 was challenging, not least because of the restructuring of our relatively new company. After sales of around €1 million in 2015, we set an ambitious sales target of €5 million and slightly positive results for 2016. In fact, we made €2.1 million in operating income and generated an additional €3 million from the sale of the 3D printing facility. Given the restructuring and the conversion into an operating company and the subsequent refocusing of our activities on the digital business, we are proud of what we have achieved. In 2016, we created the basis for our future focus on the marketing of digital products, as has been the stated goal of management since the company was founded.

After this challenging period, where we focused on restructuring, reducing costs, and creating suitable conditions for the future, we are now focusing on growth and innovation. For example, the company is currently focusing on signing the remainder of the world's most important soccer clubs as licensing partners, implementing a global sales infrastructure for the 3D INSTAGRAPH®, our 3D photogrammetry scanner, and connecting every scanner sold to a global cloud platform which will allow scanner operators additional sales opportunities for their scans. At the same time, we want to expand our network of scanners and are already in talks with several major operators of malls and shopping centres in Germany, America, and Asia. When we signed the framework agreement for up to 100 3D INSTAGRAPH® scanners in December 2016, this set the price of Staramba stock on fire, with the price on XETRA jumping from €6.65 to more than €40 a share. We are satisfied with this development, although we are convinced that the current market capitalisation still does not reflect the real value of the company. We also note that the public is becoming more aware of Staramba. Media reporting about Staramba has become frequent of late and has been positive without exception. Continuous reporting across a wide range of media enhances our visibility and transparency, which benefits all of our shareholders and potential investors.

The prospects for the current year are more favourable than ever, and management is looking forward with great confidence to the future of Staramba. In May 2017, a 3-year contract with the leading US vendor of pop-up store concepts, JBC & Associates, LLC, was signed for the sale of over 100 3D INSTAGRAPH® scanners to be placed and operated at selected shopping malls. This will further drive our penetration of the US market and provide us with new opportunities for further sales activities in the US. Staramba will also be implementing new business structures to affect a significant shift towards profitability. The company has also set itself the goal of simplifying and then redeveloping its business portfolio.

We would like to thank our employees for their dedication, commitment, and creativity. We look with great optimism towards the future of the "new" Staramba as an operating company increasingly focused on the digital business. We are confident that our future-orientated technologies and the IP-based portfolio will enable us to create sustainable value for our shareholders.

Berlin, May 2017

Christian Daudert

Managing Director

Staramba SE

Report of the Board of Directors

Report of the Board of Directors of Staramba SE for the 2016 Financial Year

Dear Shareholders,

In the 2016 financial year, the board performed the duties assigned to it by law and the company's Articles of Incorporation. It provided oversight of the CEO and provided him advice as needed.

As the situation of the company required, the board and Managing Director engaged in a lively dialogue either verbally or in writing. The primary focus this year was on matters related to the business strategy, the status of the individual holdings, potential acquisitions, the company's asset, financial, and earnings situation, as well as future assets, investments, sales, and financial planning. The board was kept informed of all matters of particular importance that they themselves had not initiated. The Managing Director notified the Chairman of the board of Directors of all decisions he took.

The annual meeting held on 28 July 2016 voted to expand the board's membership from three to five members. Two major shareholders, Christian Daudert and Rolf Elgeti, were then elected to the board of Directors. Mr Elgeti is a respected expert in the stock markets and is the founder of Obotritia Beteiligungs GmbH. Mr Daudert is the asset manager and founder of Staramba GmbH, which per the merger agreement dated 30 June 2016 was merged into Staramba SE, retroactive to 1 January 2016. Since then, the board has had five members: Christian Daudert as chairman, Professor Klemens Skibicki as deputy chairman, and Rolf Elgeti, Marthe Wolbring, and Julian von Hassell as the remaining members.

Focus of the board's deliberations

There were no committees in the 2016 financial year and the entire board deliberated in plenum. In addition to the reports required by law, the following topics received intensive attention from the board:

- Financial statements for the year ending 31.12.2015
- Change to the company structure
    - Abandoning the holding structure
    - Exchange of shares in yoyo, MXM and SUSA for the remaining shares in Staramba GmbH
    - Merger of Staramba GmbH into Staramba SE
- Sale of the 3D printing facility
- Changes to the company structure to align with the new focus strategy
- Opening new market regions
- Analysis of growth in the scanner, 3D data, and 3D figurine business
- Activities with global partners
- Corporate governance codex

- Implementation of measures to optimise operational efficiency
- Structuring of research and development activities related to scanners and VR

One subject regularly discussed was the sales, results, and employment situation at Staramba SE, the financial situation, the company's strategic prospects, and its continued development. The Managing Director provided the board with comprehensive and regular reports on the plans for the business, the course of business, and the current situation of the company. The board addressed in detail the economic situation of the company and its operational and strategic development, and worked on plans for further development.

Financial statements & audit

The company's annual financial statements for the year ending 31 December 2016 were prepared according to the rules set forth in the German Commercial Code (HGB). The auditor appointed by the annual meeting held on 28 July 2016, Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft, Munich, audited the annual statements, consisting of the balance sheet, income statement, notes, cash flow statement, and the statement of changes in equity, together with the Staramba SE management report for the year ending 31 December 2016, and issued an unqualified audit opinion. The main focus of the audit was on the accounting for the exchange of shares in yoyo smart social web solutions AG, MXM Marketing Reality AG and Staramba USA Corporation for the remaining shares in Staramba GmbH, the merger of Staramba GmbH into Staramba SE, as well as the recognition and valuation of receivables from goods and services and sales revenues. In addition to the annual financial statements and the management report, the board also received the auditor's report. The financial statements and the audit report were discussed in detail at the board meeting held 27 April 2017. At this meeting, the Managing Director explained the statements prepared for Staramba SE. The auditor who prepared the audit report was present and participated in the discussion of the reports and the key findings they contained and was available to answer questions.

Following its own review and discussion of the annual financial statements and the management report, the board approved the results of the audit and the annual financial statements prepared by the Managing Director for the year ending 31 December 2016. Accordingly, the annual financial statements were finalised per §47 (5) of the Act Implementing the Societas Europaea (SE-AG).

Corporate Governance

In the past financial year, the board has consistently monitored the implementation of the provisions of the German Corporate Governance Code and the development of corporate governance standards. In April 2017, an updated declaration of conformity per §161 of the German Stock Corporation Act (AktG) was issued and made permanently available to the shareholders on the company's website. Information on corporate governance in the company as well as a detailed report on the compensation paid to the Managing Director and the members of the board and how it is structured can be found in the corporate governance statement prepared in accordance with §289 a HGB and in the remuneration report in the 2016 annual statements. Both documents are also available on our website. The board reviewed the information and the report on the disclosures in the management report as required by §289 (4) HGB. The board reviewed and approved the corresponding explanations in the management report.

On behalf of the Board of Directors, I would like to thank all our employees for their personal commitment and constructive cooperation in our company over the past several months.

Berlin, May 2017

Christian Daudert, Chairman of the Board of Directors

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Management Report 2016

About Staramba SE

Staramba SE ("SSE"), formerly Social Commerce Group SE ("SCGSE"), significantly changed its corporate structure in the past financial year. The previous year, SSE was exclusively a holding company for the companies of the Social Commerce Group. It did not operate its own businesses. With a merger agreement dated 30 June 2016, all shares in Staramba GmbH were merged into the SSE with retroactive effect on 1 January 2016. Previously, SSE had signed a swap agreement on 17 June 2016 to acquire the remaining 48% of the shares in Staramba GmbH previously held by 48% in the course of a swap against the previously held by yoyo smart social web solutions AG, MXM Marketing Reality AG and Staramba USA Corporation Both transactions took place at fair value. With the deconsolidation of the former shares and the merger of the now fully-owned sole subsidiary with the parent company, the holding structure was abolished. The company has been operating since August 2016 under the name Staramba SE. In October 2016, Staramba SE sold its 3D printing manufactory to a US investor. With this sale, Staramba SE has created the necessary conditions for returning to its original focus on digital products.

Staramba SE works with licensors in the international sport and entertainment sectors to develop and sell digital products (apps, games, data) and photo-realistic 3D figurines made of high-quality polymer plaster. Licensed Staramba products include such celebrities from the world of film and music as Elvis Presley, KISS, and Roland Kaiser. The digital products and 3D figurines are sold directly in Staramba's own online shop, via electronic platforms such as Amazon, as well as wholesale to other retailers (B2B2C) such as Konami. In addition, there are certified stationary partners at home and abroad that have a Staramba 3D-INSTAGRAPH® scanner on hand to scan anyone to create personalised 3D products.

The goal of Staramba SE is to provide its customers with innovative and customised solutions and to provide new opportunities in an increasingly digital environment. In so doing, it is blazing new trails where few businesses have gone before. For instance, SSE has licensed the images of prominent celebrities from the worlds of sport and entertainment to meet the known demand for product solutions offered digitally and/or purely digital products. Although there are a few smaller, regional providers of such services, no other company is globally positioned like SSE to deliver in-demand products just in time. Only through international trading platforms for merchandising like f*anatics* and *sports endeavour* is the need for solutions slowly but surely being articulated as demand. SSE seeks to drive this demand in partnership with licensors.

As a start-up company, the company faces the challenge of developing new markets with limited resources, while making sure that the rewards of the solutions are not reaped by future competitors, who did not do the hard work of developing the market.

Staramba SE has met this challenge during both the reporting year and previously with the following four measures:

1. **Use of prominent existing investors from top-level sport as proof of the quality and fan orientation of our solutions:** The company was founded and built up mainly by well-known top athletes. These investors naturally have a sustained interest in the success of their investments and are able to provide the company with testimonials.

2. **After changing segments, established on regulated market:** SSE was approved on 15 May 2015 for general standard listing on the Frankfurt and Berlin stock exchanges and has been listed on XETRA since. The increased public awareness has helped the company gain considerable attention even with minimal marketing budgets and has paved the way for partnerships with important licensing and sales partners. The strong growth in the share price since December 2016 confirms the company's decision to change segments.
3. **Contract duration:** The company is putting its focus especially on licensing and sales partnerships with at 3-year minimum terms, in order to expand and build on its existing advantage as the only supplier in the 3D merchandising market segment. This also secures our position against any competitors that may appear during that same period.
4. **Technology development:** The company relies on a few key technologies that make a "blue ocean strategy" possible,[1]where we will satisfy customer wishes individually by offering mass customisation without having to cut back on cost-effective electronic customer access.

These measures will sustain the value of the company and the solutions it provides over the long term.

[1] Blue Ocean Strategy: W. Chan Kim, Renée Mauborgne, How to Create Uncontested Market Space and Make Competition Irrelevant, Harvard Business School Press, Boston 2015

A. Company fundamentals

Composition and structure of the company

In the previous financial year, Staramba SE ("SSE") was a group of companies (then still operating under the name "Social Commerce Group SE") under unified management, which provided consulting and other tasks related to the business. This management work took place on its own account and sought to promote the long-term value of the holdings. The company was entitled to establish, acquire, and participate in all types of companies. SSE then changed its corporate structure in the past financial year. In the previous year, Staramba SE, as described above, functioned exclusively as a holding company. It did not operate its own businesses. In June 2016, the remaining 48% of shares in Staramba GmbH were acquired by SSE for the exchange for the shares previously held in yoyo smart social web solutions AG (Hamburg), MXM Mixed Reality Marketing AG (Stendal), and Staramba USA Corporation (Tampa). An agreement was signed 30 June 2016 to merge Staramba GmbH into Staramba SE, effective 1 January 2016. The merger was registered on 12 August 2016. With the deconsolidation of the former shares and the merger of the now fully-owned sole subsidiary with the parent company, the holding structure was abolished. The company has been operating since August 2016 under the name Staramba SE.

As of the reporting date 31 December 2016, the company had 31 employees. In the reporting year, the Managing Director received for his activities a monthly fixed salary of €8,333 through September 2016 and €12,495 per month from October 2016 (previous year: €8,333) including a company car and VAT. As expected by the board, the variable components of the Managing Director´s remuneration were not paid in the reporting year, although his contract provides for them. Looking ahead, given the increased activities of the company, it is expected that additional employees and potentially Managing Directors will be hired.

The shares of the company are traded as general standard listings on the Frankfurt and Berlin stock exchanges.

Share information (as of 31 March 2017)

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

The annual general meeting of Staramba SE held 28 July 2016 decided to authorise the Board of Directors to increase the company's share capital for a period of five years, calculated from the date of entry in the commercial register, by issuing new bearer shares against cash and/or contributions in kind by up to a total of €905,999.00 (Authorised Capital 2016/I) and, at the same time, to cancel the existing capital authorisation. The Board of Directors was authorised to exclude certain shareholders from the right to subscribe, so that an agreement on subscription rights pursuant to §30b para. (1) sentence 1 no. 2 WpHG (German Securities Trading Act) pertains. The authorisation may be used once or several times, either in whole or in part. During the 2016 financial year, no shares were subscribed due to the authorised increase in capital (Authorised Capital) 2016/I (§160 para. 1 no. 3 AktG).

On 15 March 2017, the company's Board of Directors also decided to increase the share capital from Authorised Capital 2016/I by €150,000 from €2,112,000 to €2,262,000. Authorised Capital 2016/I was reduced to €455,998 as a result of this partial utilisation.

The company's business model and strategy

Staramba SE works with licensors in the international sport and entertainment sectors to develop and sell digital products (apps, games, data) and photo-realistic 3D figurines made of polymer plaster. Licensees include top European football teams such as the German national team, FC Bayern München, Real Madrid, Arsenal London, and Chelsea. Licensed Staramba products include such celebrities from the world of film and music as Elvis Presley, KISS, Kiesza, and Roland Kaiser for UNIVERSAL, Bravado, ABG, Epic Rights, and many other brands.

Staramba offers fans of celebrities in the world of sport, music, and entertainment the opportunity to depict their chosen stars according to their wishes, and then have them printed on demand as 3D figurines. A second product line even allows fans to be printed as 3D figurines alongside their favourite stars. Staramba SE ensures celebrities that their data is kept extra secure from theft and misuse by keeping all of the processes that go into producing the files in-house or by having its own employees collect celebrity data on mobile devices for subsequent storage on its own, redundantly protected servers.

The celebrities and their labels receive a commission for each figurine sold. The Staramba brand will thus more easily and more quickly achieve greater public awareness. Staramba will give the increasing number of small 3D scanning studios shooting up around the world, usually without their own printers and regularly with significant excess capacity, the opportunity to expand their product portfolio by offering customers scanned locally to be printed alongside well-known celebrities by Staramba in the quality for which Staramba is known. Staramba is targeting new markets for the purely digital use of 3D imaging data, a field promising high profit margins.

Digital products and 3D figurines are sold in Staramba's own online shop and via electronic platforms such as Amazon and eBay. In addition, there are certified stationary partners at home and abroad that have a Staramba 3D-INSTAGRAPH® scanner on hand to scan anyone to create personalised 3D products. Staramba SE shares are traded as general standard listings on the Frankfurt stock exchange.

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

In the reporting year, the company took two key strategic decisions:

1. In mid-2016, the holding structure of Staramba SE was retroactively abandoned and the company was transformed into an operating company through its merger with Staramba GmbH.
2. In October 2016, Staramba SE sold its 3D printing manufactory to a US investor.

With this transformation into an operating company and the sale of the 3D printing manufactory, Staramba SE has created the necessary conditions for returning to its original focus on digital products.

B. Management and internal controls

The company has a single-tier management structure, with a general meeting, a Board of Directors, and a Managing Director. The Board of Directors consists of five members: Christian Daudert (Chairman), Professor Dr Klemens Skibicki (Vice- Chairman), Rolf Elgeti, Marthe Wolbring, and Julian von Hassell. The Managing Director in 2016 was Julian von Hassell. On 28 March 2017, Christian Daudert assumed that office from Mr von Hassell. On 23 September 2015, the Board of Directors decided that at least 30% of the board should be women. Since the board already had 33.33% female membership, there was no need to set a deadline to meet this goal. On 28 July 2016, the general meeting decided to expand the Board of Directors from three to five members, a fact entered into the commercial register on 18 August 2016. As the company could not find a suitable female candidate to elect to the board, the ratio of female members dropped to 20% as a result of the decision.

For this reason, the board decided on 19 August 2016 to set a five-year deadline for meeting the 30% ratio previously established for its membership. The decision previously taken that at least 30% of the Managing Directors should be women if the company decides to appoint three or more Managing Directors remained unchanged. Since there are no further leadership levels below the Managing Director, a quota for female middle management has not been set.

Further details on the company's compliance and deviation from the guidelines of the German Corporate Governance Codex can be found in the Company's Declaration of Compliance from April 2017, and posted on the company's website at: http://www.staramba.com/investoren/corporate-governance/.

The Managing Director provides regular reports on key issues to the Board of Directors by telephone. The reports mainly focus on business policy and strategies, ongoing business activities, and potential acquisitions.

Section *E. Declaration on Corporate Governance / Corporate Governance* provide detail from the company's articles concerning the competencies and responsibilities of the general meeting, the Board of Directors, and the chief executive officer as the three organs of the company. There has been consistent compliance with the articles.

Internal control system

SSE's accounting and controlling systems operate on the basis of success and lead indicators. As a listed company, the decisive criterion is ensuring sufficient secured liquidity. The company receives monthly evaluations from its external bookkeepers based on preliminary figurines prepared internally. The Managing Director provides continuous reports on the current liquidity levels to allow the board to decide whether to issue loans or increase capital.

Via postings made at least weekly to *DATEV online*, the Managing Director has a sufficiently up-to-date overview of the liquidity situation. Depending on the current results of the liquidity situation, the Managing Director will make a timely decision if and when the board should decide to take on shareholder loans or capital increases to ensure continued compliance with the requirements of the law and of the articles, and which options are the most beneficial to the company.

In addition to the critical weekly decision on the company's liquidity, i.e. whether the company should seek to acquire new funds via an increase in capital, the internal control system tracks the objective of continuous growth in the company's value through successes in sales and licensing deals.

Key to the continued growth of the company's value are its sales data, for which a separate sales controlling system with continuous written reports has been created. This system also functions as a risk-prevention system and ensures that a sales system has been put into place to generate sufficient new sales leads and opportunities.

The Managing Director, as the key decision maker, and the department heads who make the relevant reports are involved in this internal control system. As needed, the Managing Director recommends to the board that it take decisions on injections and allocations of capital, and how the funds will be used.

Using the dual-control principle during preliminary gathering of figurines and by our external bookkeeping, as well as the use of clear controls of access to *DATEV online* are central elements of our internal accounting and controlling system.

The annual financial statements are prepared by an external tax consulting firm in accordance with the applicable accounting principles and the German Commercial Code (HGB).

C. Business report

Macroeconomic and industry development

The economic situation prevalent in Germany and its development determine the general framework conditions for Staramba SE.

The gross domestic product determined by the Federal Statistical Office shows the macroeconomic conditions prevailing in the regional market in the past financial year:

In 2016, economic growth was slightly higher in Germany than in the previous year. The gross domestic product (GDP), adjusted for price effects, rose by 1.9% compared to the previous year. In 2015, growth was 1.7% (2014: 1.6%). Industrial commodity prices continued their downward trend in 2015, but this was reversed in 2016. In particular, the more than 40% jump in oil prices drove this development.

In the energy sector, the price of a barrel of oil (159 litres), as an indicator of energy prices, rose from $37 per barrel at the beginning of 2016 to $54.

Q1 2016 continued the growth rate of the previous year. The adjusted GDP was 0.7% higher than in the fourth quarter of 2015. Compared with the previous year, the adjusted GDP rose by 1.3%. Positive impetus came mainly from the domestic market. Both government and consumer spending jumped and investment also climbed thanks to the mild weather. This growth trend continued in Q2 2016. Compared to Q1, the adjusted GDP jumped another 0.4%. Positive impetus came mainly from abroad, as exports rose while imports declined. Private and government spending also supported growth. Q2 also saw greater economic growth compared to the previous year. The adjusted GDP rose by 3.1%, the highest jump in five years. Economic output in Q1 and Q2 was driven by almost half a million more people in the workforce than in the previous year. The German economy then lost some momentum in Q3 2016. Adjusted GDP was 0.2% higher than Q2. Compared to the previous quarter, the impetus came from domestic consumption. In a year-over-year comparison, economic growth slowed slightly. The adjusted GDP rose by 1.5% in Q3 2016, compared to 3.1% in Q2 and 1.5% Q1. In Q4, the adjusted GDP was 0.4% higher than in the previous quarter. In the fourth quarter as well, the positive momentum came from the domestic market, with both government and consumer spending climbing. For the whole of 2016, the GDP rose by an average of 1.9%.

The currently prevailing, historically low interest rate favours consumption and investment activity in Germany. The three-month Euribor (an interest rate for loans between banks within the European Union) was -0.13% at the end of 2015, dropping from 0.06% at the beginning of 2015. This development continued in 2016, with the three-month Euribor at -0.32% as of 31.12.2016.

The labour market recorded a 1.0% increase in the number of employed persons in 2016 compared to the previous year. In 2015, the number of employed persons had risen by 0.8%. Employment levels have thus continued to climb for more than 10 years. At the end of 2016, the number of people employed reached its highest level since German reunification in 1990. An increase in the domestic population's participation in the labour market and the immigration of foreign workers compensated the overall decline in the country's demographics.

Germany continued its steady growth during the reporting year. The continued decline in unemployment and, in particular, the increase in disposable income strengthened private consumption and retail, which have become the sustaining pillars of economic growth.

In summary, the general economic conditions were positive. In particular, the increase in exports contributed to this development. The fall in the value of the Euro favoured exports. In Germany, the lower interest rates stimulated consumption and investment incentives. The increase in the number of employed persons shows that economic growth has also begun to penetrate the labour market.

However, the positive overall economic situation in Germany which sets the country significantly apart from the general European economic climate continues to have only a peripheral effect on the state of the digital economy in Germany. As SSE sees it, there is an increased reticence to invest and take on risk, especially from institutional investors, compared to the situation in North America. The general perception in Germany has, however, visibly increased as of late. For example, the digital transformation is now beginning in many SMEs, with many companies being supported by internal digital units. On the other hand, more and more start-up companies are being offered the necessary technical support from experts, as well as purely financial support from incubators.

Presentation of the company's position

General statement of the Board of Directors

In the opinion of the Board of Directors, the company's development in 2016 essentially corresponded to its ambitious expectations. SSE is still in the early stages of a start-up. The ambitious sales target of €5 million for 2016, which would have delivered a slightly positive result, was a difficult challenge after posting just €1 million in sales the previous year. In the reporting year, the company posted €2.1 million in sales. In addition, the company earned €3.05 million in other operating income from the sale of its 3D printing manufactory. After deducting expenses, the sale of the manufactory realised €2.9 million in revenue, which, of course, will not recur. The restructuring and the conversion into an operating company and the subsequent refocusing of our activities on the digital business meant that the targets originally set for 2016 could not be met. Instead, the company created the conditions that will allow not only to meet the previous year's ambitious sales and earnings expectations in 2017 and beyond, but also far exceed them if conditions remain favourable. These conditions include signing the remainder of the world's most important soccer clubs as licensing partners, implementing a global sales infrastructure for the 3D INSTAGRAPH®, our 3D photogrammetry scanner, and connecting every scanner sold to a global cloud platform which will allow scanner operators additional sales opportunities for their scans. Staramba is currently in talks with several major operators of malls and shopping centres in Germany, America, and Asia.

With this business model, SSE has been able to further strengthen its positive image as a leading provider of innovative digital technologies for sports and entertainment monetisation vehicles. This can be seen, for example, in the increased interest of the international trade media, business reporters, and mass media.

After the holding structure of Staramba SE was given up, the company was retroactively transformed into an operating company through its merger with Staramba GmbH as of 1.1.2016. In October 2016, Staramba SE sold its 3D printing manufactory to a US investor. In December 2016, SSE's sales partner in the US also signed a deal for 100 Staramba 3D INSTAGRAPH® scanners with a new American customer. During the reporting year, SSE created the necessary conditions for returning to its original focus on digital products. This reflects Staramba's strategic realignment in response to the strong demand for digital solutions such as 2D and 3D configurators and apps distinct from the marketing of 3D printed figurines. Technologies with particularly strong demand include virtual reality (VR) and augmented reality (AR). Staramba plans on increasing its investments in both technologies in the coming years and offer individual solutions to customers.

On 28 July 2016, general meeting of Staramba SE took place in Berlin.

The meeting voted to increase the capital from Authorised Capital (2015/I) during the reporting period. On 13 May 2016, it was decided to make partial use of Authorised Capital 2015/I and thus increase the company's share capital by €141,999 to €1,811,999, by issuing 141,999 new bearer shares in SSE with a calculated share in the capital of €1.00 each against cash contributions. The capital increase was entered into the commercial register of Charlottenburg Local Court (HRB 158018 B) on 31 May 2016. After this partial use of Authorised Capital 2015/I in the first half of 2016, the remaining €318,001 in Authorised Capital 2015/I was cancelled. The transaction was handled by Oddo Seydler Bank AG. The capital increase resulted in gross issue proceeds of €0.88 million. The net issue proceeds were €0.84 million, which was used to finance the further growth of the company. The listing of the new shares in the regulated, general standard market of the Frankfurt and Berlin exchanges took place on 9 June 2016.

The annual meeting held on 28 July 2016 voted to increase the share capital by €700,001. The increase in share capital approved by the general meeting was carried out by issuing 300,001 shares for a total value of €300,001. The Board of Directors used its powers to amend the articles of incorporation on 20 October 2016. The capital increase was registered in the commercial register on 21 October 2016. The transaction was also handled by Oddo Seydler Bank AG. The gross issue proceeds amounted to approx. €1.85 million The net issue proceeds were €1.704 million and were used to finance activities in the 3D printing and data business. The listing of the new shares in the regulated, general standard market of the Frankfurt and Berlin exchanges took place on 27 October 2016.

Since December 2016, the share price performance of Staramba SE has reflected the board's expectations. This was certainly triggered by the deal signed in December for the sale of 100 Staramba 3D INSTAGRAPH® scanners. Since then, the share price has jumped from €6.65 to almost €30. The board is very satisfied with the performance of the share price of the company, which now reflects the company's positive growth in operations.

Capital market and Staramba SE shares

The stock markets recorded the worst start to a year in decades through mid-February. Investors were initially worried about the economic situation in China and the USA, as well as the continued declines in commodities prices. The expansive monetary policy of the European Central Bank (ECB) and the interest rate hike expected from the Federal Reserve helped stock prices to take off again. The rather cautious reporting by European companies and the debate before the UK vote on leaving the EU then slowed down the readiness of investors to take on risks in the months that followed. Once the results of Brexit were announced in June, there was initially a strong drop in the markets, but they recovered quickly and subsequently recorded significant price gains. Worries about central banks' monetary policies remained central to investors on the markets. The US presidential election in November subsequently determined what happened on the stock market. The results caused short-term uncertainty before major stock markets in the US, Europe, and Japan turned around. Following the ECB's announcement in December that it continues its bond purchasing programme through the end of 2017, the demand for equities jumped.

The DAX, the leading German index, jumped 7%, significantly better growth than the Dow Jones Euro STOXX 50 (+1%), which indexes the most important stocks in the Eurozone. In Japan, the Nikkei index was only barely across the positive line by year's end. In the US, the Dow Jones (+13%) reached a new all-time high of almost 20,000 points in December 2016.

The shares in SSE listed on regulated market and XETRA since 15 May 2015 were only marginally affected by the global performance of the markets and their macroeconomic drivers.

Positive corporate news seemed to have had little effect on the share price of SSE until December, when the announcement of a new contract for the sale of 100 Staramba 3D INSTAGRAPH® scanners was made. The share price benefited from this news and finished the year almost 55% higher than its starting price in January. Having started 2016 at €7.53, the share price closed the year on 30 December at €11.65, after hitting €12.37, its highest price of the year on 27 December. The share price's low mark was €3.22 on 9.2.0216.

Until mid-December, the share price had barely reflected SSE's operating results. Management had observed that shareholders regularly sold SSE shares, especially when positive corporate news generated high demand and the relatively narrow value of the share created increased liquidity. On the other hand, it was assumed that shareholders were selling shares as security in response to the capital increases in May and September 2016. As a result of the positive news over 2016, especially the deal announced in December to sell up to 100 Staramba 3D INSTRAGRAPH® scanners, the share price rose significantly in the second half of the last month of the year. This increase was not an outlier, but was instead indicative of a trend that has continued in 2017. By the end of March 2017, the share was already trading at almost €18.

Until mid-December 2016, the fluctuations in the share price were not unusual for recently listed companies and were, in the long run, considered harmless for both shareholders and the company as long as the company's operations continue to grow, in the opinion of the Board of Directors.

The board agrees with the assessment of its analysts and will take all necessary steps at the operations level and in investor communications to ensure the continued positive growth in the share price in 2017.

Changes in 2016

SSE (formerly Social Commerce Group SE/ SCGSE) was a financial holding company until the changes described below and held the following shares in affiliated companies or associates:

- 54.54% of MXM Marketing Reality AG, Stendal HRB 17187;
- 51.95% of Staramba GmbH, Berlin HRB 148045;
- 62.18% of yoyo smart social web solutions AG, Hamburg HRB 129408; and

- 19.5% of Staramba USA Corporation, Tampa, Florida.

On 17 June 2016, a contract was signed with 3D Safe Corporation for the swap of shares in MXM AG, yoyo smart web solutions AG, and Staramba USA Corporation. As a result, SCGSE acquired the remaining shares in Staramba GmbH to become the sole (100%) owner of its shares. This swap was made at fair value, i.e. the acquisition costs for the remaining shares in Staramba GmbH was equal to the fair value of the shares given to 3D Safe Corporation. This transaction resulted in other operating income of €25 million. The acquisition costs for the shares in Staramba GmbH were €31.4 million.

On 30 June 2016, an agreement was signed for the merger of Staramba SE and Staramba GmbH. Staramba GmbH was merged into SSE as a so-called up-stream merger effective 1 January 2016. The merger was registered on 12 August 2016.

The upstream merger was posted at fair value per the Institute of Public Auditors in Germany circular "Effects of a merger on HGB financial statements" (IDW RS HFA 42). From the point of view of the receiving legal entity, this process is similar to a swap. According to the principles for such swaps, the fair value of the underlying shares may be posted as the cost to acquire the assets and liabilities of the downstream company.

This business transaction resulted in other operating income of €28.7 million and business value of €86.556 million. Since under the tax code, the merger is posted at book value, €26.118 million in deferred tax liabilities on the business value were posted. This has been included in the business value.

In addition, the following assets and liabilities are assumed as of 1 January 2016:

- Investment assets: €500,000
- Current assets: €865,000
- Bank balances: €5,000
- Deferred expenses and accrued income: €40,000
- Provisions: €109
- Liabilities: €1,609

As of the closing date, the prerequisites for the retroactive transfer of assets and liabilities to Staramba SE were in place. From this point forward, the receiving legal entity (the former Social Commerce Group SE) will incur its own expenses and income in connection with the assets and liabilities thus assumed. As a result of this process, the former operating company SCGSE became an operating company by assuming the operational activities of Staramba GmbH. For these reasons, a comparison with the previous year's figurines is not possible.

In addition, there is an inconsistency that cannot be rectified due to the following facts: SSE only obtained the remaining shares and thus 100% ownership of Staramba GmbH as a result of the swap completed on 17 June 2016. However, the upstream merger agreed upon on 30 June 2016 was made retroactive to 1 January 2016, i.e. a date on which SSE did not yet hold 100% of the shares in Staramba GmbH. As a general rule, the merger is valued based on the value of the shares received as of the merger date (1 January 2016). As a result, there is an inconsistency in the ownership percentage as of the merger date compared to the timing of the swap. This inconsistency cannot be rectified due to the retroactive merger permitted by German law. The difference in the fair value between 1 January 2016 and 17 June 2016 has been estimated to be insignificant.

Some factors act against the use of the business value acquired. This business value is essentially the result of various competitive advantages acquired during term-limited licensing agreements and technical expertise in the form of an entire process chain. The technical expertise related to the mobile 3D scanner and the 3D INSTRAGRAPH® creates almost unlimited opportunities for the future-orientated digitalisation of people and objects. It is therefore essential for overcoming initial barriers to market entry and the long-term development of the overall business. Staramba conducts continuous R&D to ensure that scanners are continually developed, to set long-term industry standards, and to stay ahead of competition. The 3D INSTAGRAPH® is expected to have a useful life of five years. This useful life makes up 50% of the business value. The other 50% is made up of licensing agreements with the world of sport and music as well as the associated opportunities for long-term partnerships with associations, clubs, and individual players. Licensing agreements with footballers and clubs play a special role. When acquiring such licenses, often it is not only the associations, but also the individual players who need to be convinced of the business concept. Since Staramba SE's licenses involve personal 3D data, a licensing agreement also requires a level of trust that this sensitive data will not be easily misused. Given the amount of effort that goes into signing these licensing deals, long-term partnerships with football and footballers are not uncommon. For example, the EA Sports and Panini partnerships with FIFA are twenty years each. The useful life of these licensing agreements, which are also valued at 50%, therefore extends beyond the current expiry date and must be valued for over 10 years. The useful life of the business value that has been acquired has been calculated based on these facts and will be depreciated on a 7.5-year basis. €11.54 million in scheduled depreciation was thus posted in 2016.

Assets

As of the closing date, the company had fixed assets valued at €77,483,632.91 (compared to €5,235,085.82 as of 31.12.2015). The bulk of this was €75,015,326.00 in business value acquired during the merger (compared to €0.00 as of 31.12.2015). This was capitalised at fair value as a result of the merger with Staramba GmbH. On the other hand, the holdings of SSE in other companies dropped to €202,361.81 at the end of 2016, compared to €5,333,024.82 at the end of 2015. This change resulted from the swap in shares that preceded the merger. In addition, the merger resulted in additions to intangible and tangible assets. As of 31 December 2016, the company had €2,105,530.00 in intangible assets, compared to €200.00 on 31 December 2015; and €160,415.10 in tangible assets, compared to €1,861.00 as of 31.12.2015.

The current assets, including deferred expenses and accrued income, were €3,443,823.70 at the end of 2016 (2015: €1,446,288.35), made up of €330,914.74 (2015: €863,621.39) for trade receivables and €467,615.06 (2015: €449,058.74) from loans made to companies in which the company had an ownership interest. The company also had other receivables valued at €2,436,960.06 at the end of 2016 (2015: €114,902.59).

The company had €85,067.57 in tax receivables included in the other receivables as of 31 December 2016 (2015: €11,638.42). The company's cash-on-hand and bank balances were €13,964.99 (2015: €5,323.10).

The balance sheet total as of 31 December 2016 was €80,927,456.61 (2015: €6,681,374.17).

Shareholders' equity as of 31 December 2016 was €54,268,395.03 (2015: €5,774,494.60).

The subscribed capital (share capital) as of 31 December 2016 was €2,112,000.00 (2015: €1,670,000.00), divided as of 31 December 2016 into 2,112,000 bearer shares (2015: 1,670,000).

The capital reserves as of 31 December 2016 were €7,236,399.96 (2015: €4,950,000.00). The losses carried forward as of 31 December 2016 were €845,505.40 (2015: €287,420.41).

The equity ratio of the company is 67.05% (2015: 86.43%).

The net profit for the year ending 31 December 2016 was €45,765,500.47 (compared to a loss of €558,084.99 posted on 31 December 2015).

The liabilities include €3,905,353.95 in total provisions as of 31 December 2016 (2015: €906,879.57).

Provisions of €264,140.05 as of 31 December 2016 (2015: €245,007.29), consisting of tax provisions of €34,298.58 (2015: €137,889.09) and other provisions for €229,841.47 (2015: €107,118.20). Other provisions are primarily reserves for accounting and audit costs. Provisions were also posted for outstanding invoices, in particular provisions resulting from the merger of Staramba GmbH, and for retention obligations. In addition, provisions for holiday leave were also posted for the first time in 2016.

The liabilities as of 31 December 2016 were €3,641,213.90 (2015: €661,872.28) and consist of €505,162.25 owed to banks (2015: EUR 2,344.48), €76.329.50 in advance payments for orders (2015: €0.00), trade accounts payable in the amount of €731,638.74 (2015: €79,480.16), as well as €2,328,083.41 in other liabilities (2015: €580,047.64). There were no tax liabilities included under other liabilities (2015: €1,166.42), however they do include liabilities from loans in the amount of €2,289,631.31 (2015: €460,985.27). There are also liabilities from employee withholding of €264.37 (2015: €0.00) as well as social security liabilities of €35,852.44 (2015: €0.00). As in the previous year, all liabilities have a residual term of less than one year. Significant portions of the liabilities were prolonged in December 2016.

Financial situation

The fundamental objectives of financial management are to optimise the company's profitability and liquidity situation. The company increased its capital in May and October 2016. As a result, the subscribed capital was increased by €442,000.00 and a further €2,286,399.96 was placed on reserve. After deducting the costs associated with the capital increases, the company received a total of €2.5 million in new financial resources.

On 15 March 2017, the Board of Directors exercised the power it was granted on 28 July 2016 (Authorised Capital 2016/I) resolved to increase the company's share capital by €150,000 from €2,122,000 to €2,262,000 by issuing 150,000 new bearer shares with a nominal value of €1.00 per share. All 150,000 new shares were subscribed by investors on the day of issue at an issue price of €20.00 per share, concluding the capital increase. No further capital increases are planned for the 2017 financial year.

Liquidity hedging in the reporting year also took place by taking up short-term loans and the described capital measures. Approx. €1.8 million in short-term loans and €0.5 million in short-term bank loans were taken out with due dates within one year. The shares held in MXM Reality AG, yoyo smart social web solution AG, and Staramba USA Corporation were swapped for the remaining shares in Staramba GmbH. Retroactive to 1 January 2016, Staramba GmbH was then merged into Staramba SE (formerly Social Commerce Group SE). As a result, the positive developments in the business of Staramba GmbH were integrated directly into Staramba SE. On the basis of the capital increase described above and the cash inflow from operating activities, the company's ability to meet its payment obligations is ensured.

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

Earnings situation

The company had earnings before interest and taxes (EBIT) for 2016 of €42,663,557.92 (compared to a loss of €564,539.99 posted in 2015). Sales revenues in 2016 were €2,052,628.12 (2015: €757,771.98). This included €125,145.24 in revenues generated by providing management services to the company's former subsidiaries. The previous year's revenues were fully realised from the management services rendered by Social Commerce Group SE's role as a holding company. To this end, partial management contracts were concluded with the former subsidiaries. The former subsidiaries agreed to reimburse Social Commerce Group SE ("SCGSE") for the expenses related to its management services plus a handling fee. The remaining amounts are attributable to the operations of the former Staramba GmbH, with the most important component being the delivery of 3D scanners. The company had €57,549,063.36 in other operating income in 2016 (2015: €17,586.68). The merger with Staramba GmbH resulted in a merger gain of €28,700,038.96. In addition, a €25,920,748.39 gain from the disposal of the shares in the subsidiaries as well as €3,050,000.00 from the sale of the 3D printing manufactory were generated. After deducting expenses, the sale of the manufactory realised €2.888.272,32 in revenue.

The company spent €1,137,427.81 on outside services in 2016 (2015: €154,855.46).

Personnel expenses, which also include costs for the Managing Director (who is not an employee of the company), were €1,433,672.47 (2015: €108,114.26). The increase in personnel expenses compared to the previous year was also due to the merger with Staramba GmbH. The merger included both the takeover of the on-going operations and the employees of Staramba GmbH. €12,204,686.92 in depreciation and amortisation was posted in 2016 (2015: €46,136.67), mainly resulting from amortisation of intangible assets, in particular the business value of €11.54 million. As in the previous year, bad debts of €351,000 were written off in the reporting year.

Other operating expenses of €1,870,514.59 (2015: €1,030,786.00) are by their very nature heterogeneous and include, in addition the costs for financial statements, auditors, lawyers, and other consultants, the incidental costs related to money transfers, currency conversion expenses, rents and leases, outsourcing, and other expenses of Staramba SE. There was an increase in rents and operating expenses, consulting costs, maintenance, insurance, advertising, and travel. This increase in expenses compared to the previous year results from the expanded business operation as part of the merger with Staramba GmbH.

The administrative costs could not be reduced for 2016. The continuing high costs for legal and consulting costs, as well as the costs for the financial statements and audits, are related to the costs of the share swap, merger, and name change. The following table shows the balances at the end of the reporting year compared to the previous year.

(in thousands of euros)	**Financial year**	**Previous year**
Legal and consulting fees	406.9	233.0
Accounting and auditing costs	215.0	264.0
Total	**621.9**	**497.0**

The financial loss during the reporting period was €379,735.56, compared to a gain of €6,917.87 in the previous year.

For 2016, earnings after taxes was €45,766,264.47, compared to a loss of €557,618.99 for 2015.

Investments

On 17 June 2016, a contract was signed with 3D Safe Corporation for the swap of shares in MXM AG, yoyo smart web solutions AG, and Staramba USA Corporation. As a result, the company acquired the remaining 48% of the shares in Staramba GmbH to become its sole (100%) owner. The swap had an approx. value of €30 million.

On 30 June 2016, an agreement was signed for the merger of Staramba SE and Staramba GmbH. Staramba GmbH was merged into Staramba SE as a so-called up-stream merger. As a result, Staramba SE acquired all of the intangible and tangible assets of Staramba GmbH, including a considerable value in the latter's existing licensing agreements.

Staramba SE also acquired a stake in 3D Safe Corporation USA worth approx. €0.2 million.

In October 2016, the entire investment and working capital attributable to the operation of the printing manufactory was sold to 3D Safe Corporation, USA at a price of €3.05 million. All 3D print jobs for Staramba SE are outsourced to yoyo smart web solutions AG.

In October 2016, Staramba SE purchased various, mainly intangible assets from yoyo smart web solutions AG for €2.0 million These mainly include specific tools, databases, mechanics, customer lists, and domains. Further investments of approx. €115,000 were invested in the photogrammetry scanner 3D INSTAGRAPH® software.

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

Financial performance indicators

The financial indicators used by SSE to manage its operations include the usual figures known and recognised by international investors. These include sales revenues and liquidity positions. As in the previous year, all of these indicators have been closely monitored on a monthly basis and published every six months in the legally prescribed financial reports. They are regularly compared with plans and forecasts and, if necessary, compared to external benchmarks. As we continue to depend on investors' equity to finance our business, cash flow and financing remain our most important financial indicators and are therefore tracked closely.

We did not meet our sales target of €5 million for 2016. In the reporting year, the company posted €2.1 million in sales. In addition, the company earned €3.05 million in other operating income from the sale of its 3D printing manufactory. After deducting expenses, the sale of the plant realised €2.9 million in revenue, which, of course, will not recur. The restructuring and the conversion into an operating company and the subsequent refocusing of our activities on the digital business meant that the targets originally set for 2016 could not be met.

A comparison of the sales revenues with the previous year is not reasonable due to the restructuring that took place in the reporting year (share swap and merger). The previous year's revenues were fully realised from the management services rendered by Social Commerce Group SE's role as a holding company.

Non-financial performance indicators

The major non-financial performance indicators relate to sales. Ongoing monitoring of the company's sales include collecting data based on uniform definitions of

- marketing-qualified leads (MQL; i.e. how many cold calls result in an expression of interest in an offer);
- sales-qualified leads (SQL; i.e. how many prospects request a concrete offer);
- and the conversion rate (i.e. how many offers result in a signed contract).

The key figures provide information on the quality of the sales performance. On the basis of calculated average product/market segment-specific offer volumes, benchmarks for the above-mentioned quotas can be used to plan sales and compare actual sales with expectations.

In addition to these sales figures which the Managing Director has been using sporadically for a long time, the company also turned its attention to so-called "soft" performance indicators for the first time in 2016.

Personnel

SSE has essentially taken on the employees of Staramba GmbH. In the previous year, the holding company did not have its own employees. During the reporting year, SSE experienced an on-going increase in personnel, particularly in order to strengthen the company's sales.

Research and development

The company's R&D focuses on applications, but on the underlying technologies. Its R&D costs are primarily in the form of personnel expenses. During the reporting year, an average of two employees worked on R&D.

Licenses

In March 2016, SSE was able to sign a deal with the Bundesliga football club Borussia Dortmund. In the future, Staramba will produce original 3D figurines of the players on this German Champions League participant and market them in its own webshop.

In April 2016, a contract was then signed with one of the most famous clubs in the world, Real Madrid to intensify the partnership beyond the sale of 3D figurines.

In May 2016, SSE announced the signing of a deal with top English club Tottenham Hotspur. This historic London club has joined the squad of the top clubs in the Premier League offerings its fans photorealistic 3D figurines of its players.

Just in time for the 2016 European Champsionships, SSE was also able to announce a partnership with the FA to produce 3D figurines of the players on the English national team. The 3D figurines will be sold in Staramba's webshop as well as on the official FA website.

In June 2016, a licensing partnership with Bundesliga team Borussia Mönchengladbach was also signed.

Meanwhile, in the world of music and entertainment, licensing agreements with the following artists were signed in 2016: Nuclear Blast, Amorphis, The Vamps, Epica, KISS, Rammstein, and Ross Antony.

D. Compensation report

Pursuant to §285 no. 9 HGB, the Board of Directors of the company hereby reports that its members did not receive any fixed or variable remuneration in the reporting year. They were only reimbursed for the travel expenses associated with attending board meetings. In the reporting period, the Managing Director received a monthly fixed remuneration of €8,330, which was increased from October to €12,495 plus business car and VAT. As expected by the board, the variable components of the Managing Director's remuneration were not paid in the reporting year, although his contract provides for them. No member of the Board has been granted performance-related remuneration or components as long-term incentives.

E. Statement on corporate governance

Relevant corporate governance practices

SSE aligns its activities to the legal regulations of the countries in which the company operates. In addition to responsible corporate governance in accordance with the law, the company has issued regulations that reflect its mission and leadership principles. The mission of SSE is to provide the best possible customer orientation, strong performance, securing and improving its technological developments and key technologies, and creating a positive work environment for its employees.

Board and Managing Director work processes

The annual meeting held on 28 July 2016 voted to expand the Board of Director's membership from three to five members. Two major shareholders, Christian Daudert and Rolf Elgeti, were then elected to the board. Mr Elgeti is a respected expert in the stock markets and is the founder of Obotritia Beteiligungs GmbH. Mr Daudert is the asset manager and founder of Staramba GmbH, which per the merger agreement dated 30 June 2016 was merged into Staramba SE, retroactive to 1 January 2016. Together with the existing members Professor Klemens Skibicki, Marthe Wolbring, and Julian von Hassell, they make up the company's Board of Directors. When the board was thus constituted, Christian Daudert was elected its chairman. The vice-chairman will be Professor Klemens Skibicki.

The Board of Directors directs the company, determines the basic lines of its activities, and monitors their implementation.

The board shall call general meetings if the welfare of the company so requires. A simple majority is sufficient for the decision. §83 AktG shall apply accordingly for the preparation and execution of resolutions by the general meeting. The board may delegate individual tasks asks to Managing Director.

As a rule, the board takes its decisions in person. The chairman may, however, decide to hold a vote by writing, by fax, by email, verbally, or by telephone, or by any combination of the aforesaid means of communication as necessary, for example, for matters of urgency or if no member objects.

The board is quorate if all members vote. Absent members may vote by authorising another member who is present to submit their vote in writing. The votes may also be communicated to the members present by fax or email.

In accordance with the articles of incorporation, the board must meet in person at least quarterly in order to assess the company's position and to discuss or vote on strategic measures for the future. In addition, telephone conferences shall be convened whenever the situation of the company requires. The Managing Director will report on the current status of the company at each meeting.

Declarations of the board's intent may be made by the chairman acting on the board's behalf or, in his absence, by the vice-chairman.

The following types of transactions require an express vote of the board:

a) approval of business plans, medium-term plans, and annual budgets;
b) the acquisition or disposal of a holding if and to the extent its value exceeds a threshold set by the board.

The board may make other types of transactions subject to its approval.

The Managing Directors manage the day-to-day business of the company. If several Managing Directors have been appointed, they shall act jointly. Tasks assigned to the board by law may not be delegated to the Managing Directors.

The board has created rules of procedure for the Managing Directors, subject to amendment at the board's sole discretion. In addition, the board may decide, either generally or on a case-by-case basis, which types of transactions require its prior approval. The Managing Directors shall comply with the board's instructions, in particular the rules of procedure it has stipulated.

The Managing Directors represent the company both in and out of court. The company is generally represented jointly by two Managing Directors or by one officer in conjunction with a proxy. If only one Managing Director has been appointed, he or she shall represent the company on his or her own.

Pursuant to the following corporate governance statement, the five-member Board of Directors shall, per its decision of 23 September 2015, have at least one female member.

The Workers' Right to Codetermination Act does not apply to the company.

The board has adopted rules of procedure which define the respective responsibilities, tasks, and rights of the board and its members.

In addition, the board has issued rules of procedure for the Managing Directors it appoints; the latter's compliance with said rules is subject to constant review.

Declaration of Conformity by the Managing Director and Board of Directors of Social Commerce Group SE on the recommendations of the Government Commission on the German Corporate Governance Code pursuant to §161 AktG

The Board of Directors of Staramba SE (the "company") hereby declares in accordance with Art. 9 para. 1 lit. c) ii) SE-VO, §22 para. 6 SEAG, and §161 AktG, that the company is in compliance with the recommendations of the Government Commission on the German Corporate Governance Code (the

"Code") as amended on 05 May 2015 since the last declaration of conformity made by the company and therefore for the reporting year, taking into account the particularities of the company's single-tier system of corporate governance as described under Subsection I., with the exceptions specified in Subsection II. and will continue to do so.

I. Special features of the single-tier system of corporate governance

The single-tier system is characterised per Art. 43-45 SE-VO in conjunction with §§20 ff. SEAG by the fact that the management of the SE is the responsibility of a single management body, i.e. the Board of Directors; cf. para. 7 of the preamble to the Code. The Board of Directors directs the company, determines the basic lines of its activities, and monitors their implementation by the Managing Directors. The Managing Directors manage the day-to-day business of the company, represent the company both in and out of court, and are required to comply with the board's instructions.

The company applies the rules set for the supervisory board in the Code to the company's Board of Directors and those set for the managing director(s) to its Managing Director(s). The following exceptions apply to the legal structure of the single-tier system:

- Section 2.2.1 para. (1) sentence 1 of the Code notwithstanding, the board shall submit the annual and consolidated financial statements to the general meeting; cf. §48 para. 2 sent. 2 SEAG.
- By way of derogation from the provisions of Subsections 2.3.1, sent. 1 and 3.7 para. 3 of the Code, the board is responsible for convening the general meeting; cf. §§48 and 22 para. 2 SEAG.
- The duties of the management board set forth in Subsections 4.1.1 (Management of the Company) and 4.1.2 in conjunction with 3.2, clause 1 of the Code (Development of the Company's strategic orientation) are incumbent upon the company's Board of Directors, §22 para. 1 SEAG.
- The duties of the management board set forth in Subsections 2.3.2 sent.e 2 (Bound proxies), 3.7 para. 1 (Responding to takeover offers) and para. 2 (Acting in response to takeover offers), as well as 3.10 (Corporate governance reports), 4.1.3 (Compliance with legal requirements and internal company guidelines), 4.1.4 (Adequate risk management and control), and 4.1.5 Sentence 2 (Defining targets for female middle management) of the Code are incumbent upon the company's Board of Directors, cf. §22 para. 6 SEAG.
- By way of derogation from Section 5.1.2 para. 2 sentences 1 and 2 of the Code, Managing Directors, unlike members of management boards, are not term-limited; cf. §40 1 sentence 1 SEAG.
- By way of derogation from Subsections 5.4.2 sentence 2 and 5.4.4 of the Code, members of the Board of Directors may be appointed Managing Directors, provided they do not make up a majority of the board, cf. §40 1 sentence 2 SEAG.

II. Exceptions to the recommendations of the Code

Subsection 3.6, paragraph 2:

"*If necessary, the Supervisory Board shall meet without the Management Board*. "

The company believes that the above recommendation is not applicable in the case of an SE with a single-tier governance system where the sole Managing Director is also a member of the board. Since both the previous and current Managing Directors are members of the board, this regulation intended for companies with two-tier governance structures does not apply.

Subsection 3.10, sentence 1:

"*The Management Board and Supervisory Board shall report annually on Corporate Governance (Corporate Governance Report), and shall publish this report in connection with the Corporate Governance Statement.*"

In view of the company's short history as a listed company, a corporate governance report was not published in connection with the annual financial statements for 2015 released in April 2016. In the future, however, the company intends to follow this recommendation. Accordingly, the annual financial statements for 2016 already contain a corporate governance report, which is published in connection with the declaration on corporate governance.

Subsection 3.10, sentence 3:

"*The corporation shall keep previous Declarations of Conformity with the Code available on its website for a period of five years."*

Since the IPO only took place in May 2015, the company has only previously issued a declaration of conformity. This declaration, although no longer current, which does cover the reporting period from the IPO to the issuance of the updated declaration, shall be made available on the company's website for five years.

Subsection 4.2.1:

"*The Management Board shall consist of several members and shall have a Chairman or Spokesperson.*"

The company has only had one Managing Director at a time to date. The appointment of the new Managing Director, Mr Christian Daudert, was effective at the same time as the resignation of the previous Managing Director, Mr Julian von Hassell; therefore, the company has not had two Managing Directors simultaneously. In view of its size, the company considers the appointment of only one Managing Director to remain adequate and appropriate. Accordingly, there is no need to name a spokesperson for the Managing Directors. The company intends to make the appointment of additional officers dependent on its growth and will always carefully review any decisions made. If the company does appoint additional executives in the future, a spokesperson will also be named.

Subsection 4.2.3 para. 2 sentences 2, 4, 6, 7 and 8:

"The remuneration structure must be focused on the sustainable growth of the company. Both positive and negative developments shall be taken into account when determining variable

remuneration components. The amount of remuneration shall be capped with maximum levels, both as regards variable components and in the aggregate. Variable remuneration components shall be based on demanding and relevant comparison parameters. Subsequent amendments to the performance targets or comparison parameters shall be excluded."

Contrary to the recommendation, the monetary remuneration payable to the Managing Director has to date not included any variable components. While the agreement with the previous Managing Director did not include any variable remuneration, the contract with the current Managing Director does contain a clause which permits the board at its option to grant such a bonus for special performance and the overall economic success of the company.

The Managing Director has therefore to date only received a fixed remuneration proportionate to his duties and the situation of the company and which is not in excess of a customary remuneration. These facts apply both to the outgoing and the newly appointed Managing Directors. In the future, however, variable remuneration components are expected to be introduced and the relevant recommendations of the Code will be taken into account.

Subsection 4.2.3 para. 3:

"The Supervisory Board shall establish the target level of pension benefits for every pension commitment – including based on the duration of membership of the Management Board – and shall consider the resulting annual and long-term expense incurred by the company."

At present, the company has no pension commitments to its former or current Managing Directors. In the event that pension commitments are made in the future, the board intends to take into account the Managing Director's years of service and the impact of such commitments on the company.

Subsection 4.2.3 para. 4, first and third sentences, and para. 5:

"When contracts are entered into with Management Board members, it shall be ensured that payments, including fringe benefits, made to a Management Board member due to early termination of their contract do not exceed twice the annual remuneration (Severance Cap) and do not constitute remuneration for more than the remaining term of the employment contract. The severance cap shall be calculated on the basis of the total remuneration paid for the previous financial year and, if appropriate, shall take into account the expected total remuneration for the current financial year.

Benefit commitments made in connection with the early termination of a Management Board member's activity due to a change of control (Change of Control) shall not exceed 150% of the severance cap."

No severance caps were set in the contract for the former Managing Director since the company and the Managing Director had made no arrangements concerning severance payments. In contrast, when the company agreed to the contract with the current Managing Director, the board discussed the aforementioned recommendation and decided to follow it. Accordingly, this recommendation is met in the contract with the new Managing Director. The same shall apply to any contracts with future Managing Directors.

Subsection 4.2.3 para. 6:

"The Chairman of the Supervisory Board shall outline to one General Meeting the salient points of the remuneration system and shall inform subsequent General Meetings about any amendments."

In the prospectus prepared on 13 May 2015 as part of its application for listing on the regulated market, the company provided information on the principles of the remuneration system. Since there were no changes to the remuneration system before the ordinary general meeting held on 28 July 2016, no information about the underlying principles of the Managing Director's remuneration was presented at that time. The appointment of a new Managing Director has not yet led to any changes in the remuneration system. If changes to the remuneration system are made in the future, the recommendations of the Code shall inform the board's decisions.

Subsection 4.2.5, paragraph 2:

"*The remuneration report shall also include information on the nature of the fringe benefits provided by the corporation.*"

The company published a remuneration report during the reporting year. However, the remuneration report published in April 2016 did not contain any information on the nature of the ancillary benefits provided by the company since those provided in 2015 were of minor importance in relation to the total remuneration. The same applies to the remuneration report for the reporting period that will be published in April 2017. Nevertheless, all other future remuneration reports will comply with the recommendation of the Code and include information about the type of ancillary benefits provided by the company.

Subsection 4.2.5, paragraphs 3 and 4:

"In addition, the remuneration report shall present the following information for every Management Board member for business years starting after 31 December 2013:

- *- the benefits granted for the reporting period, including fringe benefits, supplemented in the case of variable remuneration components by the maximum and minimum remuneration achievable,*
- *- the benefits received for the reporting period, consisting of fixed remuneration, short-term variable remuneration and long-term variable remuneration, broken down by the relevant reference years,*
- *- the service cost incurred in/for the reporting period for pension benefits and other commitments.*

The model tables provided as appendices to this document shall be used to disclose this information."

As already mentioned in the note to Subsection 4.2.5 paragraph 2, neither the remuneration report published by the company during the reporting period nor the report covering the reporting period yet to be published contains information on the ancillary benefits provided. In the absence of variable remuneration during the reporting period, the corresponding remuneration report will merely contain an indication that performance-related remuneration as well as components with a long-term incentive effect have not been promised to any member of the board. The report will also indicate that no pension benefits have been promised. In all other future remuneration reports, however, the company intends to comply with the aforementioned recommendations of the Code, if such benefits have been granted or promised.

Subsection 5.1.2, paragraph 2, sentence 2:

"*Any re-appointment prior to one year before the end of an appointment period at the same time as termination of the current appointment shall only happen if special circumstances apply.*"

In the period under review, this recommendation was not relevant since no Managing Directors were reappointed. In the future, if Managing Directors are reappointed, the above recommendation will be followed.

Subsection 5.1.2, paragraph 2, sentence 3:

"*The Supervisory Board shall specify an age limit for the members of the Management Board.*"

The company has not set an age limit for the Managing Director position and does not intend to set such an age limit in the future. The company believes that the suitability of Managing Directors can be determined by means of an individual assessment of their competence, physical and mental capacity, and ability to perform and cannot be determined by abstract criteria. From the company's point of view, compliance with the recommendation would limit the selection of qualified candidates from the outset.

Subsection 5.2, paragraph 2:

"*The Chairman of the Supervisory Board shall not be chairman of the audit committee.*"

Due to the size of the company and its board, no committees have yet been established. If an audit committee is set up in the future, care will be taken that it is not chaired by the chairman of the board.

Subsection 5.3.1, sentence 1:

"*Depending on the specific circumstances of the company and the number of Supervisory Board members, the Supervisory Board shall form committees of members with relevant specialist expertise*."

In view of the size of the company and the fact that there are only five members on the board, the company does not consider it necessary to set up board committees, since the small size of the board already ensures efficiency and a direct flow of information among its members. The company will form such board committees if the size of the company and/or board make it purposeful.

Subsection 5.3.2:

"*The Supervisory Board shall establish an Audit Committee that – provided no other committee has been entrusted with this work – addresses in particular the monitoring of the accounting, the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit and compliance. The Chairman of the Audit Committee shall have* *specific knowledge and experience in applying accounting principles and internal control procedures. The Chairman shall be independent and shall not be a former member of the Management Board of the corporation whose term of office ended less than two years ago.*"

In view of the size of the company and the fact that there are only five members on the board, the company does not consider it necessary to set up an audit committee. The board has so far reliably handled the tasks of the audit committee as set forth in the recommendation. The company will monitor the responsible exercise of the above-mentioned tasks, and will set up an audit committee as appropriate, especially if the board is further enlarged.

Subsection 5.3.3:

"*The Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which proposes suitable candidates to the Supervisory Board for its recommendations to the General Meeting.*"

In view of the size of the company and the fact that there are only five members on the board, the company does not consider it necessary to set up a nominating committee. The company will monitor the responsible exercise of the above-mentioned tasks, and will set up a nominating committee especially if the board is further enlarged if it appears appropriate to form a nominating committee to handle this task.

Subsection 5.4.1, paragraph 2, sentence 1:

"*The Supervisory Board shall determine concrete objectives regarding its composition, and shall prepare a profile of skills and expertise for the entire Board. Within the company-specific situation, the composition of the Supervisory Board shall reflect appropriately the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of number 5.4.2, an age limit and a regular limit to Supervisory Board members' term of office, both to be specified, as well as diversity.*"

In the past, the board has consistently taken into account diversity, potential conflicts of interest, independence, age and length of membership, when nominating and renominating its members and will continue to do so. However, the membership of the board must first and foremost represent a combination of experience, skills, and knowledge, and ensure sufficient diversity with regard to different backgrounds and professional backgrounds. For this reason, the board has refused and will continue to refuse to set any concrete targets for its membership since the board sees this as restricting the necessary flexibility in nominating candidates for election to the board by the general meeting. For the same reason, the board also refuses to set limits on the age or length of service for its members.

Section 5.4.3 sentence 2:

"*Where an application is made for the appointment of a Supervisory Board member by the Court, the term of that member shall be limited until the next General Meeting.*"

There were no applications for the court appointment of a board member during the reporting period. If the court appointment of a member is applied for in the future, the recommendation will be observed.

Subsection 5.4.4:

"Management Board members may not become a member of the corporation's Supervisory Board before two years have lapsed since the end of their appointment, unless they were elected on the proposal of shareholders holding more than 25% of the corporation's voting rights. In the latter case, appointment as Chairman of the Supervisory Board shall be an exception that has to be justified to the General Meeting."

Due to the particularities of single-tier governance, in particular the fact that Managing Directors may also be board members, the company does not consider this recommendation applicable at least not until there are Managing Directors who are not also on the board at the same time. Nevertheless, even in these cases, a former Managing Director would be allowed to chair the board only in exceptional cases within the first two years after resigning from the former position.

Subsection 5.4.6, paragraph 2, sentence 2:

"*If members of the Supervisory Board are granted performance-related remuneration, it shall be linked to sustainable growth of the company.*"

The members of the board do not receive any performance-based remuneration. However, the company is considering introducing such performance-based remuneration in the future. If this decision is taken, it will be orientated towards the long-term growth of the company as recommended in the Code.

Subsection 5.4.6, paragraph 3:

"*The remuneration of Supervisory Board members shall be disclosed individually in the notes to the financial statements or the management report, classified by remuneration components. Payments made or benefits granted by the company to Supervisory Board members for personal services, particularly advisory or agency services, shall also be disclosed separately on an individual basis.*"

In the annual financial statements for 2015 published during the reporting year in April 2016, the individual remuneration received by each board member is not listed since the board members did not receive any remuneration for 2015. (So far, only the Managing Director has been granted remuneration and ancillary benefits.) Since the publication of the prospectus before the IPO, no changes have occurred. The same applies to the annual financial statements for the 2016 financial year. In the future, the company would disclose any remuneration paid to each member of the board either in the notes or management report attached to the company's financial statements, provided that the corresponding information is not already available elsewhere for investors on the capital market.

No board members received any remuneration for individual services rendered to the company during the reporting period; consequently, there is nothing to disclose in the notes or management report for 2016. Any services that board members provide individually to the company in the future in exchange for remuneration or other benefits will be indicated accordingly in future financial statements.

Section 7.1.2 sentence 4:

"The consolidated financial statements and the group management report shall be made publicly accessible within 90 days from the end of the financial year, while mandatory interim financial information shall be made publicly accessible within 45 days from the end of the reporting period."

The company intends to comply with the recommended periods for the publication of consolidated and interim financial statements, even if this was not possible in the reporting period. However, future circumstances may require the consolidated financial statements be published later than 90 days after the end of the financial year and the interim reports later than 45 days after the end of the reporting period. This delay, as well as the delays that occurred during the reporting period, is due to the company's relatively young history as a listed company.

Subsection 7.2.1 paragraph 2:

"*The Supervisory Board shall agree with the auditor that the Chairman of the Supervisory Board or the Audit Committee will be informed, without undue delay, of any grounds for exclusion or disqualification due to impairment of the auditor's independence that occur during the audit, unless any such grounds are eliminated immediately.*"

The board has not entered into any agreement with the auditor during the reporting period concerning the immediate reporting of any grounds for the latter's exclusion or disqualification, unless any such grounds are eliminated immediately. However, the existence of such an obligation also corresponded to the understanding of the persons involved. In the future, however, the company intends to comply with the aforementioned recommendation and will expressly agree with the auditor on such an obligation.

Subsection 7.2.3:

"The Supervisory Board shall arrange for the auditor to report, without undue delay, on all findings and issues of importance for the tasks of the Supervisory Board which come to the knowledge of the auditor during the performance of the audit.

The Supervisory Board shall arrange for the auditor to inform it or note in the long-form audit report if, during the performance of the audit, the auditor identifies any facts that indicate an inaccuracy in the declaration on the Code issued by the Management Board and Supervisory Board."

In the reporting period, the board did not expressly agree with the auditor that the auditor would promptly report any audit findings and incidents material to the board's tasks or that the auditor would notify the board or indicate in the audit report any facts which indicate that the board has made an inaccurate statement of conformity to the code. However, the existence of such an obligation also corresponded to the understanding of the persons involved. In the future, however, the company intends to comply with the aforementioned recommendation and will expressly agree with the auditor on such an obligation.

Berlin, 19 April 2017

The Board of Directors

F. Future Growth and Prospects: Significant Opportunities and Risks

Opportunities and Risks

Opportunities

SSE is at present concentrating on the market for 3D merchandising and digital sports marketing. Both markets have to date remained underdeveloped and are expected to show high growth rates in the foreseeable future.

SSE has already developed a dominant position within its niche on both markets. More and more 3D selfie and 3D figurine vendors are leaving the market as they are unable to sustain their business models. In the reporting year, Staramba received numerous enquiries concerning takeovers of these companies or sublicensing their celebrities. SSE declined all of these offers, as it is evident to management that the printing of 3D figurines is only economically feasible if the focus is not on scanning, reworking, and printing figurines anew for each customer, but instead providing figurines of celebrities with large fan bases based on one-off scanning sessions that can then be replicated thousands of times over. Most licensors do not welcome sublicensing, so we rejected these offers from the start.

Staramba's strong market position already reflects what the market sees as a monopoly on competence. This means that the need for Staramba to invest in marketing its own products will drop due to a lack of credible competition. Even though Staramba was late entering the market, it has proven itself successful against many competitors.

Risks

Presentation of the company's position

SSE is exposed to risks in the ordinary course of its business. These risks are indicated in the table below. All risks can lead to the depreciation of one or more assets and a negative earnings situation.

As financial risks have a direct impact on individual items on the balance sheet and income statement, these risks are explicitly discussed below. The company policy is to limit these risks.

Presentation of the overall risk	
Risk areas	
Business risks	Cyclical risks, risks from the general competitive situation for SSE as well as its customers, growth risks
Operational risks	Personnel risks, risks from product innovation
Information and IT risks	Risks arising from the operation and design of IT systems, as well as risks relating to the confidentiality, availability, and integrity of data
Financial risks	Financing risks, the risk of loss of equity from external financing, bank default risks, exchange rate risks, interest rate risks
Collections risks:	Risks resulting from defaults on payment obligations
Legal and regulatory risks	Risks arising from changes to the legal and regulatory framework as well as risks from legal disputes, licensing risks
Liquidity risks	A specific risk for listed companies such as SSE is the dependence of capital increase decision on the current share price.
Supplier risks	Risk of inadequate quality on a market without established quality criteria.
Subscription price risks	Significant price increases
Other risks	Risks to reputation and risks of emergencies; risks of litigation relating to resolutions of the general meeting

The central risk is the liquidity risk as the company is not yet covering its expenses. Therefore, in its own interest, SSE is legally compelled to provide sufficient capital, whether by capital increases or acquiring external VC investments.

Liquidity risks in particular and financial risks in general have been made manageable by SSE by introducing internal bookkeeping and controlling processes in collaboration with an external tax consultant that require daily posting of accounts, weekly analyses of the company's situation, and an early warning system based on defined parameters. To this end, an IT infrastructure was designed and implemented during the reporting year which includes, in particular, order management, goods management, order books, comparison of actual and projected sales figurines, preliminary internal posting and external accounting at all levels (creditors, debtors, personnel, holding company, majority and minority interests), as well as the customer and key accounts and constant online insight into account balances updated at least weekly. The implementation of the system continued in the reporting year and will be completed the following year.

The company's receivables and liabilities are therefore constantly monitored so that measures can be taken to counter any issues that might arise.

Hedging currency risks

Currency risks exist particularly where receivables, liabilities, debts, cash, and cash equivalents as well as planned transactions exist or will arise in a currency other than the local currency of the company. Liabilities and receivables were recognised at fair value. No hedging transactions have been concluded.

Securing liquidity risks

The SSE manages liquidity risks by maintaining appropriate portfolios of liquid assets, credit lines at banks, constantly monitoring the projected and actual cash flows, and proactive implementation of capital increases.

Any liquidity bottlenecks are anticipated early and capital increases in cash are initiated at an early stage.

The risk of not achieving sales targets is always more pronounced in fan merchandising start-ups than in other sectors. In the digital business, technical parameters and/or non-commercial key figures contribute more to the value of a company and its assets than sales. Therefore, while ensuring sufficient liquidity is necessary for the company's success, ensuring technological advantages and creating high barriers against potential competitors is a tactical, but not strategic goal.

On the basis of the capital increase implemented in March 2017, the liquidity of the company is ensured. There is no risk to the company's continued existence due to a lack of liquidity.

Bad debts

We counter the risk of bad debts with internal collections management, the selection of business partners, arranging down payments for larger transactions, and pre-financing requirements. In the operating business of 3D figurine sales, the risk of loss due to bad debt is limited by the integration of established online payment systems.

In the case of other receivables, the default risk is limited by the choice of borrowers and short maturities.

In the case of identifiable concerns regarding the recoverability of receivables, these receivables are immediately impaired or debited individually and the risks recognised in the income statement.

Capital risk management

SSE manages its capital with the aim of ensuring liquidity and maximising returns to ensure the long-term viability of the company. The company's capital structure consists of liabilities, provisions, and the equity capital representing the shares issued. Equity consists of the subscribed capital of €2,112,000.00 (2015: €1,670,000.00) and capital reserves of €7,236,399.96 (2015: €4,950,000), losses carried forward of €845,505.40 (2015: €287,420.41), and the profit for the year of €45,765,500.47 (compared to a loss of €558,084.99 posted on 31 December 2015).

The capital is managed to ensure the continued viability of the company and its equity. The amount of capital employed is in proportion to the total capital.

This will remain the company's objective for the 2017 and 2018 financial years.

Capital is monitored on the basis of the total capital, which is the equity shown in the balance sheet. Debt equity is generally defined as short- and long-term financial liabilities, provisions, and other liabilities.

Risk management objectives and methods

The company assumes risks only if considered manageable and the associated opportunities are expected to lead to a reasonable increase in value. SSE considers adverse events or unfavourable effects on future projects to be risks. Through established controls and predefined procedures, the company can respond to unexpected events in a timely manner and take appropriate action accordingly.

Based on our reporting tools, a management information system has been established which is continuously adapted and developed to the company's current challenges.

In order to identify, monitor, and manage risks to which the company is exposed, the management has a finance and controlling system at its disposal which provides the necessary information with a high level of quality on a daily basis. The Managing Director identifies risks as part of regular reviews with the board.

Price change, default, liquidity, and fluctuating cash flow risks

SSE is subject to a credit risk/default risk if its customers or other debtors do not meet their financial obligations. The creditworthiness of individual customers or business partners involved in higher-volume sales is subject to regular review.

Overall risk profile

In our opinion, the risks described above do not present a danger to the company's continued existence either individually or in their entirety.

With the capital increase implemented in 2017, the necessary resources have been created to pursue the opportunities available to SSE. In view of its position on the market, its strengths in technological innovation, its committed employees, and its processes for early identification of risks, the management is confident that it will be able to successfully meet the challenges posed by these risks.

Capital structure

	31.12.2016 EUR (if not %)	**31.12.2015** EUR (if not %)
Equity capital	54,268,395.03	5,774,494.60
Equity as % of total capital	67.05	86.43
Debt equity	26,659,061.58	906,879.57
Debt equity as % of total capital	32.95	13.57
Total capital (equity capital plus debt equity)	**80,927,456.61**	**6,681,374.17**

SSE regularly reviews its capital structure.

Outlook

The board continues to assess the business prospects for the coming financial year and beyond.

In the reporting year, Staramba SE was able to prove that the products offered (3D merchandising figurines) are not only fundamentally marketable in a market niche (digital and analogously marketed high-end merchandising products), but also find a great demand among licensors and growing demand among consumers. However, the increasing interest in Staramba is currently based primarily on the company's own 3D scanning technology. In December 2016, a framework contract for the delivery of up to 100 3D INSTAGRAPH® scanners was signed. This news was enough to cause the share price to take off and maintain flight. In February 2017 alone, ten 3D INSTAGRAPH® scanners were delivered. Management is also in talks with other potential buyers of our 3D scanners. The third pillar of our business in addition to the 3D scanners and sale of 3D figurines is the future development of the digital 3D data business. Management sees the greatest sales and profit potential here. Staramba SE is investing its resources increasingly in digital technologies such as virtual reality (VR) and augmented reality (AR).

Management's decision to seek listing on the regulated market of the Frankfurt and Berlin stock exchanges in 2015 has had a positive impact on Staramba SE's operating business and has led to the expectation that this effect would be supported by the valuation of the company on the capital market. At the initial public offering, a share in Staramba SE was listed at just under €7. Currently, the share price has almost quadrupled.

SSE has succeeded in being perceived on the fan merchandising market as the sole supplier of its products thanks to the coverage of its IPO in the financial press. This recognition was used by the SSE to extend its USP and expand important licensing agreements and sales partnerships. As a result of what are typically three-year licensing deal and indefinite sales partnership agreements, Staramba enjoys a unique position in the market's eyes in both the short- and medium-term, which will pay off in future sales and the ability to set prices with relatively little influence from competition.

The decision of the SSE's management to use the liquid funds raised by the two capital increases in 2016 to expand the core business has proved to be the right one. The same applies to the sale of the 3D printing manufactory to an American investor. By the end of the reporting year, all of the prerequisites were in place to drive the company's intended focus on the digital 3D business in the years to come.

Although the restructuring of the business prevented the company from posting a positive result in 2016 as had been planned for SCGSE as a holding company, the company's strategic position now appears even more promising, as its printed figurine and 3D scanner businesses continue to thrive and its purely digital 3D business drives significantly higher sales and profitability expectations.

The board had set a sales target of €5 million and slightly positive results for 2016. In the reporting year, the company posted €2.1 million in sales revenues. In addition, the company earned €3.05 million in other operating income from the sale of its 3D printing manufactory. After deducting expenses, the sale of the manufactory realised €2.9 million in revenue. As reported, the target was not met due to the acquisition of the former Staramba GmbH by the former Social Commerce Group SE and the subsequent upstream merger and renaming to Staramba SE. This transformation was associated not only with significant costs not included in the budget, but also resulted in the sale of holdings previously held by Social Commerce Group SE, which, in addition to Staramba GmbH, were expected to play a decisive role in the projected strong growth in sales with overall results in the black. Instead, these other holdings were sold at an attractive price and are now reflected not in sales, but as acquired assets.

For 2017, the board expects sales of ca. €15.9 million. This expectation is mainly based on the already partially realised sharp increase in scanner sales, the initial monetisation of the digital business, and the complete takeover of Staramba USA Corp. and the increase in the company's stake in Social VR GmbH. Staramba SE is still a young company active in an entirely new market which it is significantly responsible for shaping. As a result, short-term expectations may not be met due to unexpected or unpredictable conditions. Achieving the sales targets is not least dependent on the speed with which we launch our apps currently in development as well as the timing of the launch of the cloud-based Staramba 3D database for certified business partners. This scanner platform will allow all owners of a Staramba 3D INSTAGRAPH® scanner to process and edit the 3D data on file. The first virtual reality app will be launched in 2017. The medium-term success of the company is unlikely to be affected by a short-term failure to meet sales targets.

The short-term goal of a positive result in the current financial year is no longer being pursued as this would have a negative effect on growth. On the cost side, a noticeable increase in personnel costs is expected for the 2017 financial year, as the expected increase in revenues will not be possible without significant personnel growth, particularly in the fields of programming, software development, and product development. Currently, the company expects to post up to €7.0 million in losses for 2017, although this deficit does include €11.5 million in amortised business value.

G. Additional mandatory disclosures per §289 para. 4 HGB

Per §289 para. 4 HGB, the company must report on certain structures subject to the law on stock corporations (AG) and other legal regulations in order to provide a better overview of the company and to disclose restrictions on potential takeover offers.

Shareholders directly/indirectly holding 10% or more of the voting rights

In addition to Obotritia Beteiligungs GmbH, Potsdam, Mr Rolf Elgeti, Managing Director, 11 CHAMPIONS AG, Rostock, and Mr Christian Daudert, Rostock, each both hold more than 10 per cent of the voting rights.

Shares with special rights or restrictions

There are no shares with special rights or restrictions on the exercise of the voting rights.

Stock buyback

The company has not exercised its rights under §71 AktG.

Composition of the share capital

As of 31 December 2016, the share capital in SSE consisted exclusively of non-par value shares. As of 31 December 2016, the number of shares was 2,122,000. On 15 March 2017, the company's Board of Directors also decided to increase the share capital from Authorised Capital 2016/I by €150,000 from €2,112,000 to €2,262,000. The capital increase was recorded in the commercial register of Charlottenburg Local Court on 22 March 2017.

Per §136 AktG, shareholders are not entitled to cast votes under certain conditions. We are not aware of any contractual restrictions relating to the voting rights or the transfer of shares.

Shares with special rights

Shares with special rights conferring control powers are not provided for in the articles of incorporation.

Authorisation of the board to issue shares

Authorised capital

On 13 May 2016, the Board of Directors of Staramba SE (previously Social Commerce Group SE) decided to make partial use of Authorised Capital 2015/I and thus increase the company's share capital by €141,999 to €1,811,999, by issuing 141,999 new bearer shares in SSE with a calculated share in the capital of €1.00 each against cash contributions. The decision to increase the capital from the Authorised Capital 2015/I was executed by issuing 141,999 new bearer shares in SSE with a calculated share in the capital of €1.00 each against cash contributions and with profit-participation rights from 1 January 2016. The capital increase was entered into the commercial register of Charlottenburg Local Court (HRB 158018 B) on 31 May 2016.

The annual meeting held on 28 July 2016 voted to increase the share capital by €700,001. The increase in share capital approved by the general meeting was carried out by issuing 300,001 shares for a total value of €300,001. The Board of Directors used its powers to amend the articles of incorporation on 20 October 2016. The capital increase was registered in the commercial register on 21 October 2016.

The annual meeting held on 28 July 2016 authorised the Board of Directors to increase the Company's share capital for a period of five years, calculated from the date of entry in the commercial register, by issuing new bearer shares against cash and/or contributions in kind by up to a total of €905,999.00 (Authorised Capital 2016/I). The authorisation may be used once or several times, either in whole or in part.

The new shares are to be offered to shareholders as a matter of principle. If their subscription right is not excluded, the right to take over shares held by banks or other entities fulfilling the requirements of §186 para (5) AktG may be exercised, provided that they are then offered to shareholders (indirect subscription right).

However, the board is authorised to exclude shareholders' subscription rights for fractional amounts;

In the case of capital increases against cash contributions, provided that the pro rata portion of the share capital attributable to the new shares for which the subscription right is excluded is no more than 10% of the share capital available at the time the resolution is adopted by the general meeting, and the issue price of the new shares does not significantly undercut the price of the shares of the same type and conditions already listed at the time the final issue price is fixed by the board per §§203 paras. 1 and 2, 186 para. 3 sentence 4 AktG. The 10% cap includes those shares that have already been issued or sold during the term of this authorisation in direct or analogous application of §186 para. 3 sentence 4 AktG under exclusion of subscription rights. It must also include shares allocated to service options and/or conversion rights or option and/or conversion obligations from convertible bonds and/or bonds with warrants, insofar as these bonds are issued during the term of this authorisation with the exclusion of subscription right in application mutatis mutandis of §186 para. 3 sentence 4 AktG;

for capital increases in exchange for cash contributions, to grant shares for the purpose of acquiring companies, parts of companies or stakes in companies, or to acquire other assets (including third party claims against the company or companies affiliated with the company) associated with such a merger or acquisition;

insofar as this is necessary to protect against dilution in order to grant a subscription right to the owners and/or creditors of warrant and/or convertible bonds issued by the company or its subsidiaries within the framework of an authorisation granted to the board by the general meeting, to the extent such would have been granted to them after exercising the option or conversion right or after the satisfaction of any option and/or conversion obligations;

to service option and/or conversion rights or option and/or conversion obligations from convertible bonds and/or bonds with warrants issued by the company;

when cooperating with another company when such cooperation serves the interests of the company and the cooperating company requires an ownership interest in the company;
in order to issue shares to members of the board, the Managing Directors, and members of the management team, and employees of companies affiliated with the company. The new shares may also be issued to a bank or an equivalent institution provided they accept the obligation to pass them on exclusively to those beneficiaries listed hereafter.

Conditional capital

The general meeting of 28 July 2016 conditionally increased the share capital of the company by up to €905,999.00 to be funded by issuing up to 905,999 new bearer shares (Conditional Capital 2016/I).

The conditional capital increase allows shares to be issued when option or conversion rights are exercised by their holders or when option or conversion obligations are fulfilled on the basis of the general meeting's authorisation of 28 July 2016 either by the company or by options or convertible bonds issued by direct or indirect majority shareholder. The shares are issued at the option or conversion price set according to the aforementioned authorisation.

The conditional capital increase will only be made if option or convertible bonds exist and only to the extent that the holders of the same either issued or guaranteed by the company or its direct or indirect majority shareholders before 27 July 2021 pursuant to the authorisation of the general meeting of 28 July 2016 exercise their option or conversion rights or fulfil their option or conversion obligations and no other forms of fulfilment have been used. The new shares issued as a result of the exercise of the option or conversion right or the fulfilment of the option or conversion obligation generally participate in the profit from the beginning of the financial year in which they are issued. If the profit distribution for a past financial year has not yet been decided, the start of the profit participation may also be applied to the beginning of that financial year.

The board is authorised to establish the further details of the conditional capital increase.

The board is authorised to amend §5 para. 1 and §6.2 para. 1, sentence 1 of the articles of incorporation when said conditional capital is used and to make any and all other related adjustments to the wording of the same. The same applies in the case the board opts not to exercise its authorisation to issue option or convertible bonds and the authorisation period has expired and in the event Conditional Capital 2016/I is not fully used after the expiry of the deadlines for the exercise of option or conversion rights or for the fulfilment of option or conversion obligations.

Events after the reporting date regarding the disclosures per §289 para. 4 HGB

On 27 March 2017, the Managing Director at the time, Mr Julian von Hassell, notified the company pursuant to §21 para. 1 WpHG that, due to the capital increase, his share in Staramba SE had dropped below the 3% threshold as of 22 March 2017, specifically to 2.88% (65,050 votes).

On 15 March 2017, the company's board decided to increase the share capital from Authorised Capital 2016/I by €150,000 from €2,112,000 to €2,262,000. The right of existing shareholders to subscribe to these new shares was excluded. The new shares were offered to and subscribed by Obotritia Beteiligungs GmbH, controlled by board member Rolf Elgeti, and to the chairman of the board, Christian Daudert, at an issue price of €20.00 per share. Mr Daudert immediately sold his shares to an American investor. The new shares will be fully able to participate in the company's profits from 1 January 2016. In addition, the board decided on that same date to issue a convertible bond with a total volume of €5,000,000.00 and a term of two years. The convertible bond is divided into 5,000 bearer bonds with a nominal value of €1,000.00 each. The annual interest rate is 6%. The convertible bonds may be converted by their holders into new Staramba SE shares. The conversion price has been set at €21.20 per share if the bond holders opt to exercise their right of conversion. The convertible bonds were offered to and subscribed by Obotritia Beteiligungs GmbH, controlled by board member Rolf Elgeti, and to the board chairman, Christian Daudert. The convertible bond was issued in accordance with the resolution of the general meeting of Staramba SE passed on 28 July 2016, which excluded the right of existing shareholders to subscribe. The aforementioned of Conditional Capital 2016/I of up to €905,999.00 approved by the general meeting secures these conversion rights. The convertible bond was listed on the Frankfurt Stock Exchange on 22 March 2017.

On 27 January 2017, board member Rolf Elgeti notified the company pursuant to §21 para. 1 WpHG that his share in Staramba SE had exceeded the 25% threshold as of 24 January 2017, specifically to 29.61% (625,283 votes).

Statutory provisions and provisions in the articles for the appointment of board members and Managing Directors and for amendments to the articles

Single-tier governance

SSE is a Societas Europaea which has opted for single-tier governance. The single-tier system is characterised per Art. 43-45 SE-VO in conjunction with §§20 ff. SEAG by the fact that the management of the SE is the responsibility of a single management body, i.e. the Board of Directors. The Board of Directors directs the company, determines the basic lines of its activities, and monitors their implementation by the Managing Directors. The Managing Directors manage the day-to-day business of the company, represent the company both in and out of court, and are required to comply with the board's instructions.

Bodies

The organs of SSE are its general meeting, the Board of Directors, and the Managing Director.

Board of Directors

The articles stipulated that the board shall consist of five members elected by the general meeting.

The board members are elected for terms that conclude upon the adjournment of the annual meeting that decides to discharge them of their liability for the fourth year of business following the beginning of their term of office. The year in which the term of office begins is not counted. The general meeting may elect members to shorter terms at its discretion. Members may be elected more than once for the term described above.

In addition to electing the ordinary members of the board, the general meeting may opt to elect members to replace one specific or several members of the board. The replacement member joins the board when the corresponding board member leaves the board before the expiry of his or her term. If a replacement member is not elected at the next general meeting, the original replacement member's term of office is extended until the end of the departed member's original term. Replacement members, if the general meeting opts to hold a special election, are elected for the remainder of the departed member's original term of office.

Board members who have been elected by the general meeting without having been nominated by the board may be removed before the end of their term. The decision requires three quarters of the votes cast in favour.

Any member or replacement member of the board may resign from office by submitting a written declaration to the chairman of the board at least one month in advance of the effective date. No grounds need be named.

The board is empowered by the articles to make solely formal amendments to the articles.

Managing Director(s)

The Board of Directors appoints one or more Managing Directors. Board members may be appointed Managing Directors, provided they do not make up a majority of the board.

Managing Directors may be removed at any time by the board. An Managing Director who is also on the board may, however, only be removed for cause. During the reporting year, Mr Julian von Hassell was the sole Managing Director of the company. On 28 March 2017, the board appointed Christian Daudert as the new Managing Director. Mr Daudert assumed the office from Mr Julian von Hassell, who voluntarily resigned his position on 28 March 2017. Mr von Hassell will continue to provide oversight and advice as a member of the board.

Agreements with the board in the event of a takeover bid

There are no agreements with the board subject to a change of control as a result of a takeover bid. There are also no agreements with board members, the Managing Director, or employees for settlements in the event of a takeover.

H. Mandate of the Board of Directors

In addition to their activities for Staramba SE, the members of the board are members of the following other control bodies:

1. Christian Daudert, Chairman of the Board of Directors and Managing Director of Staramba SE:
    - Chairman, Management Board, 11 Champions AG, Rostock
    - Managing Director, Social VR GmbH, Berlin
    - Managing Director, Triple A Code GmbH, Rostock
    - Managing Director, Daudert & Daudert GmbH, Rostock
    - Chairman of the supervisory board, MXM Mixed Reality Marketing AG, Magdeburg
    - Managing Director of Staramba GmbH, Berlin (until June 2016)

2. Professor Dr Klemens Skibicki, Vice- Chairman of the Board of Directors, Staramba SE:
    - Managing Partner, Profski GmbH, Cologne (since June 2016)
    - Director of Brain Injection Ltd. & Co. KG, Cologne
    - Managing Director, Brain Injection Ltd., Düsseldorf

3. Rolf Elgeti:
    - Chairman, Supervisory Board, TAG Immobilien AG
    - Chairman, Supervisory Board, Fair Value REIT-AG
    - Chairman, Supervisory Board, 1801 Deutsche Leibrenten AG
    - Member of the Advisory Board, Laurus Property Partners (since July 2016)

4. Julian von Hassell, Member of the Board of Directors and Managing Director, Staramba SE
    - Chairman, Supervisory Board, yoyo smart social web solutions AG, Hamburg (until December 2016)
    - Vice- Chairman, Supervisory Board, MXM Mixed Reality Marketing AG, Magdeburg (through December 2016)

I. Declaration of the legal representatives

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

Staramba SE

Berlin, April 2017

Board of Directors		*Managing Director*
Christian Daudert	Klemens Skibicki	Christian Daudert
Rolf Elgeti	Julian von Hassell	
Marthe Wolbring		

Financial Statement 2016

for the Financial Year from 1 January to 31 December 2016

A. Income statement for the period from 1 January to 31 December 2016

		2016 EUR		2015 EUR
1.	Sales revenues		2.052.628,12	757.771,98
2.	Reduction of inventories of unfinished products		331.607,61	0,00
3.	Capitalised cost of self-constructed assets		39.775,84	0,00
4.	Other operating income of which income from currency translations EUR 10,113.76 (previous year: EUR 30.38)		57.549.063,36	17.586,68
5.	Cost of materials			
	a) Expenses for raw materials and supplies and goods procured	472.036,20		0,00
	b) Expenses for purchased services	665.391,61		154.855,46
			1.137.427,81	154.855,46
6.	Personnel expenses			
	a) Wages and salaries	1.208.055,89		105.845,66
	b) Social security contributions and expenses for pensions and other employee benefits of which for old-age provision: EUR 40.00 (previous year: TEUR 0)	225.616,58		2.268,60
			1.433.672,47	108.114,26
7.	a) Depreciation of intangible items of fixed assets and tangible assets		11.854.153,68	541,00
	b) oF property assets of current assets, provided that the latter exceed the usual depreciation in the company		350.533,24	45.595,67
8.	Other operating expenses of which expenses from currency translations: EUR 1,256.15 (previous year: EUR 37,327.88)		1.870.514,59	1.030.786,00
9.	Other interest and similar income		15.029,49	19.492,78
10.	Interest and similar expenses		394.765,05	12.574,91
11.	Taxes on income and earnings		-3.482.442,11	3,13
12.	Results after tax		45.766.264,47	-557.618,99
10.	Exceptional and extraordinary income		0,00	0,00
11.	Extraordinary expenses			0,00
13.	Other taxes		764,00	466,00
14.	Annual net profit/loss		45.765.500,47	-558.084,99

B. Balance sheet presented according to the HGB as of 31 December 2016

ASSETS	31.12.2016 EUR	31.12.2016 EUR	31.12.2015 EUR
A. FIXED ASSETS			
I. Intangible assets			
1. Purchased concessions, industrial property rights and similar rights and values, as well as licenses for such rights and values	2.105.530,00		200,00
2. Goodwill/business value	75.015.326,00		0,00
		77.120.856,00	
II. Tangible assets			
Other assets, operating and Office equipment		160.415,10	1.861,00
III. Financial assets			
1. Shares in affiliated companies	0,00		5.163.250,00
2. Holdings	202.361,81		69.774,82
		202.361,81	5.233.024,82
B. CURRENT ASSETS			
I. Inventories			
1. Raw materials and supplies	31.588,01		0,00
2. Unfinished products	40.522,39		0,00
		72.110,40	0,00
II. Accounts receivable and other assets			
1. Accounts receivable	330.914,74		0,00
2. Receivables from affiliated companies	0,00		1.312.680,13
3. Receivables from companies to which the company holds an interest	467.615,06		0,00
4. Other assets	2.436.960,06		114.902,59
		3.235.489,86	1.427.582,72
II. Cash on hand and bank balances		13.964,99	5.323,10
C. DEFERRED EXPENSES AND ACCRUED INCOME		122.258,45	13.382,53
		80.927.456,61	6.681.374,17

LIABILITIES	31.12.2016 EUR	31.12.2016 EUR	31.12.2015 EUR
A. SHAREHOLDERS' EQUITY			
I. Subscribed capital		2.112.000,00	1.670.000,00
II. Capital reserves		7.236.399,96	4.950.000,00
III. Losses carried forward		-845.505,40	-287.420,41
IV. Annual net profit/loss		764,00	-558.084,99
		8.503.658,56	5.774.494,60
B. PROVISIONS			
1. Tax provisions	34.298,58		137.889,09
2. Other provisions	229.841,47		107.118,20
		264.140,05	245.007,29
C. LIABILITIES			
1. Obligations towards banks of which with a residual term of up to one year EUR 505,162.25 (previous year: EUR 2,344.48)	505.162,25		2.344,48
2. Received payments	76.329,50		0,00
3. Trade accounts payable of which with a residual term of up to one year: EUR 731,638.74 (previous year: EUR 79,480.16)	731.638,74		79.480,16
4. Other liabilities of which taxes: EUR 0.00 (previous year: EUR 1,166.42) of which relating to Social Security: EUR 35,852.44 (previous year: EUR 0.00) of which with a residual term of up to one year: EUR 2,328,083.41 (previous year: EUR 580,047.64)	2.328.083,41		580.047,64
		3.641.213,90	661.872,28
D. DEFERRED INCOME AND ACCRUED EXPENSES		117.833,00	0,00
E. DEFERRED TAX LIABILITIES		22.635.874,63	0,00
		35.162.720,14	6.681.374,17

C. Development of fixed assets in 2016 financial year

	Acquisition and production costs						Accrued depreciation					Book values	
	1.1.2016	Additions	Additions from the merger	Disposals	Transfers	31.12.2016	1.1.2016	Additions	Disposals	Changes to the total depreciation due to additions	31.12.2016	31.12.2016	31.12.2015
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
A. FIXED ASSETS													
I. Intangible assets													
1. Concessions acquired against payment, industrial property rights and similar Rights and assets, as well as licenses in such rights and assets	200	2.153.900	249.567	0		2.403.667	0	241.133	0	57.004	298.137	2.105.530	200
2. Goodwill/business value	0	0	86.556.147	0	0	86.556.147	0	11.540.821	0	0	11.540.821	75.015.326	0
	200	2.153.900	86.805.714	0	0	88.959.814	0	11.781.954	0	57.004	11.838.958	77.120.856	200
II. Tangible assets													
other assets, operating, and business equipment	3.706	91.289	407.012	192.087	0	309.920	1.845	72.199	26.904	102.365	149.505	160.415	1.861
	3.706	91.289	407.012	192.087	0	309.920	1.845	72.199	26.904	102.365	149.505	160.415	1.861
III. Financial assets													
1. Shares in affiliated undertakings	5.163.250	30.232.523	0	35.393.211	-2.562	0	0	0	0	0	0	0	5.163.250
2. Investments	69.775	199.800	0	69.775	2.562	202.362	0	0	0	0	0	202.362	69.775
	5.233.025	30.432.323	0	35.462.986	0	202.362	0	0	0	0	0	202.362	5.233.025
	5.236.931	32.677.512	87.212.726	35.655.073	0	89.472.096	1.845	11.854.153	26.904	159.369	11.988.463	77.483.633	5.235.086

D. Statement of changes in equity as of 31 December 2016

	Subscribed capital	Capital reserves	Earned shareholders' equity	Total shareholders' equity
	EUR	EUR	EUR	EUR
Status as of 1 January 2015	**1.420.000**	**2.700.000**	**-287.420**	**3.832.580**
Profit or loss for the financial year	0	0	-558.085	-558.085
of which capital increase	250.000	2.250.000	0	2.500.000
Status as of 31 December 2015	**1.670.000**	**4.950.000**	**-845.505**	**5.774.495**
Status as of 1 January 2016	**1.670.000**	**4.950.000**	**-845.505**	**5.774.495**
Profit or loss for the financial year	0	0	45.765.500	45.765.500
of which capital increase	442.000	2.286.400	0	2.728.400
Status as of 31 December 2016	**2.112.000**	**7.236.400**	**44.919.995**	**54.268.395**

E. Cash flow statement

	1.1.2016- 31.12.2016 EUR	1.1.2015- 31.12.2015 EUR
Profit or loss for the financial year	45.765.500	-558.084
Depreciation	12.204.687	541
Increase in provisions	-89.588	195.066
Other non-cash expenses and income	-3.522.218	0
non-cash income from merger	-28.700.039	0
non-cash income from share exchanges	-25.920.748	0
Gain/loss on disposal of fixed assets	165.635	0
Increase / decrease in other assets not attributable to investing or financing activities	-1.165.366	-496.221
Increase / decrease in liabilities which are not attributable to investing and financing activities	49.606	57.897
Cash flow from operating activities	**-1.212.532**	**-800.802**
Payments to acquire intangible assets and property, plant and equipment	-2.205.865	0
Payments for investments in financial assets	-199.800	-2.004.025
Payments as part of share exchanges	-272.187	0
Deposits for financial investments as part of short-term treasury management	132.000	0
Payments for financial investments as part of short-term treasury management	-410.884	0
Cash flow from investment activities	**-2.956.736**	**-2.004.025**
Payments into equity	2.728.400	2.500.000
Proceeds from loans	2.716.850	188.950
Payments for loans	-1.272.782	50.908
Cash flow from financing activities	**4.172.468**	**2.739.859**
Net changes in cash funds	3.200	-64.968
Cash and cash equivalents at the beginning of the period	2.979	67.947
Cash inflow from merger	4.475	0
Cash and cash equivalents at the end of period	10.653	2.979
Composition of cash and cash equivalents		
Cash on hand, bank balances	13.965	5.323
Bank borrowings with a residual term of up to three months	-3.312	-2.344
	10.653	**2.979**

F. Notes to the financial statement for the year ending 31 December 2016

A. General information

Staramba SE (SSE) was created in August 2016 when its name was changed from Social Commerce Group SE (SCGSE).

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

The company is a large corporation according to the rules of §267 para. 3, sentence 2 and §264d HGB. The annual financial statements were prepared in accordance with the accounting regulations of §§242 ff. and §§264 ff. HGB and the supplementary provisions in AktG.

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

Share swap and merger

It is not feasible to compare this year's results with the previous year's figures given the material changes to key line items as described below (§265 para. 2 HGB).

SSE (formerly Social Commerce Group SE) was a financial holding company until the changes described below and held the following shares in affiliated companies or associates:

- 54.54% of MXM Marketing Reality AG, Stendal HRB 17187;
- 51.95% of Staramba GmbH, Berlin HRB 148045;
- 62.18% of yoyo smart social web solutions AG, Hamburg HRB 129408; and
- 19.5% of Staramba USA Corporation, Tampa, Florida.

On 17 June 2016, a contract was signed with 3D Safe Corporation for the swap of shares in MXM AG, yoyo smart web solutions AG, and Staramba USA Corporation. As a result, SCGSE acquired the remaining shares in Staramba GmbH to become the sole (100%) owner of its shares. This swap was made at fair value, i.e. the acquisition costs for the remaining shares in Staramba GmbH was equal to the fair value of the shares given to 3D Safe Corporation. This transaction resulted in other operating income of €25 million. The acquisition costs for the shares in Staramba GmbH were €31.4 million.

On 30 June 2016, an agreement was signed for the merger of Staramba SE and Staramba GmbH. Staramba GmbH was merged into SSE as a so-called up-stream merger effective 1 January 2016. The merger was registered on 12 August 2016.

The upstream merger was posted at fair value per the Institute of Public Auditors in Germany circular "Effects of a merger on HGB financial statements" (IDW RS HFA 42). From the point of view of the receiving legal entity, this process is similar to a swap. According to the principles for such swaps, the fair value of the underlying shares may be posted as the cost to acquire the assets and liabilities of the downstream company.

This business transaction resulted in other operating income of €28.7 million and business value of €86.556 million. Since under the tax code, the merger is posted at book value, €26.118 million in deferred tax liabilities on the business value were posted. This has been included in the business value.

In addition, the following assets and liabilities are assumed as of 1 January 2016:

- Fixed assets: €500,000
- Current assets: €865,000
- Bank balances: €5,000
- Deferred expenses and accrued income: €40,000
- Provisions: €109,000
- Liabilities: €1,609,000

As of the closing date, the prerequisites for the retroactive transfer of assets and liabilities to Staramba SE were in place. From this point forward, the receiving legal entity (the former Social Commerce Group SE) will incur its own expenses and income in connection with the assets and liabilities thus assumed. As a result of this process, the former operating company SCGSE became an operating company by assuming the operational activities of Staramba GmbH. For these reasons, a comparison with the previous year's figures is not possible.

In addition, there is an inconsistency that cannot be rectified due to the following facts: SSE only obtained the remaining shares and thus 100% ownership of Staramba GmbH as a result of the swap completed on 17 June 2016. The upstream merger agreed upon on 30 June 2016 was made retroactive to 1 January 2016, i.e. a date on which SSE did not yet hold 100% of the shares in Staramba GmbH. As a general rule, the merger is valued based on the value of the shares received as of the merger date (1 January 2016). As a result, there is an inconsistency in the ownership percentage as of the merger date compared to the timing of the swap. This inconsistency cannot be rectified due to the retroactive merger permitted by German law. The difference in the fair value between 1 January 2016 and 17 June 2016 has been estimated to be insignificant.

It is not feasible to compare this year's results with the previous year's figures for the following items. In order to quantify the effects for the sake of comparison, the corresponding figures for the previous year have been adjusted. This means that the amounts of the annual financial statements of the former Social Commerce Group SE and Staramba GmbH were statistically consolidated as of 31 December 2015 or for the 2015 financial year and the mutual contributions to the success of the other company eliminated. This procedure corresponds to the specifications of IDW RS HFA 39 in conjunction with IDW RS HFA 44. In analogous application of §307 para. 1 HGB, that portion of the equity capital that had been held by other shareholders is reported separately under the net profit for the year. The amount reported as a difference from the statistical consolidation documents the calculated difference between the elimination of the carrying amount for the Staramba GmbH equity position and the carrying amount of the investment as of 31.12.2015:

ASSETS	Financial year (thousands of euros)	prior-year amounts adjusted to the changed situation in the reporting year (thousands of euros)	Previous year (thousands of euros)
A. Fixed assets			
I. Intangible assets			
1. Purchased concessions, industrial property rights and similar rights and values, as well as licenses for such rights and values	2,105.5	192.8	0.2
2. Goodwill/business value	75,015.3	0.0	0.0
II. Tangible assets			
1. Other equipment, operating and office equipment	160.4	306.5	1.9
III. Financial investments			
1. Shares in affiliated companies	0.0	3,969.8	5,163.3
2. Holdings	202.4	69.8	69.8
B. Current assets			
I. Inventories			
1. Raw materials and supplies	31.6	72.1	0.0
2. Unfinished products	40.5	372.1	0.0
II. Receivables and other assets			
1. Accounts receivable (trade debtors)	330.9	175.6	0.0
2. Receivables from affiliated companies	0.0	1,001.9	1,312.7
3. Receivables from companies in which the company holds an interest	467.6	45.6	0.0
4. Other assets	2,437.0	272.5	114.9
III. Cash on hand and bank balances	14.0	9.8	5.3
C. Deferred income	122.3	53.6	13.4

LIABILITIES	Financial year	prior-year amounts adjusted to the changed situation in the reporting year	Previous year
	(thousands of euros)	(thousands of euros)	(thousands of euros)
A. Equity			
I. Subscribed capital	2,112.0	1,670.0	1,670.0
II. Capital reserves	7,236.4	4,950.0	4,950.0
III. Losses carried forward	-845.5	-287.4	-287.4
IV. Annual net profit	45,765.5	-2,508.1	-558.1
V. Minority interests	0.0	-149.8	0.0
Difference from stat. consolidation	0.0	592.0	0.0
B. Provisions			
1. Tax provisions	34.3	96.4	137.9
2. Other provisions	229.8	171.3	107.1
C. Liabilities			
1. Liabilities to credit institutions	505.2	3.0	2.3
2. Received payments	76.3	7.5	0.0
3. Trade accounts payable	731.6	384.1	79.5
4. Liabilities to affiliated companies	0.0	142.8	0.0
5. Other liabilities	2,328.1	1,470.4	580.0
D. Accruals	117.8	0.0	0.0
E. Deferred taxes	22,635.9	0.0	0.0

INCOME STATEMENT	Financial year	prior-year amounts adjusted to the changed situation in the reporting year	Previous year
1. Sales revenues	2,052.6	932.5	757.8
2. Increase in inventory of orders-in-progress	0.0	372.1	0.0
3. Reduction in inventory of unfinished products	331.6	0.0	0.0
4. Other capitalised self-contributions	39.8	0.0	0.0
5. Other operating income	57,549.1	103.0	17.6
6. Material costs	1,137.4	839.1	154.9
7. Personnel costs	1,454.7	1,204.5	108.1
8. Depreciation			
a) of intangible assets and tangible assets	11,854.2	114.5	0.5
b) current assets as long as they exceed the usual depreciation for a stock corporation	350.51	45.6	45.6
9. Other operating expenses	1,870.5	1,693.7	1,030.8
10. Other interest and similar income	15.0	20.4	19.5
11. Interest and similar expenses	394.8	32.5	12.6
12. Taxes on income and earnings	-3,482.4	0.0	0.0
- including income from the allocation and reversal of tax deferrals: EUR 3,482,442.71 (EUR 0.00)			
13. Extraordinary expenses	0.0	5.2	0.0
14. Earnings after tax	45,766.3	-2,502.0	-557.6
15. Other taxes	0.8	0.8	0.5
16. Annual net profit	45,765.5	-2,508.1	-558.1

Distortion of the assets, liabilities, and earnings situation (§264 para. 2 HGB)

The company's annual result was essentially influenced by two unique events that have not taken place in previous years and are unlikely to occur again.

On the one hand, the shares in MXM, yoyo, and Staramba USA were swapped (sold) for shares (acquired) in Staramba GmbH. This transaction resulted in other operating income of €25 million. Refer to the explanations of these processes mentioned above.

On the other hand, as described above, the subsidiary Staramba GmbH, Berlin, underwent an upstream merger into the company with retroactive effect on 1 January 2016. The assets and liabilities assumed were posted at fair value. The merger resulted in a total income of €28.7 million and a business value €86.56 million. The business value acquired will be depreciated on a 7.5-year basis. €11.54 million in scheduled depreciation was thus posted in 2016.

In the previous year, SCGSE earned €758,000 in revenues for its management contracts in its role as a holding company. These were terminated in the first quarter of 2016. €125,000 was received in 2016 for the management of MXM and yoyo.

B. Explanation of the accounting and valuation methods

1. Fixed assets

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

The intangible assets were valued at acquisition costs less scheduled straight-line depreciation. The €500,000 in fixed assets acquired during the merger of Staramba GmbH into SSE are shown in a separate column in the list of assets. If the assets are indefinitely usable, no scheduled depreciation is recognised.

Some factors act against the use of the business value acquired. This business value is essentially the result of various competitive advantages acquired during term-limited licensing agreements and technical expertise in the form of an entire process chain. The technical expertise related to the mobile 3D scanner and the 3D INSTRAGRAPH® creates almost unlimited opportunities for the future-orientated digitalisation of people and objects. It is therefore essential for overcoming initial barriers to market entry and the long-term development of the overall business. Staramba conducts continuous R&D to ensure that the scanners are continually developed, to set long-term industry standards, and to stay ahead of competition. The 3D INSTAGRAPH® is expected to have a useful life of five years. This useful life makes up 50% of the business value. The other 50% is made up of licensing agreements with the world of sport and music as well as the associated opportunities for long-term partnerships with associations, clubs, and individual players. Licensing agreements with footballers and clubs play a special role. When acquiring such licenses, often it is not only the associations, but also the individual players who need to be convinced of the business concept. Since Staramba SE's licences involve personal 3D data, a licensing agreement also requires a level of trust that this sensitive data will not be easily misused. Given the amount of effort that goes into signing these licensing deals, long-term partnerships with football and footballers are not uncommon. For example, the EA Sports and Panini partnerships with FIFA are twenty years each. The useful life of these licensing agreements, which are also valued at 50%, therefore extends beyond the current expiry date and must be valued for over 10 years. The useful life of the business value that has been acquired has been calculated based on these facts and will be depreciated on a 7.5-year basis.

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

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

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

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

2. Current assets

Inventories include raw materials, consumables, and supplies as well as the orders in progress. The valuation is carried out at acquisition or manufacturing cost or the fair value if lower.

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

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

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

3. Debt equity

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

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

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

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

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

With regard to the merger, for deferred taxes and liabilities not assumed by the transferring legal entity will have to re-examined and appropriately adjusted. As the assets and liabilities assumed were measured at fair value, the deferred taxes related to hidden reserves are hidden. They therefore represent acquisition costs since they must be posted. The deferred taxes on the acquired business value are inseparably linked and must therefore be capitalised as the costs to acquire this goodwill.

The assets acquired under the merger were valued at fair value on the basis of an opinion which determined the fair value after income tax. The resulting deferred taxes included in the resulting goodwill of €60.4 million were posted at a value of €26.12 million, taking into account the company-specific tax rates for corporation and trade taxes. The goodwill was capitalised at €86.56 million, i.e. the value before income taxes.

C. Notes on the balance sheet

1. Fixed assets

The development of the fixed assets as well as the acquisition costs of the individual items are shown in the following table.

Intangible assets were valued at €77,121,000 (2015: €200). They essentially result from the goodwill acquired during the merger and capitalised at fair value. €26,118,000 in deferred tax liabilities on the business value after income taxes was posted. In addition, Social VR was acquired from yoyo for €2 million and the intangible assets of Staramba GmbH were assumed as part of the merger.

The €160,000 in tangible assets (2015: €1,900) includes operating and office equipment. The acquisition costs posted are the values of the assets when acquired from Staramba GmbH in the course of the merger. Substantial parts of these assets were then sold off after the merger.

The €202,000 in financial assets (2015: €3,229,000) includes shares in companies with which an investment relationship exists as well as other companies comprising the following shareholdings (list of shareholdings per §285 no. 11 HGB):

Participation	**Headquarters**	**Share held (%)**	**Share capital as of 31.12.2016 (previous year)**	**Equity capital***	**Result of the most recent business year***
Social VR GmbH, Berlin HRB13777	Berlin	48.00%	€25,000 (€25,000)	-€96,500 (-€90,000)	-€5,600 (-€33,800)

*Information from the latest annual financial statements of the companies as of 31.12.2015

Staramba SE, Berlin (formerly: Social Commerce Group SE, Berlin)

Development of fixed assets in 2016 financial year

	Acquisition and production costs						Accrued depreciation						Book values	
	1.1.2016	Additions	Additions from the merger	Disposals	Transfers	31.12.2016	1.1.2016	Additions	Disposals	Changes to the total depreciation due to additions	31.12.2016		31.12.2016	31.12.2015
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR		EUR	EUR
A. FIXED ASSETS														
I. Intangible assets														
Concessions acquired against payment, industrial property rights and similar rights and assets, as well as licenses in such rights and assets	200	2,153,900	249,567	0		2,403,667	0	241,133	0	57,004	298,137		2,105,530	200
Goodwill/business value	0	0	86,556,147	0	0	86,556,147	0	11,540,821	0	0	11,540,821		75,015,326	0
	200	2,153,900	86,805,714	0	0	88,959,814	0	11,781,954	0	57,004	11,838,958	0	77,120,856	200
II. Tangible assets														
Other assets, operating, and business equipment	3,706	91,289	407,012	192,087	0	309,920	1,845	72,199	26,904	102,365	149,505		160,415	1,861
	3,706	91,289	407,012	192,087	0	309,920	1,845	72,199	26,904	102,365	149,505	0	160,415	1,861
III. Financial assets														
1. Shares in affiliated companies	5,163,250	30,232,523	0	35,393,211	-2,562	0	0	0	0	0	0		0	5,163,250
2. Holdings	69,775	199,800	0	69,775	2,562	202,362	0	0	0	0	0		202,362	69,775
	5,233,025	30,432,323	0	35,462,986	0	202,362	0	0	0	0	0	0	202,362	5,233,025
	5,236,931	32,677,512	87,212,726	35,655,073	0	89,472,096	1,845	11,854,153	26,904	159,369	11,988,463	0	77,483,633	5,235,086

2. Receivables and other assets

There were no trade or loan receivables from affiliated companies as of the closing date. In the previous year, the balance was €1,313,000. Trade receivables as of 31.12.2015 resulted from intra-group cost allocations to formerly affiliated companies.

The other assets reported mainly include receivables from loans granted and another receivable for €1,525,000 from the sale of the 3D printing plant that was subsequently paid in 2017. These are due within one year. In addition, €11,400 in deposits with a residual term of more than one year (2015: €2,300) were posted. The remaining receivables and other assets are due within one year.

There are receivables of €467,000 from companies in which the company has an ownership interest.

There was also €21,000 in receivables that meet the definition of §285 no. 9c HGB as of the closing date. These bear interest at 2% pa. The interest for the reporting year was €0.

3. Credit balances with banks and cash on hand.

The company had €13,960 in bank balances (2015: €5,300).

4. Deferred taxes

The calculation was based on a tax rate of 30.18%. Deferred tax liabilities result entirely from the capitalized goodwill. The goodwill based on the after-tax value of the company value was increased by the amount of deferred tax liabilities. Income from the reversal of the deferred tax liabilities result from the reduction in goodwill due to scheduled depreciation.

5. Equity capital

5.1 Subscribed capital

The fully paid-up capital is divided into 2,112,000 bearer shares (2015: 1,670,000), with a nominal value as of 31 December 2016 of €2,112,000.00 (2015: €1,670,000).

141,999 shares (with a nominal value of €141,999) were subscribed during the 2016 financial year on the basis of an authorised capital increase (Authorised Capital 2015/1) (§160 para. 1 no. 3 AktG).

The annual meeting held on 28 July 2016 voted to increase the share capital by €700,001. The increase in the share capital approved by the general meeting was carried out by issuing 300,001 shares for a total value of €300,001. The Board of Directors used its powers to amend the articles of incorporation on 20 October 2016. The capital increase was registered in the commercial register on 21 October 2016.

5.2 Authorised capital (§160 para. 1 no. 4 AktG)

Authorised Capital 2015/I

The annual meeting on 14 April 2015 authorised the Board of Directors to increase the company's share capital for a period of five years, calculated from the date of entry in the commercial register, by issuing new bearer shares against cash and/or contributions in kind by up to a total of €460,000 (Authorised Capital 2015/I). The authorisation may be used once or several times, either in whole or in part.

The board exercised this authorisation on 13 May 2016 and increased the share capital by €141,999 against cash contributions. In the first half of the year, 141,999 shares were subscribed pursuant to the authorised capital increase (Authorised Capital 2015/I) (§160 para. 1 no. 3 AktG).

The Authorised Capital 2015/I was entered into the commercial register on 12.06.2015. After this partial use of Authorised Capital 2015/I in the first half of 2016, the remaining €318,001 in Authorised Capital 2015/I was cancelled.

Authorized Capital 2016/I

The annual general meeting of Staramba SE held 28 July 2016 decided to authorise the Board of Directors to increase the company's share capital for a period of five years, calculated from the date of entry in the commercial register, by issuing new bearer shares against cash and/or contributions in kind by up to a total of €905,999.00 (Authorised Capital 2016/I) and, at the same time, to cancel the existing capital authorisation. The Board of Directors was authorised to exclude certain shareholders from the right to subscribe, so that an agreement on subscription rights pursuant to §30b para. (1) sentence 1 no. 2 WpHG (German Securities Trading Act) pertains.

The authorisation may be used once or several times, either in whole or in part.

During the first half of the 2016 financial year, no shares were subscribed due to the authorised increase in capital (Authorised Capital 2016/I) (§160 para. 1 no. 3 AktG).

Shareholders must be granted subscription rights with the following restrictions. However, the board is authorised to exclude shareholders' subscription rights

- for fractional amounts;

- in the case of capital increases against cash contributions, provided that the pro rata portion of the share capital attributable to the new shares for which the subscription right is excluded is no more than 10% of the share capital available at the time the resolution is adopted by the general meeting and the issue price of the new shares does not significantly undercut the price of the shares of the same type and conditions already listed at the time the final issue price is fixed by the board per §§203 paras. 1 and 2, 186 para. 3 sentence 4 AktG. The 10% cap includes those shares that have already been issued or sold during the term of this authorisation in direct or analogous application of §186 para. 3 sentence 4 AktG under exclusion of subscription rights. It must also include shares allocated to service options and/or conversion rights or option and/or conversion obligations from convertible bonds and/or bonds with warrants, insofar as these bonds are issued during the term of this authorisation with the exclusion of subscription right in application mutatis mutandis of §186 para. 3 sentence 4 AktG;

- for capital increases in exchange for cash contributions, to grant shares for the purpose of acquiring companies, parts of companies or stakes in companies, or to acquire other assets (including third party claims against the company or companies affiliated with the company) associated with such a merger or acquisition;

- insofar as this is necessary to protect against dilution in order to grant a subscription right to the owners and/or creditors of warrant and/or convertible bonds issued by the company or its subsidiaries within the framework of an authorisation granted to the board by the general meeting, to the extent such would have been granted to them after exercising the option or conversion or right or fulfilment of the options or conversion obligations;

- to service option and/or conversion rights or option and/or conversion obligations from convertible bonds and/or bonds with warrants issued by the company;

- when cooperating with another company when such cooperation serves the interests of the company and the cooperating company requires an ownership interest in the company;

- in order to issue shares to members of the board, the Managing Directors, and members of the management team, and employees of companies affiliated with the company. The new shares may also be issued to a bank or an equivalent institution provided they accept the obligation to pass them on exclusively to those beneficiaries listed hereafter.

The board is authorised to establish further terms and conditions for the issuing of shares, including the issue amount, as well as the content of the share rights when executing the capital increases from Authorised Capital 2016/I. If the profit distribution for a past financial year has not yet been decided, the start of the profit participation may also be applied to the beginning of that financial year.

The board is also authorised to amend the articles of incorporation after partial and/or complete implementation of the capital increase from Authorised Capital 2016/I or after the expiry of the authorisation to correspond to the extent to which Authorised Capital 2016/I was utilised.

The Authorised Capital 2016/I was entered into the commercial register on 18.08.2016. As of the closing date, Authorised Capital 2016/I was €905,999.

5.3 Conditional capital (§152 para.1 AktG)

Conditional Capital 2015/1

The general meeting of 14.04.2015 conditionally increased the share capital of the company by up to €180,000 (Conditional Capital 2015/I).

The Conditional Capital 2015/I was entered into the commercial register on 12.06.2015. Conditional Capital 2015/1 no longer exists as of the reporting date due to the resolution of the general meeting on 28.07.2016. Conditional Capital 2015/1 was not used.

Conditional Capital 2016/1

The annual general meeting of Staramba SE held 28 July 2016 decided to authorise the Board of Directors to increase the company's share capital for a period of five years, calculated from the date of entry in the commercial register, by issuing new bearer shares by up to a total of €905,999.00 (Conditional Capital 2016/I) and, at the same time, to cancel the existing conditional capital.

The conditional capital increase allows shares to be issued when option or conversion rights are exercised by their holders or when option or conversion obligations are fulfilled on the basis of the general meeting's authorisation of 28 July 2016 either by the company or by options or convertible bonds issued by direct or indirect majority shareholder.

The conditional capital increase will only be made if option or convertible bonds exist and only to the extent that the holders of the same either issued or guaranteed by the company or its direct or indirect majority shareholders before 27 July 2021 pursuant to the authorisation of the general meeting of 28 July 2016 exercise their option or conversion rights or fulfil their option or conversion obligations and no other forms of fulfilment have been used. The new shares issued as a result of the exercise of the option or conversion right or the fulfilment of the option or conversion obligation generally participate in the profit from the beginning of the financial year in which they are issued. If the profit distribution for a past financial year has not yet been decided, the start of the profit participation may also be applied to the beginning of that financial year.

The board is authorised to establish the further details of the conditional capital increase.

The board is authorised to amend §5 para. 1 and §6.2 para. 1, sentence 1 of the articles of incorporation when said conditional capital is used and to make any and all other related adjustments to the wording of the same. The same applies in the case the board opts not to exercise its authorisation to issue option or convertible bonds and the authorisation period has expired and in the event Conditional Capital 2016/I is not fully used after the expiry of the deadlines for the exercise of option or conversion rights or for the fulfilment of option or conversion obligations.

5.4 Capital reserves (§152 para.2 AktG)

In the financial year, €2,286,390 in capital was placed on reserve.

Additional reserves created by the difference between the market values of the new shares issued during the capital increase and their nominal values were also created.

5.5 Losses carried forward (§268 para. 1 s. 2 HGB)

As of the closing date, the losses carried forward were valued at €845,500.

5.6 Proposal for the use of profits

The Managing Director proposes that the results be carried forward to new account.

6. Provisions

In the tax provisions, €34,300 in VAT (2015: €137,900) in the trade receivables was listed as a liability. The company pays taxes on fees for taxable services based on a licence granted 13 October 2014 pursuant to §20 para. 1 UStG. This licence expired on 31.12.2016 since the statutory revenue threshold of €500,000 had been exceeded.

Other provisions were €229,800 (2015: €107,100), broken down as follows:

(in thousands of euros)

	01.01.2016	Used	Settled	Added	31.12.2016
Description					
Other provisions	9	9		80	80
Financial statement costs	96	96		104	104
Personnel expenses	0	0		8	8
Archiving obligations	2	0		36	38

Total	107	105	0	228	230

Other provisions are based on payment obligations for services received, but not invoiced as of the closing date, as well as potential arrears on minimum royalties from various licensing agreements.

Provisions for expenses related to financial statements are for the preparation and audit of the annual financial statements as well as required tax filings for the financial year.

7. Liabilities

As of the closing date, the company owed banks €505,200 (2015: €2,300).

Other liabilities include liabilities from taxes in the amount of €0 (2015: €1,200) and no liabilities to shareholders.

All liabilities are due for payment within one year.

Information on hedges per §285 no. 1(b) HGB was not available as of the closing date.

Changes in liabilities (§285 No. 30 HGB) are as follows:

01.01 (thousands of euros)	Addition (thousands of euros)	Used (thousands of euros)	Settled (thousands of euros)	31.12 (thousands of euros)
0	26,118	0	3,482	22,636

8. §285 No. 27 HGB: Risk of contingent liability claims (§251 HGB)

Such risks and liabilities do not exist as of the closing date.

D. Notes on the income statement

Revenue in the amount of €2,052,600 (2015: €757,700) included €125,000 earned from services provided and cost allocations from management agreements with former subsidiaries. The remaining amounts result from the operating business acquired from Staramba GmbH. The main part of this is the delivery of 3D scanners.

The sales are broken down by geographic sales regions as follows:

Region/Country	Turnover in €
Germany	812,520
EU	167,090
North America	322,000
Middle East	727,580
Other	23,440
Total	**2,052,630**

Other operating income includes income from the sale of holdings valued at €25,921,00, a gain of €28.7 million from the merger, and €3.05 million in proceeds from the sale of the 3D printing manufactory.

Personnel expenses include salaries for employees of €1,076,500 (2015: €14,300) as well as remuneration for Managing Director services of €131,500 (2015: €91,500). In addition, the company had €225,600 in social insurance contributions in 2016 (2015: €2,300).

Other operating expenses compared to the previous year include:

	Financial year	**Previous year**
	(thousands of euros)	(thousands of euros)
Premises	188	36
Insurance, contributions, and fees	10	1
Repairs and maintenance	12	0
Vehicle expenses	41	26
Advertising and travel expenses	213	30
Legal and consulting fees	407	233
Accounting and auditing costs	215	264
Other expenses in the ordinary course of business	783	403
Expenses from currency exchange	1	37
	1,871	**1,031**

Compared to the previous year, the financial result is as follows:

	Business year (thousands of euros)	**Previous year (thousands of euros)**
Other interest and similar income	15	19
incl.		
Other interest and similar income	*10*	*6*
Other interest and similar earnings (2015: from affiliated companies)	*5*	*14*
Interest and similar expenses	395	13
incl.		
Interest on short-term liabilities	393	10
Interest on holdings > 25%	1	3
Result	**-380**	**7**

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E. Other disclosures

1. Other financial liabilities
The other financial obligations, together with their maturities, are shown in the table below.

(in thousands of euros)	up to 1 year	2 to 5 years	more than 5 years	Total
Rental obligations	**190**	**481**	**0**	**671**
Licensing agreements	**262**	**419**		**681**
Vehicle leases/rentals	**15**	**13**	**0**	**28**
Total	**467**	**913**	**0**	**1,380**

In addition, various licensing agreements contain indefinite payment obligations dependent on the respective sales. Either the royalties based on sales or the agreed minimum fee, whichever is greater, is payable.

2. Information on the cash flow statement
The company paid €343,000 in interest during the financial year (2015: €0) and the interest received was €0 (2015: €16,000).

3. Employees
The average number of employees employed during the financial year was 31.25 (1, if the merger is excluded; 2015: 0.75).

4. Information about management
The company has opted for a single-tier system of governance per Art. 38 lit b) SeVO.

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

1. Mr Christian Daudert, Asset Manager, Rostock (Chairman)
2. Professor Dr Klemens Skibicki, University Faculty, Cologne
3. Mr Julian von Hassell, Corporate Consultant, Uetersen
4. Ms Marthe Wolbring, PR Consultant, Berlin
5. Mr Rolf Elgeti, founder and personally liable partner of Obotritia Beteiligungs GmbH, residing in Potsdam.

The board did not lose any members during the financial year.

The company is represented by its Managing Director:
For the period from 01.01.2016 to 27.03.2017, Mr Julian von Hassell, Corporate Consultant, Uetersen.

Mr von Hassell was a member of the management team, Board of Directors, supervisory board, or partner of the following companies during the reporting period:

- Chairman, Supervisory Board, yoyo smart social web solutions AG, Hamburg (until December 2016)
- Chairman, Supervisory Board, MXM Mixed Reality Marketing AG, Magdeburg (through December 2016)
- Since 2006: owner of Hassell TECCAP

The three positions listed last were still held as of the closing date.

Professor Skibicki was a member of the management team, Board of Directors, supervisory board, or partner of the following companies during the reporting period:

- Since 2016: Managing Director, Profski GmbH, Cologne
- Since 2006: Director of Brain Injection Limited, Düsseldorf
- Since 2006: Partner in Brain Injection Ltd. & Co. KG, Cologne

Mr Christian Daudert was a member of the management team, Board of Directors, supervisory board, or partner of the following companies during the reporting period:

- Chairman, Management Board, 11 Champions AG, Rostock
- Chairman, Supervisory Board, MXM AG
- Managing director, Social VR GmbH, Berlin
- Managing director, Triple A Code GmbH, Rostock
- Managing director, Daudert & Daudert GmbH, Rostock
- Managing Director, Staramba GmbH, Berlin, dismissed in June 2016

Mr Rolf Elgeti was a member of the management team, Board of Directors, supervisory board, or partner of the following companies during the reporting period:

- Chairman, Supervisory Board, TAG Immobilien AG
- Chairman, Supervisory Board, Fair Value REIT-AG
- Chairman, Supervisory Board, 1801 Deutsche Leibrenten AG
- Member of the Advisory Board, Laurus Property Partners (since July 2016)

5. Compensation report

The total remuneration paid to the Managing Director in the 2016 financial year was €98,500 (2015: €91,500). The remuneration was not dependent on performance. Performance-related remuneration and components with long-term incentive effects were not granted.

The remuneration is broken down as follows:

Name	**Julian von Hassell**	**Christian Daudert**	
Function	Managing Director	Managing Director, Staramba GmbH	Total
Remuneration not related to performance	€98,500	€33,00	€131,500
Performance-related remuneration	0.00	0.00	0.00
Components with long-term incentive effect	0.0	0.0	0.00
Totals	**€98,500**	**€33,00**	**€131,500**

The Managing Director also has a company car. The monthly value of this company car is €690 and is already included in the remuneration listed above.

No further remuneration was paid to the active members of the board during the financial year.

6. Declaration of Conformity with the German Corporate Governance Code

The Board of Directors of Staramba SE has made the declaration of conformity to the German Corporate Governance Code required under §161 AktG and has made it permanently available to its shareholders on the company's website (http://staramba.com/investoren/corporate-governance/).

7. Auditor fees

The total auditor fee for the financial year for

	(thousands of euros)
Audit of the financial statements	50
Other audit services	0
Tax consultancy services	0
Other services	0
	50

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

Staramba SE gave one of its shareholders a total of €442,000, €362,800 of which constitutes a loan made without collateral and which will bear interest at 2% p.a. The remaining amount will not bear interest. One shareholder acquired shares in Staramba USA Corporation for €199,800.

In addition, €46,900 in loans and reimbursement of expenses was given to Social VR GmbH. The loans were granted without collateral and interest is payable at 3% p.a. No repayments have yet been made. As of the closing date, the loan receivables and interest accrued were depreciated by 50%.

9. Events after the closing date which must be reported per §285 No. 33 of the new version of HGB Events of particular significance after the closing date

On 15 March 2017, the Board of Directors exercised the power it was granted on 28 July 2016 (Authorised Capital 2016/I) resolved to increase the company's share capital by €150,000 from €2,122,000 to €2,262,000 by issuing 150,000 new bearer shares with a nominal value of €1.00 per share.

All 150,000 new shares were subscribed by investors on the day of issue at an issue price of €20.00 per share, concluding the capital increase.

In addition, the board decided on that same date to issue a convertible bond with a total volume of €5,000,000.00 and a term of two years. The convertible bond is divided into 5,000 bearer bonds with a nominal value of €1,000.00 each. The annual interest rate is 6%. The convertible bonds may be converted by their holders into new Staramba SE shares. The conversion price has been set at €21.20 per share if the bond holders opt to exercise their right of conversion. The convertible bonds were offered to and subscribed by Obotritia Beteiligungs GmbH, controlled by board member Rolf Elgeti, and to the boards chairman, Christian Daudert. The convertible bond was issued in accordance with the resolution of the general meeting of Staramba SE passed on 28 July 2016, which excluded the right of existing shareholders to subscribe. It was instead to be offered to selected investors as part of a private placement. The aforementioned of Conditional Capital 2016/I of up to €905,999.00 approved by the general meeting secures these conversion rights. The convertible bond was listed on the Frankfurt Stock Exchange on 22 March 2017.

The Board of Directors of Staramba SE, at its meeting on 28 March 2017, appointed Christian Daudert as the new Managing Director. Mr Daudert assumed the office from Mr Julian von Hassell, who voluntarily resigned his position on 28 March 2017. Mr von Hassell will continue to provide oversight and advice as a member of the board.

In March 2017, Staramba SE acquired and subscribed 500,000 shares of no par value shares of Staramba USA Corporation, Tampa, Florida as part of a capital increase and 2,400,000 shares in Staramba USA Corporation, Tampa, Florida, from Mr Christian Daudert. In total, Staramba SE now holds 96% of the capital of Staramba USA Corporation, Tampa, Florida.

On 13 April 2017, the company announced the acquisition of Staramba USA Corp. (SUSA), headquartered in New York. SUSA operates in the same 3D market segment as Staramba SE and holds significant licenses and exploitation rights to world-famous stars from sports and entertainment. In the course of this takeover, Staramba SE increased its ownership percentance in Social VR GmbH (formerly Social VIP GmbH) from 48% to 96%. Previously, Staramba SE and Staramba USA Corp. had each held 48% of Social VR GmbH. The purchase price is subject to a non-disclosure agreement.

On 27 March 2017, the Managing Director at the time, Mr Julian von Hassell, notified the company pursuant to §21 para. 1 WpHG that his voting rights had dropped below the 3% threshold as of 22 March 2017, specifically to 2.88% (65,050 votes) as a result of the capital increase.

On 27 January 2017, board member Rolf Elgeti notified the company pursuant to §21 para. 1 WpHG that his share in Staramba SE had exceeded the 25% threshold as of 24 January 2017, specifically to 29.61% (625,283 votes).

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

10. Report pursuant to §160 para. 1 No. 8 AktG

According to §160 para. 1 No. 8 AktG, Staramba SE is obliged to publish the content of the notices received pursuant to §21 1 or 1a of the Securities Trading Act (WpHG). These notices are required of persons whose voting rights in Staramba SE are acquired by way of purchase, sale, or otherwise are equal to, exceed, or are below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, or 75% of the total. It should be borne in mind that the information contained in these notices is as of the respective closing dates indicated therein. Accordingly, the share ownership may have changed by the balance sheet date without a new notification pursuant to §21 para. 1 or 1a WpHG, provided that no relevant reporting threshold was met.

The following reports per §160 para. 1 No. 8 AktG were made before the closing date:

14 January 2016

Mr Julian von Hassell, Germany, notified us on 14 January 2016 pursuant to §21 para. 1 WpHG that his share in the voting rights in Social Commerce

Group SE exceeded the 3% threshold as of 13 January 2016, specifically to 3.89% (65,000 votes).

15 January 2016.

Correction of a voting rights notice published on 14.01.2016

1. Information on the issuer

Social Commerce Group SE Walter-Benjamin-Platz 3 10629 Berlin Germany

2. Reason for the notice

X	Acquisition/sale of shares with voting rights
	Acquisition/sale of instruments
	Change in the total number of voting rights
	Other reason:

3. Information regarding the person obliged to make the notification

Name:	Registered office and country:
Mr Julian von Hassell	Germany

4. Name of shareholders
with 3% or more voting rights, if different from 3.

5. Date threshold was met

13.01.2016

6. Total voting rights

	Share of voting rights (Total 7.a.)	Share of instruments (Total 7.b.1.+ 7.b.2.)	Total shares (Total 7.a. + 7.b.)	Total voting rights
new	3.89%	0%	3.89%	1,670,000
Previous notice	2.99 %	%	%	/

7. Details of voting rights
a. Voting rights (§§21, 22 WpHG)

ISIN	absolute		in %	
	direct (§21 WpHG)	allocated (§22 WpHG)	direct (§21 WpHG)	allocated (§22 WpHG)
DE000A1K03W5	65,000	0	3.89%	0%
Total	65,000		3.89%	

b.1. Instruments per §25 para. 1 No. 1 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Absolute voting rights	Voting rights in %
				%
		Total		%

b.1. Instruments per §25 para. 1 no. 2 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Cash settlement or physical settlement	Absolute voting rights	Voting rights in %

					%
			Total		%

8. Information relating to the notifying party

X	Notifying party (3.) is neither controlled by nor does it control other parties obligated to provide notice relating to voting rights of the issuer (1.).
	Complete chain of subsidiaries, starting with the top-level controlling party or company:

Company	Voting rights in %, if 3% or higher	Instruments in %, if 5% or higher	Total in %, if 5% or higher

20 May 2016

Voting rights notice

1. Information on the issuer

Social Commerce Group SE Walter-Benjamin-Platz 3 10629 Berlin Germany

2. Reason for the notice

X	Acquisition/sale of shares with voting rights
	Acquisition/sale of instruments
	Change in the total number of voting rights
	Other reason:

3. Information regarding the person obliged to make the notification

Name:	Registered office and country:
Mr Rolf Elgeti	

4. Name of shareholders with 3% or more voting rights, if different from 3.

Obotritia Beteiligungs GmbH

5. Date threshold was met

13.05.2016

6. Total voting rights

	Share of voting rights (Total 7.a.)	Share of instruments (Total 7.b.1.+ 7.b.2.)	Total shares (Total 7.a. + 7.b.)	Total number of voting rights of the issuer
new	3.29%	0%	3.29%	1,670,000

Previous notice	n/a	n/a	n/a	/

7. Details of voting rights a. Voting rights (§§21, 22 WpHG)

ISIN	absolute		in %	
	direct (§21 WpHG)	allocated (§22 WpHG)	direct (§21 WpHG)	allocated (§22 WpHG)
DE000A1K03W5		55,000	%	3.29%
Total	55,000		3.29%	

b.1. Instruments per §25 para. 1 No. 1 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Absolute voting rights	Voting rights in %
				%
		Total		%

b.1. Instruments per §25 para. 1 no. 2 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Cash settlement or physical settlement	Absolute voting rights	Voting rights in %
					%
			Total		%

8. Information relating to the notifying party

	Notifying party (3.) is neither controlled by nor does it control other parties obligated to provide notice relating to voting rights of the issuer (1.).
X	Complete chain of subsidiaries, starting with the top-level controlling party or company:

Company	Voting rights in %, if 3% or higher	Instruments in %, if 5% or higher	Total in %, if 5% or higher
Rolf Elgeti	%	%	%
Obotritia Capital KGAA	%	%	%
Obotritia Beteiligungs GmbH	3.29%	%	%

9. For proxies per §22 para. 3 WpHG
(Only possible in case of an allocation per §22 para. 1 sentence 1 No. 6 WpHG)

Date of the general meeting:	
Total share of voting rights after the general meeting:	% (corresponds to voting rights)

15 June 2016

Voting rights notification

1. Information on the issuer

Social Commerce Group SE Walter-Benjamin-Platz 3 10629 Berlin Germany

2. Reason for the notice

X	Acquisition/sale of shares with voting rights
	Acquisition/sale of instruments
	Change in the total number of voting rights
	Other reason:

3. Information regarding the person obliged to make the notification

Name:	Registered office and country:
Mr Rolf Elgeti	

4. Name of shareholders
with 3% or more voting rights, if different from 3.

Obotritia Beteiligungs GmbH

5. Date threshold was met

31.05.2016

6. Total voting rights

	Share of voting rights (Total 7.a.)	Share of instruments (Total 7.b.1.+ 7.b.2.)	Total shares (Total 7.a. + 7.b.)	Total number of voting rights of the issuer
new	10.87%	0%	10.87%	1,811,999
Previous notice	3.29%	0%	3.29%	/

7. Details of voting rights
a. Voting rights (§§21, 22 WpHG)

ISIN	absolute		in %	
	direct (§21 WpHG)	allocated (§22 WpHG)	direct (§21 WpHG)	allocated (§22 WpHG)
DE000A1K03W5		196,999	%	10.87%
Total	196,999		10.87%	

b.1. Instruments per §25 para. 1 No. 1 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Absolute voting rights	Voting rights in %
				%
		Total		%

b.1. Instruments per §25 para. 1 no. 2 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Cash settlement or physical settlement	Absolute voting rights	Voting rights in %
					%
			Total		%

8. Information relating to the notifying party

	Notifying party (3.) is neither controlled by nor does it control other parties obligated to provide notice relating to voting rights of the issuer (1.).
X	Complete chain of subsidiaries, starting with the top-level controlling party or company:

Company	Voting rights in %, if 3% or higher	Instruments in %, if 5% or higher	Total in %, if 5% or higher
Rolf Elgeti	%	%	%
Obotritia Capital KGAA	%	%	%
Obotritia Beteiligungs GmbH	10.87%	%	10.87%

9. For proxies per §22 para. 3 WpHG
(Only possible in case of an allocation per §22 para. 1 sentence 1 No. 6 WpHG)

Date of the general meeting:	
Total share of voting rights after the general meeting:	% (corresponds to voting rights)

<u>20 June 2016</u>

Voting rights notification

1. Information on the issuer

Social Commerce Group SE Walter-Benjamin-Platz 3 10629 Berlin Germany

2. Reason for the notice

X	Acquisition/sale of shares with voting rights
	Acquisition/sale of instruments
	Change in the total number of voting rights
	Other reason:

3. Information regarding the person obliged to make the notification

Name:	Registered office and country:
Mr Christian Daudert	

4. Name of shareholders
with 3% or more voting rights, if different from 3.

11 CHAMPIONS AG

5. Date threshold was met

12.11.2015

6. Total voting rights

	Share of voting rights (Total 7.a.)	Share of instruments (Total 7.b.1.+ 7.b.2.)	Total shares (Total 7.a. + 7.b.)	Total number of voting rights of the issuer
new	46.98%	0%	46.98%	1,670,000
Previous notice	70.42%	n/a	n/a	/

7. Details of voting rights
a. Voting rights (§§21, 22 WpHG)

ISIN	absolute		in %	
	direct (§21 WpHG)	allocated (§22 WpHG)	direct (§21 WpHG)	allocated (§22 WpHG)
DE000A1K03W5	219,700	564,870	13.16%	33.82%
Total	784,570		46.98%	

b.1. Instruments per §25 para. 1 No. 1 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Absolute voting rights	Voting rights in %
				%
		Total		%

b.1. Instruments per §25 para. 1 no. 2 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Cash settlement or physical settlement	Absolute voting rights	Voting rights in %
					%
			Total		%

8. Information relating to the notifying party

	Notifying party (3.) is neither controlled by nor does it control other parties obligated to provide notice relating to voting rights of the issuer (1.).
X	Complete chain of subsidiaries, starting with the top-level controlling party or company:

Company	Voting rights in %, if 3% or higher	Instruments in %, if 5% or higher	Total in %, if 5% or higher
Christian Daudert	13.16%	%	13.16%

11 CHAMPIONS AG	33.82%	%	33.82%

9. For proxies per §22 para. 3 WpHG
(Only possible in case of an allocation per §22 para. 1 sentence 1 No. 6 WpHG)

Date of the general meeting:	
Total share of voting rights after the general meeting:	% (corresponds to voting rights)

25 October 2016

Voting rights notification

1. Information on the issuer

Staramba SE Aroser Allee 66 13407 Berlin Germany

2. Reason for the notice

	Acquisition/sale of shares with voting rights
	Acquisition/sale of instruments
X	Change in the total number of voting rights
	Other reason:

3. Information regarding the person obliged to make the notification

Name:	Registered office and country:
Christian Daudert	

4. Name of shareholders
with 3% or more voting rights, if different from 3.

11 CHAMPIONS AG

5. Date threshold was met

21.10.2016

6. Total voting rights

	Share of voting rights (Total 7.a.)	Share of instruments (Total 7.b.1.+ 7.b.2.)	Total shares (Total 7.a. + 7.b.)	Total number of voting rights of the issuer
new	37.15%	0%	37.15%	2,112,000
Previous notice	46.98%	0%	46.98%	/

7. Details of voting rights
a. Voting rights (§§21, 22 WpHG)

ISIN	absolute		in %	
	direct (§21 WpHG)	allocated (§22 WpHG)	direct (§21 WpHG)	allocated (§22 WpHG)
DE000A1K03W5	219,700	564,870	10.40%	26.75%
Total	784,570		37.15%	

b.1. Instruments per §25 para. 1 No. 1 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Absolute voting rights	Voting rights in %
				%
		Total		%

b.1. Instruments per §25 para. 1 no. 2 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Cash settlement or physical settlement	Absolute voting rights	Voting rights in %
					%
			Total		%

8. Information relating to the notifying party

	Notifying party (3.) is neither controlled by nor does it control other parties obligated to provide notice relating to voting rights of the issuer (1.).
X	Complete chain of subsidiaries, starting with the top-level controlling party or company:

Company	Voting rights in %, if 3% or higher	Instruments in %, if 5% or higher	Total in %, if 5% or higher
Christian Daudert	10.4%	%	10.4%
11 CHAMPIONS AG	26.75%	%	26.75%

9. For proxies per §22 para. 3 WpHG
(Only possible in case of an allocation per §22 para. 1 sentence 1 No. 6 WpHG)

Date of the general meeting:	
Total share of voting rights after the general meeting:	% (corresponds to voting rights)

Voting rights notification

1. Information on the issuer

Staramba SE Aroser Allee 66

13407 Berlin Germany

2. Reason for the notice

X	Acquisition/sale of shares with voting rights
	Acquisition/sale of instruments
	Change in the total number of voting rights
	Other reason:

3. Information regarding the person obliged to make the notification

Name:	Registered office and country:
Mr Rolf Elgeti	

4. Name of shareholders
with 3% or more voting rights, if different from 3.

Obotritia Beteiligungs GmbH

5. Date threshold was met

21.10.2016

6. Total voting rights

	Share of voting rights (Total 7.a.)	Share of instruments (Total 7.b.1.+ 7.b.2.)	Total shares (Total 7.a. + 7.b.)	Total number of voting rights of the issuer
new	22.37%	0%	22.37%	2,112,000
Previous notice	10.87%	0%	10.87%	/

7. Details of voting rights
a. Voting rights (§§21, 22 WpHG)

ISIN	absolute		in %	
	direct (§21 WpHG)	allocated (§22 WpHG)	direct (§21 WpHG)	allocated (§22 WpHG)
DE000A1K03W5		472,545	%	22.37%
Total	472,545		22.37%	

b.1. Instruments per §25 para. 1 No. 1 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Absolute voting rights	Voting rights in %
				%
		Total		%

b.1. Instruments per §25 para. 1 no. 2 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Cash settlement or physical settlement	Absolute voting rights	Voting rights in %
					%
			Total		%

8. Information relating to the notifying party

	Notifying party (3.) is neither controlled by nor does it control other parties obligated to provide notice relating to voting rights of the issuer (1.).
X	Complete chain of subsidiaries, starting with the top-level controlling party or company:

Company	Voting rights in %, if 3% or higher	Instruments in %, if 5% or higher	Total in %, if 5% or higher
Rolf Elgeti	%	%	%
Obotritia Capital KGAA	%	%	%
Obotritia Beteiligungs GmbH	22.37%	%	22.37%

9. For proxies per §22 para. 3 WpHG
(Only possible in case of an allocation per §22 para. 1 sentence 1 No. 6 WpHG)

Date of the general meeting:	
Total share of voting rights after the general meeting:	% (corresponds to voting rights)

Voting rights notification

1. Information on the issuer

Staramba SE Aroser Allee 66 13407 Berlin Germany

2. Reason for the notice

	Acquisition/sale of shares with voting rights
	Acquisition/sale of instruments
X	Change in the total number of voting rights
	Other reason:

3. Information regarding the person obliged to make the notification

Name:	Registered office and country:
Mr Fredi Bobic	

4. Name of shareholders
with 3% or more voting rights, if different from 3.

5. Date threshold was met

21.10.2016

6. Total voting rights

	Share of voting rights (Total 7.a.)	Share of instruments (Total 7.b.1.+ 7.b.2.)	Total shares (Total 7.a. + 7.b.)	Total number of voting rights of the issuer
new	4.90%	0%	4.90%	2,112,000
Previous notice	7.04%	n/a	n/a	/

7. Details of voting rights
a. Voting rights (§§21, 22 WpHG)

ISIN	absolute		in %	
	direct (§21 WpHG)	allocated (§22 WpHG)	direct (§21 WpHG)	allocated (§22 WpHG)
DE000A1K03W5	103,500		4.90%	%
Total	103,500		4.90%	

b.1. Instruments per §25 para. 1 No. 1 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Absolute voting rights	Voting rights in %
				%
		Total		%

b.1. Instruments per §25 para. 1 no. 2 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Cash settlement or physical settlement	Absolute voting rights	Voting rights in %
					%
			Total		%

8. Information relating to the notifying party

X	Notifying party (3.) is neither controlled by nor does it control other parties obligated to provide notice relating to voting rights of the issuer (1.).
	Complete chain of subsidiaries, starting with the top-level controlling party or company:

Company	Voting rights in %, if 3% or higher	Instruments in %, if 5% or higher	Total in %, if 5% or higher

9. For proxies per §22 para. 3 WpHG
(Only possible in case of an allocation per §22 para. 1 sentence 1 No. 6 WpHG)

Date of the general meeting:	
Total share of voting rights after the general meeting:	% (corresponds to voting rights)

Voting rights notification

1. Information on the issuer

Staramba SE Aroser Allee 66 13407 Berlin Germany

2. Reason for the notice

	Acquisition/sale of shares with voting rights
	Acquisition/sale of instruments
X	Change in the total number of voting rights
X	Other reason: Voluntary group report due to the failure of subsidiary to meet threshold

3. Information regarding the person obliged to make the notification

Name:	Registered office and country:
Christian Daudert	

4. Name of shareholders
with 3% or more voting rights, if different from 3.

11 CHAMPIONS AG

5. Date threshold was met

21.10.2016

6. Total voting rights

	Share of voting rights (Total 7.a.)	Share of instruments (Total 7.b.1.+ 7.b.2.)	Total shares (Total 7.a. + 7.b.)	Total number of voting rights of the issuer
new	37.15%	0%	37.15%	2,112,000
Previous notice	46.98%	0%	46.98%	/

7. Details of voting rights
a. Voting rights (§§21, 22 WpHG)

ISIN	absolute		in %	
	direct (§21 WpHG)	allocated (§22 WpHG)	direct (§21 WpHG)	allocated (§22 WpHG)
DE000A1K03W5	219,700	564,870	10.40%	26.75%
Total	784,570		37.15%	

b.1. Instruments per §25 para. 1 No. 1 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Absolute voting rights	Voting rights in %
				%
		Total		%

b.1. Instruments per §25 para. 1 no. 2 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Cash settlement or physical settlement	Absolute voting rights	Voting rights in %
					%
			Total		%

8. Information relating to the notifying party

	Notifying party (3.) is neither controlled by nor does it control other parties obligated to provide notice relating to voting rights of the issuer (1.).
X	Complete chain of subsidiaries, starting with the top-level controlling party or company:

Company	Voting rights in %, if 3% or higher	Instruments in %, if 5% or higher	Total in %, if 5% or higher
Christian Daudert	10.4%	%	10.4%
11 CHAMPIONS AG	26.75%	%	26.75%

9. For proxies per §22 para. 3 WpHG
(Only possible in case of an allocation per §22 para. 1 sentence 1 No. 6 WpHG)

Date of the general meeting:	
Total share of voting rights after the general meeting:	% (corresponds to voting rights)

Voting rights notification

1. Information on the issuer

Staramba SE Aroser Allee 66 13407 Berlin Germany

2. Reason for the notice

X	Acquisition/sale of shares with voting rights
	Acquisition/sale of instruments
	Change in the total number of voting rights
	Other reason:

3. Information regarding the person obliged to make the notification

Name:	Registered office and country:
Mr Philippe Oddo	

4. Name of shareholders
with 3% or more voting rights, if different from 3.

ODDO SEYDLER BANK AG

5. Date threshold was met

21.10.2016

6. Total voting rights

	Share of voting rights (Total 7.a.)	Share of instruments (Total 7.b.1.+ 7.b.2.)	Total shares (Total 7.a. + 7.b.)	Total number of voting rights of the issuer
new	14.20%	0.00%	14.20%	2,112,000
Previous notice	n/a	n/a	n/a	/

7. Details of voting rights
a. Voting rights (§§21, 22 WpHG)

ISIN	absolute		in %	
	direct (§21 WpHG)	allocated (§22 WpHG)	direct (§21 WpHG)	allocated (§22 WpHG)
DE000A1K03W5		300,001	%	14.20%
Total	300,001		14.20%	

b.1. Instruments per §25 para. 1 No. 1 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Absolute voting rights	Voting rights in %
				%
		Total		%

b.1. Instruments per §25 para. 1 no. 2 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Cash settlement or physical settlement	Absolute voting rights	Voting rights in %
					%
			Total		%

8. Information relating to the notifying party

	Notifying party (3.) is neither controlled by nor does it control other parties obligated to provide notice relating to voting rights of the issuer (1.).
X	Complete chain of subsidiaries, starting with the top-level controlling party or company:

Company	Voting rights in %, if 3% or higher	Instruments in %, if 5% or higher	Total in %, if 5% or higher

Philippe Oddo	%	%	%
Financiere IDAT	%	%	%
ODDO ET CIE	%	%	%
ODDO SEYDLER BANK AG	14.20%	%	14.20%

9. For proxies per §22 para. 3 WpHG
(Only possible in case of an allocation per §22 para. 1 sentence 1 No. 6 WpHG)

Date of the general meeting:	
Total share of voting rights after the general meeting:	% (corresponds to voting rights)

Voting rights notification

1. Information on the issuer

Staramba SE Aroser Allee 66 13407 Berlin Germany

2. Reason for the notice

X	Acquisition/sale of shares with voting rights
	Acquisition/sale of instruments
	Change in the total number of voting rights
	Other reason:

3. Information regarding the person obliged to make the notification

Name:	Registered office and country:
Mr Philippe Oddo	

4. Name of shareholders
with 3% or more voting rights, if different from 3.

5. Date threshold was met

28.10.2016

6. Total voting rights

	Share of voting rights (Total 7.a.)	Share of instruments (Total 7.b.1.+ 7.b.2.)	Total shares (Total 7.a. + 7.b.)	Total number of voting rights of the issuer
new	0.00%	0.00%	0.00%	2,112,000
Previous notice	14.20%	0.00%	14.20%	/

Correction of a voting rights notice published on 25.10.2016

1. Information on the issuer

Staramba SE Aroser Allee 66 13407 Berlin Germany

2. Reason for the notice

	Acquisition/sale of shares with voting rights
	Acquisition/sale of instruments
X	Change in the total number of voting rights
X	Other reason: Voluntary group report due to the failure of subsidiary to meet threshold

3. Information regarding the person obliged to make the notification

Name:	Registered office and country:
Christian Daudert	

4. Name of shareholders
with 3% or more voting rights, if different from 3.

11 CHAMPIONS AG

5. Date threshold was met

21.10.2016

6. Total voting rights

	Share of voting rights (Total 7.a.)	Share of instruments (Total 7.b.1.+ 7.b.2.)	Total shares (Total 7.a. + 7.b.)	Total number of voting rights of the issuer
new	37.15%	0%	37.15%	2,112,000
Previous notice	46.98%	0%	46.98%	/

7. Details of voting rights
a. Voting rights (§§21, 22 WpHG)

ISIN	absolute		in %	
	direct (§21 WpHG)	allocated (§22 WpHG)	direct (§21 WpHG)	allocated (§22 WpHG)
DE000A1K03W5	219,700	564,870	10.40%	26.75%

Total	784,570	37.15%

b.1. Instruments per §25 para. 1 No. 1 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Absolute voting rights	Voting rights in %
				%
		Total		%

b.1. Instruments per §25 para. 1 no. 2 WpHG

Type of instrument	Maturity/expiration	Exercise period/term	Cash settlement or physical settlement	Absolute voting rights	Voting rights in %
					%
			Total		%

8. Information relating to the notifying party

	Notifying party (3.) is neither controlled by nor does it control other parties obligated to provide notice relating to voting rights of the issuer (1.).
X	Complete chain of subsidiaries, starting with the top-level controlling party or company:

Company	Voting rights in %, if 3% or higher	Instruments in %, if 5% or higher	Total in %, if 5% or higher
Christian Daudert	10.4%	%	10.4%
11 CHAMPIONS AG	26.75%	%	26.75%

9. For proxies per §22 para. 3 WpHG
(Only possible in case of an allocation per §22 para. 1 sentence 1 No. 6 WpHG)

Date of the general meeting:	
Total share of voting rights after the general meeting:	% (corresponds to voting rights)

Berlin, 22 April 2017

Staramba SE

Managing Director

Christian Daudert

G. Auditor's report

We have audited the annual financial statements, which comprised of the balance sheet, profit and loss account and the notes, as well as audited the accounts and the management report of Staramba SE, Berlin, for the financial year from 1 January 2016 through 31 December 2016. The accounting and the preparation of the annual financial report and management report in accordance with German commercial law are the responsibility of the company's legal representative. Our responsibility is to express an opinion, based on our audit, about the annual financial statements involving accounting, and about the management report.

We conducted our audit of the annual financial statements in accordance with § 317 HGB (German Commercial Code) and the German principles for the audit of financial statements promulgated by the Institute of Auditors (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company as well as expectations of possible errors are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the accounts book, annual financial statements and management report have been examined primarily on a sample basis within the framework of the audit. The audit also includes an assessment of the accounting principles used and of significant estimates made by management, as well as an evaluation of the overall presentation of the financial statements and the management report. We believe that our audit provides a reasonably stable basis for our opinion.

Our audit has not given rise to any objection.

It is our belief that, due to the findings of the audit, the annual statement conforms with the legal requirements and the supplementary provisions of the corporate agreement, and provides – under observation of the principles of proper accounting – a representation of the capital, financial and profit situation of the company that is consistent with the actual situation. The management report is consistent with the annual financial statements, complies with the German statutory requirements, and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Munich, 26 April 2017

Baker Tilly AG Wirtschaftsprüfungsgesellschaft
(formerly Baker Tilly Roelfs AG Wirtschaftsprüfungsgesellschaft)

Stahl	Weilandt
Auditor	Auditor