voxeljet AG

INDEX TO FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

The Supervisory Board
voxeljet AG:

We have audited the accompanying consolidated statements of financial position of voxeljet AG and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive loss, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of voxeljet AG and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

KPMG AG Wirtschaftsprüfungsgesellschaft

Munich, Germany
March 30, 2017

voxeljet AG

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	December 31, 2016	December 31, 2015
		(€ in thousands)	
Current assets		**37,506**	**46,550**
Cash and cash equivalents		7,849	2,086
Financial assets	12	12,579	31,746
Trade receivables	6	4,133	3,348
Inventories	7	11,213	7,841
Income tax receivables		8	54
Other assets		1,724	1,475
Non-current assets		**24,633**	**23,570**
Financial assets	12	211	206
Intangible assets	9	842	627
Goodwill	9	--	1,273
Property, plant and equipment	10	23,521	21,383
Other assets		59	81
Total assets		**62,139**	**70,120**

	Notes	December 31, 2016	December 31, 2015
		(€ in thousands)	
Current liabilities		**5,517**	**6,402**
Deferred income		332	472
Trade payables		1,765	1,759
Financial liabilities	12	1,297	1,150
Other liabilities and provisions	11	2,123	3,021
Non-current liabilities		**5,086**	**2,249**
Deferred income		177	397
Deferred tax liabilities		1	1
Financial liabilities	12	4,817	1,291
Other liabilities and provisions	11	91	560
Equity		**51,536**	**61,469**
Subscribed capital	24	3,720	3,720
Capital reserves	24	75,827	75,671
Accumulated deficit		(28,971)	(17,684)
Accumulated other comprehensive income (loss)		873	(238)
Equity attributable to the owners of the company		**51,449**	**61,469**
Non-controlling interests		**87**	**---**
Total equity and liabilities		**62,139**	**70,120**

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

		Year Ended December 31,		
		2016	2015	2014
	Notes	(€ in thousands, except share and share data)		
Revenues	18	22,338	24,064	16,163
Cost of sales	13	(15,435)	(17,147)	(9,838)
Gross profit		**6,903**	**6,917**	**6,325**
Selling expenses		(5,312)	(6,922)	(3,746)
Administrative expenses		(4,563)	(5,178)	(4,026)
Research and development expenses		(5,683)	(5,470)	(4,027)
Other operating expenses	14	(3,881)	(888)	(101)
Other operating income	14	1,417	2,130	1,384
Operating loss		**(11,119)**	**(9,411)**	**(4,191)**
Finance expense	15	(230)	(277)	(472)
Finance income	15	38	158	299
Financial result	15	**(192)**	**(119)**	**(173)**
Loss before income taxes		**(11,311)**	**(9,530)**	**(4,364)**
Income tax (expense) benefit	16	(2)	(64)	32
Net loss		**(11,313)**	**(9,594)**	**(4,332)**
Other comprehensive income (loss)		1,111	(237)	(1)
Total comprehensive loss		**(10,202)**	**(9,831)**	**(4,333)**
Loss attributable to:				
Owner of the Company		(11,287)	(9,594)	(4,332)
Non-controlling interests		(26)	--	--
		(11,313)	**(9,594)**	**(4,332)**
Total comprehensive loss attributable to:				
Owner of the Company		(10,176)	(9,831)	(4,333)
Non-controlling interests		(26)	--	--
		(10,202)	**(9,831)**	**(4,333)**
Weighted average number of ordinary shares outstanding		3,720,000	3,720,000	3,555,616
Loss per share - basic/ diluted (EUR)		(3.04)	(2.58)	(1.22)

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	(€ in thousands) Attributable to the owners of the company						
	Subscribed capital	Capital reserves	Accumulated deficit	Accumulated other comprehensive gain (loss)	Total	Non-controlling interests	Total equity
Balance at January 1, 2014	**3,120**	**46,038**	**(3,758)**	**--**	**45,400**	**--**	**45,400**
Loss for the period	--	--	(4,332)	--	**(4,332)**	--	**(4,332)**
Follow-on public offering	600	29,633	--	--	**30,233**	--	**30,233**
Net changes in fair value of available for sale financial assets	--	--	--	(47)	**(47)**	--	**(47)**
Foreign currency translation	--	--	--	46	**46**	--	**46**
Balance at December 31, 2014	**3,720**	**75,671**	**(8,090)**	**(1)**	**71,300**	**--**	**71,300**
Balance at January 1, 2015	**3,720**	**75,671**	**(8,090)**	**(1)**	**71,300**	**--**	**71,300**
Loss for the period	--	--	(9,594)	--	**(9,594)**	--	**(9,594)**
Net changes in fair value of available for sale financial assets	--	--	--	(213)	**(213)**	--	**(213)**
Foreign currency translation	--	--	--	(24)	**(24)**	--	**(24)**
Balance at December 31, 2015	**3,720**	**75,671**	**(17,684)**	**(238)**	**61,469**	**--**	**61,469**
Balance at January 1, 2016	**3,720**	**75,671**	**(17,684)**	**(238)**	**61,469**	**--**	**61,469**
Establishment of subsidiary with non-controlling interests	--	--	--	--	**--**	113	**113**
Loss for the period	--	--	(11,287)	--	**(11,287)**	(26)	**(11,313)**
Net changes in fair value of available for sale financial assets	--	--	--	50	**50**	--	**50**
Foreign currency translations	--	--	--	1,061	**1,061**	--	**1,061**
Equity-settled share-based payment transaction in relation to the establishment of a subsidiary with non-controlling interest	--	156	--	--	**156**	--	**156**
Balance at December 31, 2016	**3,720**	**75,827**	**(28,971)**	**873**	**51,449**	**87**	**51,536**

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2016	2015	2014
	(€ in thousands)		
Cash Flow from operating activities			
Loss for the period	**(11,313)**	**(9,594)**	**(4,332)**
Depreciation and amortization	2,542	2,982	2,143
Foreign currency exchange differences on loans to subsidiaries	1,092	(24)	--
Impairment losses on goodwill and intangible assets	1,130	818	--
Equity-settled share-based payment transaction in relation to the establishment of a subsidiary with non-controlling interest	256	--	--
Impairment losses on trade receivables	367	--	--
Impairment losses on inventories	954	1,118	--
Non-cash sale to customer in exchange for customer loans	--	--	(931)
Proceeds from customer loans	10	1,091	191
Changes in deferred income taxes	--	(67)	--
Loss on disposal of assets	46	71	183
Change in working capital	(8,422)	(8,369)	(2,274)
Trade and other receivables, inventories and current assets	(6,784)	(8,494)	(3,050)
Trade payables	(27)	(584)	823
Other liabilities and provisions and deferred income	(1,657)	698	(33)
Income tax payable/receivables	46	11	(14)
Total	**(13,338)**	**(11,974)**	**(5,020)**
Cash Flow from investing activities			
Proceeds from disposal of property, plant and equipment and intangible assets	14	427	--
Payments to acquire property, plant and equipment and intangible assets	(3,700)	(1,402)	(2,684)
Net proceeds from disposal of (payments to acquire) financial assets	19,152	8,156	(43,395)
Business combination, net of cash and cash equivalents acquired	--	--	(965)
Total	**15,466**	**7,181**	**(47,044)**
Cash Flow from financing activities			
Repayment from bank overdrafts and lines of credit	(159)	(64)	(308)
Repayment of sale and leaseback obligation	(535)	(816)	--
Repayment of finance lease obligation	(36)	(16)	(1,419)
Proceeds (repayment) of long-term debt	4,346	(203)	(2,725)
Proceeds from borrowings	--	--	800
Proceeds from issuance of shares	--	--	30,233
Total	**3,616**	**(1,099)**	**26,581**
Net increase (decrease) in cash and cash equivalents	**5,744**	**(5,892)**	**(25,483)**
Cash and cash equivalents at beginning of period	**2,086**	**8,031**	**33,459**
Changes to cash due to consolidation items	**--**	**--**	**2**
Changes to cash and equivalents due to foreign exchanges rates	**19**	**(53)**	**53**
Cash and cash equivalents at end of period	**7,849**	**2,086**	**8,029**
Supplemental Cash Flow Information			
Interest paid	201	250	227
Interest received	39	123	270
Income taxes paid	2	--	--
Property, plant and equipment and intangible assets added under finance lease	57	43	--

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

1. The reporting entity

voxeljet AG (in the following referred to as '*voxeljet'*, 'Group', or the *'Company')* is a high-tech company headquartered in Friedberg, Germany. The *Company* consists of voxeljet AG (formerly Voxeljet Technology GmbH), voxeljet America Inc. (*voxeljet America*), voxeljet UK Ltd. (*voxeljet UK*), voxeljet India Pvt. Ltd (*voxeljet India*) and voxeljet China Co., Ltd. (established in April 2016). voxeljet AG owns 100% of the issued and outstanding shares of *voxeljet America* , *voxeljet UK*, *voxeljet India* and 95.83% of *voxeljet China.* As a manufacturer of three-dimensional ("3D") printing systems, *voxeljet* specializes in the development, production and distribution of industrial printing machines and the sale of customized printed products to industrial customers. The *Company* operates in two business divisions: Systems and Services. The *voxeljet* Systems business division develops, manufactures and sells innovative 3D printers. Today, *voxeljet* has a product range that reaches from smaller entry models to large-format machines, and therefore offers 3D printer systems for a wide range of application areas.

Through its Services business division, the *Company* also offers customized printed products such as sand molds and plastic models based on CAD data through its 'on-demand production' service centers. In addition, the *Company* offers casting services to its customers. In those cases, the casting process is performed by external suppliers supported by *voxeljet's* molds and models. Small-batch and prototype manufacturers utilize the *Company's* machines for the automatic, patternless manufacture of their casting molds and 3D models. The *Company's* customer base includes automotive manufacturers, foundries and suppliers as well as companies from the arts and design industries.

2. Preparation of financial statements

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as set forth by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC). The designation IFRS also includes all valid IAS; the designation IFRIC also includes all valid interpretations of the Standing Interpretations Committee (SIC).

The consolidated financial statements were authorized for issue by the Management Board on March 30, 2017.

These consolidated financial statements were prepared on the basis of historical cost except for the following items, which are measured on an alternative basis on each reporting date.

Available-for-sale financial assets	Fair value
Liabilities for cash-settled share-based payment arrangements	Fair value
Monetary assets and liabilities denominated in foreign currencies	Translated at period-end exchange rates

The consolidated financial statements are presented in thousands of Euros (kEUR) except where otherwise stated. Due to rounding, numbers presented throughout these notes may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date when control is transferred to the Group. Consideration paid is allocated to the assets acquired and liabilities assumed, with any excess amount recorded as goodwill.

Consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany balances and transactions are eliminated in preparing the consolidated financial statements.

Recognition of income and expenses

Revenues

Revenue from the sale of new or refurbished 3D printers is recognized upon the transfer of risks and rewards of ownership to the buyer, which is upon completion of the installation of the 3D printers at the customer site and evidenced through final acceptance by the customer. The *Company* also recognizes revenue from printers, which are provided to customers under operating leases. Deferred revenue from those transactions is recognized monthly on a straight-line basis. Revenue from the sale of custom-ordered printed products, consumables, or spare parts and other machine parts is recognized upon transfer of title, generally upon shipment. Revenue for all deliverables in sales arrangements is recognized to the extent that it is probable that the economic benefit arising from the ordinary activities of the business will flow to the *Company* and provided that the amount of revenue and the costs incurred or to be incurred in respect of the sale can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, which is fixed at the time of recognition of revenue. In instances where revenue recognition criteria are not met, amounts are recorded as deferred income in the accompanying statements of financial position.

The Group provides customers with a standard warranty agreement on all machines for up to one year. The warranty is not treated as a separate service because the warranty is an integral part of the sale of the machine.

After the initial one year warranty period, the Group offers its customers optional maintenance contracts. Maintenance contracts are provided for a period of twelve months and automatically extended for another twelve months if not cancelled on a timely basis. Maintenance service revenue is recognized on a straight-line basis under the contractual term.

Shipping, packaging and handling costs billed to customers for machine sales and sales of printed products and consumables are included in revenue in the consolidated statements of comprehensive loss. Costs incurred by the *Company* associated with shipping, packaging and handling are included in selling expenses in the consolidated statements of comprehensive loss.

The *Company's* terms of sale generally require payment within 30 to 60 days after shipment of a product, although the *Company* also recognizes that longer payment periods are customary in some countries where it transacts business. To reduce credit risk in connection with machine sales, the *Company* may, depending upon the circumstances, require deposits prior to shipment. In some circumstances, the *Company* may require payment in full for its products prior to shipment and may require international customers to furnish letters of credit. These deposits are reported as customer deposits included in other liabilities and provisions in the accompanying statements of financial position. Services under maintenance contracts are billed to customers in advance on a monthly, quarterly, or annual basis, depending on the contract and are included in deferred income in the statements of financial position.

In the course of the *Company's* ordinary business activities refurbished 3D printers, which were operating in the Services segment on average for 1.5 to 2.5 years, are routinely sold to customers. These 3D printers were operated in the production of manufacturing products ordered by customers. Prior to their sale, these 3D printers are generally fully refurbished, which includes setting up a new printhead. Proceeds from the sale of such refurbished 3D printers are recognized as revenue. The incurred costs and revenues are reported within the Systems segment.

Sales agents are used in connection with the sale of 3D printers. These sales agents receive a sales commission which are included in the selling expenses in the consolidated statements of comprehensive loss based on a percentage of the sale price for each sale initiated by them. Generally, the commission is paid only after the customer has paid the final invoice.

Research and development expenses

The *Company* is continuously involved in the research and development of new methods and technologies relating to its products. All research and development costs are charged to expense as incurred.

Government grants

Government grants awarded for project funding are recorded within other operating income in the consolidated statement of comprehensive loss if the related research and development costs have been incurred and provided that the conditions for the funding have been met. Until then, amounts received under government grants are recorded as deferred income in the statements of financial position.

Leases

Finance leases consist primarily of borrowings associated with sale and leaseback transactions involving 3D printers that were manufactured and used within the Services segment. Additionally, the *Company* has entered into finance lease agreements for 3D printers manufactured by others. Maturities of the finance leases extend to 2020. Leased assets are recognized at the lower of fair value or the present value of minimum lease payments and depreciated over the asset's estimated useful life. Assets under finance leases are included in “Property, plant and equipment” in the statement of financial position. Gains on sale and leaseback transactions are recorded as deferred income in the statement of financial position and recognized as “Other operating income” over the respective lease term.

Operating leases consist of various lease agreements for the rental of manufacturing facilities, office and warehouse space, vehicles, and office and IT equipment, expiring in various years through 2020. Rent expense under operating leases is charged to profit or loss on a straight-line basis over the term of the lease. *voxeljet* also rents one of its 3D printers to a customer under operating leases.

In 2016, *voxeljet* leased one 3D printer (2015: five 3D printers and 2014: three 3D printers) to a customer under operating leases. Rental income is recognized on a straight-line basis over the term of the lease as revenue and is reported within the Systems segment.

Long Term Cash Incentive Plan

voxeljet has a Long-Term Cash Incentive Plan ("LTCIP"), a cash-settled share-based payment arrangement, that provides for cash awards to non-executive employees. Compensation cost is determined based on the grant-date fair value of the awards and recognized, net of estimated forfeitures due to termination of employment, on a straight-line basis over the requisite service period of the award and depending on the evaluation of certain performance and market conditions. The requisite service period is generally the vesting period stated in the award. The liability for these awards is measured at fair value at each reporting date until settlement and is classified within "other liabilities and provisions in the consolidated statement of financial position.

Foreign currencies

The financial statements are presented in Euros, the functional currency of *voxeljet AG*.

Monetary transactions denominated in foreign currencies are translated to Euros at the exchange rates prevailing on the transaction date.

The financial statements of foreign subsidiaries are translated using the concept of the functional currency in accordance with IAS 21. The assets and liabilities of foreign subsidiaries are translated at the spot rate at the end of the period, while their income statement items are translated at average exchange rates for the respective periods. All resulting exchange differences are recognized in other comprehensive income. Gains and losses on foreign currency transactions are shown within other operating income and other operating expenses, respectively, in the consolidated statement of comprehensive loss.

The loans provided to *voxeljet AG*'s subsidiaries *voxeljet UK* and *voxeljet America* are not considered as net investments in foreign operations. Consequently, gains or losses from foreign exchange differences thereon are recognized in other operating income or expenses.

The exchange rates that are most relevant for *voxeljet's* consolidated financial statements are as follows:

Average exchange rates to Euro

December 31,	Average Rate			
	USD	GBP	INR	CNY
2016	1.1069	0.8195	74.3717	7.3522
2015	1.1096	0.7258	71.1956	6.9733
2014	1.2329	0.8064	81.0406	8.1857

Year end exchange rates to Euro

December 31,	Year End Rate			
	USD	GBP	INR	CNY
2016	1.0541	0.8562	71.5935	7.3202
2015	1.0859	0.7340	72.0215	7.0608

Income Tax

Income tax expense (benefit) consists of current and deferred tax expense and benefit in accordance with IAS 12.

Current income tax expense (benefit) is based on taxable profit (loss) for the year. Taxable profit (loss) differs from profit (loss) as reported in the statements of comprehensive income (loss) because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. Current income tax expense (benefit) is calculated using tax rates that have been enacted or substantively enacted by the end of the respective reporting period.

Deferred income tax expense (benefit) is recognized on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax basis used in the computation of taxable profit (loss).

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets, including for carry forward losses to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer more probable than not that sufficient taxable profits will be available to allow all or a part of the assets to be recovered.

Deferred tax expense (benefit) is calculated at the tax rates that are expected to apply in the periods when the liability is settled or the asset is realized, based on tax rates (and tax regulations) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the *Company* expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax expense (benefit) is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also recorded to equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the *Company* intends to settle its current tax assets and liabilities on a net basis.

Intangible Assets

Intangible assets, including software, licenses and customer relationships, that are acquired by the *Company* and have a finite useful life are measured at cost less accumulated amortization and any impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their useful lives. The amortization for the customer list and digital library arising from the purchase price allocation related to the acquisition of our subsidiary *voxeljet UK*, was presented within selling expenses and cost of sales, respectively. Goodwill arising from the acquisition of subsidiaries is not amortized and is measured at cost less accumulated impairment losses. Goodwill is tested annually for impairment.

The estimated useful economic lives of acquired intangible assets are presented in the following table:

USEFUL LIFE OF INTANGIBLE ASSETS

Software	3-5 years
Licenses	6-8 years
Customer list	3 years
Digital library	3 years

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognized.

Property, Plant and Equipment

Property, plant and equipment is carried at acquisition or manufacturing cost (for internally manufactured printers used in the Services segment) and depreciated on a straight-line basis over the estimated useful lives of the related assets, taking into account estimated residual values. Realized gains and losses are recognized upon disposal or retirement of the related assets and are reflected within other operating income or other operating expenses in the consolidated statement of comprehensive loss. Subsequent expenditures are capitalized only if it is probable that *voxeljet* will receive additional economic benefits from the particular asset associated with these expenditures, and the costs can be determined reliably. Repair and maintenance expenditures are expensed as incurred. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the *Company* will obtain ownership by the end of the lease term. Land is not depreciated. Additions to property, plant and equipment relating to self-constructed 3D printers are considered non-cash transactions.

The estimated useful economic lives of items of property, plant and equipment are as follows:

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT

Leasehold improvements	6-9 years
Buildings	33 years
Plant and machinery	7-8 years
Printers leased to customers under operating lease	7-8 years
Other facilities, machinery and factory equipment	2-20 years
Office equipment	3-12 years

Useful lives, depreciation methods and residual values are reviewed at least annually and, in case they change significantly, depreciation charges for current and future periods are adjusted accordingly.

Inventories

Raw materials

Raw materials are measured at the lower of acquisition cost, as determined on the weighted average costs method, and net realizable value. Obsolete inventories are written off directly into cost of sales.

Work in progress and finished goods

Work in progress and finished goods are measured at the lower of manufacturing cost and net realizable value. Manufacturing costs comprise all costs that are directly attributable to the manufacturing process, such as direct material and labor, and production related overheads (based on normal operating capacity and normal consumption of material, labor and other production costs), including depreciation charges. Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. For purposes of determining net realizable value, selling expenses include all costs expected to be incurred to make the sale, primarily shipping, packaging and handling as well as commissions.

We also use our own printers in our service centers. Unfinished printers are generally available to be sold if a customer requests a product which specification could still be met by one of the products in progress. Accordingly, we classify printers as inventory until we remove a finished printer from our manufacturing warehouse to use it in a service center. The reclassification as property, plant and equipment, as a non-cash transaction, occurs at cost and depreciation starts at inception of service.

Impairment of non-financial assets

The *Company* assesses at the end of each reporting period whether there is an indication that a non-financial asset may be impaired. The asset is tested for impairment if there are indicators that the carrying amounts may not be recoverable. An impairment loss is recognized in the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is defined as the higher of an asset’s fair value less cost to sell and its value in use. As the individual assets do not generate largely independent cash flows, the impairment test was performed at cash generating unit level.

If the fair value less cost to sell cannot be determined, or if it is lower than the carrying amount, the value in use is calculated. The value in use is calculated by discounting the future expected cash flows at a risk-adequate pre-tax interest rate, current and expected future cash flows are taken into account, together with technological, economic and general development trends, on the basis of approved and adjusted financial plans.

Financial instruments

Non-derivative financial assets and liabilities

The *Company* classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss in other operating income or expense.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. The *Company* does not elect to measure financial liabilities at fair value through profit or loss.

Impairment

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

For financial assets measured at amortized cost, an impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are short-term bank deposits and are not subject to a significant risk of change in value.

Deferred income

Deferred income from sale and leaseback

Gains resulting from deferred income from 3D printers sold and leased back under finance leases are recognized within other operating income in the consolidated statement of comprehensive loss over the respective lease term.

Deferred income from extended warranty and maintenance contracts

Extended warranty contract and maintenance contract revenues are recognized on a straight-line basis per month as the costs of providing services incurred under the contracts generally do not vary significantly over the contract term.

Earnings (loss) per share

Basic earnings per share amounts are calculated by dividing profit (loss) by the weighted average number of ordinary shares outstanding. There are no dilutive instruments issued and outstanding.

4. New standards and interpretations not yet adopted

The IASB issued a number of new IFRS standards which are required to be adopted in annual periods beginning after December 31, 2016.

Standard	Effective date	Descriptions
IAS 12	01/2017	Amendments Recognition of Deferred Tax Assets for Unrealised Losses
IAS 7	01/2017	Amendments Disclosure Initiative
Improvements to IFRS (2014 - 2016)	01/2017	IFRS 12
IFRS 15	01/2018	Revenue from Contracts with Customers
IFRS 9	01/2018	Financial Instruments
IFRS 2	01/2018	Amendments Classification and Measurement of Share-based Payment Transactions
IFRS 4	01/2018	Amendments Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IAS 40	01/2018	Amendment Transfers of Investment Property
IFRIC 22	01/2018	Foreign Currency Transactions and Advance Consideration
Improvements to IFRS (2014 - 2016)	01/2018	IFRS 1, IAS 28
IFRS 16	01/2019	Leases
IFRS 10, IAS 28	indefinite	Amendment Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has developed a project plan to analyze the potential impact IFRS 15 will have on its consolidated financial statements and related disclosures as well as its business processes, systems and controls. This includes reviewing revenue contracts across all revenue streams and evaluating potential differences that would result from applying the requirements under the new guidance. Based on the analysis conducted to date, the Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements and the method of adoption.

Regarding further new standards, amendments or interpretations the *Company* has not yet determined what impact the new standards, will have on the financial statements.

5. Critical accounting judgment and key sources of estimation and uncertainty

In the process of applying the *Company'*s accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on the knowledge available as of the preparation date of the financial statements and historical experiences as well as other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis.

Developments outside Management's control may cause actual amounts to differ from the original estimates. In that case, the underlying assumptions and, if necessary, the carrying amounts of the pertinent assets and liabilities are adjusted accordingly. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The assumptions and estimates refer primarily to the recognition of revenue, the determination of useful lives of property, plant and equipment, the application of the criteria for recognizing finance leases, the realization of receivables, and measurement and recoverability of inventory.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition

Revenue on sales of machines is recognized when the significant risks and rewards of ownership are transferred to the customer, the amount of revenue and cost incurred or to be incurred can be measured reliably and it is probable that the economic benefits associated with the sale will flow to the *Company.* Generally this is the case, when the machine is installed and finally accepted by the customer. On occasion, we grant a loan for a portion or all of the purchase price of a machine to a customer. We recognize revenue on such sales when it is probable that we will obtain the economic benefits from the transaction. In these situations, we analyze the credit risk associated with the customer based on all available information and the outstanding balance to determine the risk. The amount of revenue comprises the fair value of the consideration received, including future payments under the loan agreement. We typically retain legal title to our machines until receipt of all consideration to protect the collectability of any outstanding balances due, which does not preclude a conclusion that the significant risks and rewards of ownership have transferred.

Useful lives of property, plant and equipment

The estimated useful lives and amortization or depreciation methods for property, plant and equipment are based on the experience of the *Company* with similar assets that are used in a similar way. Additional amortization or depreciation, as applicable, is recorded if the estimated useful lives and/or the residual values are different from the previous estimation.

Criteria for classifying leases

A finance lease is an arrangement that transfers substantially all the risks and rewards incident to ownership of an asset to the lessee. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. The criteria to classify a lease as a finance lease are as follows (one criterion is sufficient to meet the classification as a finance lease):

1. the lease transfers ownership of the asset to the lessee by the end of the lease term;
2. the lessee has a bargain purchase option and it is reasonably certain at the date of inception that the option will be exercised;
3. the lease term is for the major part of the economic life of the asset even if title is not transferred;
4. at the inception of the lease the present value of the minimum lease payments amounts to substantially all of the fair value of the leased asset;
5. the leased asset is of such a specialized nature that only the lessee can use it without major modifications;
6. gains or losses from the fluctuation in the fair value of the residual accrue to the lessee;
7. the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent; and
8. if the lessee can cancel the lease, our associated losses are borne by the lessee.

All of our leaseback arrangements for 3D printers transfer ownership of the asset to the *Company* at the end of the lease term, therefore, these leases are accounted for as finance leases.

Trade receivables

The *Company* evaluates customer accounts with past-due outstanding balances or specific accounts for which it has information that the customer may be unable to meet its financial obligations. Based upon a review of these accounts and Management’s analysis and judgment, the *Company* estimates the future cash flows expected to be recovered from these receivables. The amount of the impairment on doubtful receivables is measured individually and recorded as a specific allowance against that customer’s receivable balance so as to equal the amount expected to be recovered. The allowance is re-evaluated and adjusted periodically as additional information is received.

Inventories

We evaluate the adequacy of our inventory reserves on a periodic basis. Our determination of our inventory reserve is subject to change because it is based on management’s current estimates. In determining the need for an inventory reserve on our printers in progress or finished stage, we consider the inventory at hand per product and expected sales. In that context, we consider order backlog on hand, budgeted sales and market opportunities by product type. We lowered our revenue guidance in 2016 and have recorded inventory reserves within cost of sales to respond to the more extended reach of certain items in inventory.

6. Trade receivables

Credit terms provided to customers are determined individually and are dependent on already existing customer relationships and the customer’s payment history. The aging of trade receivables was as follows at each reporting date:

AGING STRUCTURE OF TRADE RECEIVABLES

	December 31, 2016	December 31, 2015
	(€ in thousands)	
Not due at the end of the reporting period	2,812	2,108
Amount past due for the following time ranges		
Less than 3 months	946	1,191
Between 3 and 6 months	180	44
Between 6 and 9 months	151	1
Between 9 and 12 months	12	4
More than 12 months	32	--
Total	**4,133**	**3,348**

The change in the allowance for doubtful accounts was as follows:

Change in the allowance for doubtful accounts

	Year Ended December 31, 2016	Year Ended December 31, 2015
	(€ in thousands)	
Balance at beginning of period	57	94
Charges	367	52
Release to income	(88)	(89)
Balance at end of period	**336**	**57**

7. Inventories

Inventories consisted of the following for the years reported:

INVENTORIES BY CATEGORY

	December 31, 2016	December 31, 2015
	(€ in thousands)	
Raw materials and merchandise	1,850	621
Work in progress	9,363	6,095
Finished goods	--	1,125
Total	**11,213**	**7,841**

In 2016 a reserve for slow-moving inventory regarding work in progress amounting to € 1.0 million was established. The reserve is reported in cost of sales. As a result of the restructuring of the *voxeljet UK* business, an impairment of raw materials and work in progress in the amount of € 1.1 million was recognized in 2015.

8. voxeljet UK

Restructuring of voxeljet UK

Following a review of the financial performance of *voxeljet UK* and its current market environment, Management decided in October 2015 to focus *voxeljet UK's* activities in the future solely on selling high-speed, large-format 3D printers and on-demand parts services to industrial and commercial customers.

As a result, the *Company* entered into an agreement in November 2015 with an investor group that includes the founder of Propshop to sell certain assets supporting certain business lines that serve customers in the film and entertainment industry (the DPM business), transfer certain employees and contractual arrangements and settle the earnout and employment agreement with the managing director entered into in connection with the acquisition of *voxeljet UK* in exchange for net cash consideration of kEUR 365.

The charges from the restructuring of *voxeljet UK* amounted to € 2.7 million and include a loss from the sale of fixed assets, the impairments of certain intangible assets separately identified in the business acquisition and inventories as well as payments for early termination of contracts and the transfer of employees. The following table summarizes the amounts relating to the restructuring charges.

Components of restructuring charges	Line items in statement of comprehensive loss	Year Ended December 31, 2015 (€ in thousands)
Write-off digital library	Cost of sales	309
Impairment of inventories	Cost of sales	1,068
Write-off customer list	Selling expense	380
Separation and breach of contract	Administrative expenses	260
Legal consulting	Administrative expenses	79
Settlement of rent agreements	Research and development expenses	67
Loss on disposal of fixed assets	Other operating expense	67
Transfer of employees	Other operating expense	275
Derecognition of goodwill due to disposed business	Other operating expense	129
Settlement of loan agreements	Finance expense	29

With respect to the remaining goodwill arising from the acquisition of *voxeljet UK* of kEUR 1,273, an impairment test was triggered by the sale of the DPM business. *voxeljet UK* is considered as one cash-generating unit (CGU), which forms part of the Services segment.

The recoverable amount of this CGU was based on its value in use, determined by discounting the future expected cash flows to be generated from the continuing use of the CGU. The recoverable amount of the CGU of kGBP 2,975 was higher than its carrying amount of kGBP 2,263.

The key assumptions used in the estimation of the recoverable amount are set out below. The key assumptions represent Management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources. Further, the recoverable amount is particularly sensitive to the achievement of the forecasted revenue.

In percent	2015
WACC	10.1%
Terminal value growth rate	2.0%

The discount rate was a pre-tax measure based on the rate of 10-year UK government bonds, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined with the comparable nominal gross domestic product (GDP) rates in the UK.

The forecasted projection on free cash flow was estimated taking into account past experience in the UK and the *Company's* service centers in Germany and the United States.

The estimated recoverable amount of the CGU exceeded its carrying amount by kGBP 712. Management has identified that a reasonably possible change in either the WACC or the revenue forecast could result in an impairment. In order to capture the sensitivity in revenues, the estimated revenue for the last year of the plan (2020) was adjusted, while keeping the assumed growth rate in terminal value unchanged. The following table shows the amount by which these assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	2015
WACC	2.5%
Revenue the last year of the plan	kGBP 200

Impairment charges 2016

In October 7, 2016 voxeljet UK's most significant customer went into bankruptcy administration. Considering that development, voxeljet assessed the recoverability of the assets as of September 30, 2016, which resulted in a full impairment of trade receivables due from that customer of kEUR 293 and the goodwill for the CGU related to voxeljet UK.

The carrying amount of the CGU exceeded its recoverable amount of kEUR 1,471 (or kGBP 1,266) and consequently an impairment loss of kEUR 1,130 (or kGBP 907) covering the entire balance of goodwill was recognized in other operating expenses in the consolidated statements of comprehensive loss.

The recoverable amount of the CGU was based on its value in use. The value in use was determined by discounting the future cash flows expected to be generated from the continued use of the CGU.

The projections of cash flows cover the remainder of the year 2016 (forecast) and the financial years 2017 to 2021 (terminal value). The projected cash flows were estimated taking into account the cease of operations of the CGU's most significant customer, management's experience in the UK marketplace and from the Company's other service centers in Germany and the United States.

The cost of capital (weighted average cost of capital, WACC) and the terminal value growth rate are other assumptions used in the estimation of the value in use:

	2016
WACC	15.41%
Terminal value growth rate	1.00%

The parameters of the WACC are based on market observations as at September 30, 2016 (risk-free rate, spread, market risk premium, beta factor, leverage) and reflect the specific risks of voxeljet UK. The terminal value growth rate was determined on the basis of the expected long term development of prices in the UK and the relevant market for the CGU's services.

9. **Intangible assets and goodwill**

	December 31,	
	2016	2015
	(€ in thousands)	
Software	515	279
Licenses	162	189
Prepayments made on intangible assets	165	159
Total	**842**	**627**

The increase in software occurred as a result of the purchase of software licenses in connection with our new ERP system as well as related capitalized customizing cost.

	December 31,	
	2016	2015
	(€ in thousands)	
Goodwill	--	1,273

On October 7, 2016 voxeljet UK's most significant customer went into bankruptcy administration. Considering that development, voxeljet assessed the recoverability of the assets as of September 30, 2016, which resulted in an impairment goodwill for the CGU related to voxeljet UK. (refer to Note 8).

10. **Property, plant and equipment**

	December 31, 2016	December 31, 2015
	(€ in thousands)	
Land, buildings and leasehold improvements	12,020	12,167
Plant and machinery (includes assets under finance lease)	6,730	7,702
Other facilities, factory and office equipment	1,522	1,413
Assets under construction and prepayments made	3,249	101
Total	**23,521**	**21,383**
Thereof pledged assets of Property, Plant and Equipment	6,446	592
Leased assets included in Property, Plant and Equipment:	**1,208**	**2,059**
Printers	964	1,490
Printers leased to customers under operating lease	141	500
Other factory equipment	103	69

The pledged assets consist of the new office building and the new production hall, which are currently built up, four 3D printers that serve as collateral for certain credit lines and loan agreements. Amounts added to plant and machinery relating to self-constructed 3D printers are considered non-cash transactions, which totaled to kEUR 1,012 and kEUR 3,943 in the years 2016 and 2015, respectively. During 2016, the Group acquired equipment with a carrying amount of kEUR 41 (2015: kEUR 39) under a finance lease.

The following table presents the composition of, and annual movement in, intangible assets and property, plant and equipment for the years 2016 and 2015, respectively:

2016

(€ in thousands)

	Acquisition and manufacturing cost							Depreciation and amortization							Carrying amount
	01/01/2016	Additions	Disposals	Adjustment	Transfer	FX	12/31/2016	01/01/2016	Current year	Disposals	Impairment	Transfer	FX	12/31/2016	12/31/2016
Intangible assets															
Software	461	229			109	(1)	798	182	101					283	515
Licenses	245						245	56	27					83	162
Order backlog	103	--	--	--	--	--	103	103	--	--	--	--	--	103	--
Customer list	622	--	--	--	--	--	622	622	--	--	--	--	--	622	--
Digital library	464	--	--	--	--	--	464	464	--	--	--	--	--	464	--
Prepayments made on intangible assets	159	155	--		(109)		205	--	--	40	--	--	--	40	165
Goodwill	1,273	--	--	--	--	(143)	1,130	--	--	--	1,130	--	--	1,130	--
Total	**3,328**	**384**	**--**	**--**	**--**	**(144)**	**3,567**	**1,427**	**128**	**40**	**1,130**	**--**	**--**	**2,725**	**842**
Property, plant and equipment															
Land, buildings and leasehold improvements	12,751	155				42	12,948	584	341				3	928	12,020
Plant and machinery	12,822	1,332	1,249		553	(298)	13,160	6,610	1,294	753		393	(115)	7,429	5,731
Other facilities, factory and office equipment	2,727	548	34		35	(48)	3,228	1,383	395	15		28	(29)	1,762	1,466
Assets under construction and prepayments made	101	3,186	35		(3)		3,249	0						0	3,249
Subtotal	**28,402**	**5,221**	**1,318**	**--**	**585**	**(304)**	**32,585**	**8,577**	**2,030**	**768**	**--**	**421**	**(141)**	**10,119**	**22,466**
Leased products	**2,800**	**41**			**(585)**	**2**	**2,258**	**1,241**	**384**			**(421)**	**(1)**	**1,203**	**1,055**
Total	**31,202**	**5,262**	**1,318**	**--**	**--**	**(302)**	**34,843**	**9,818**	**2,414**	**768**	**--**	**--**	**(142)**	**11,322**	**23,521**

2015

	(€ in thousands)														
	Acquisition and manufacturing cost							Depreciation and amortization							Carrying amount
	01/01/2015	Additions	Disposals	Adjustment	Transfer	FX	12/31/2015	01/01/2015	Current year	Disposals	Impairment	Transfer	FX	12/31/2015	12/31/2015
Intangible assets															
Software	183	124	--	--	154	--	461	109	74	--	--	--	(1)	182	279
Licenses	36	209	--	--	--	--	245	36	20	--	--	--	--	56	189
Order backlog	103	--	--	--	--	--	103	103	0	--	--	--	--	103	--
Customer list	655	--	--	(33)	--	--	622	55	187	--	380	--	--	622	--
Digital library	494	--	--	(30)	--	--	464	41	113	--	309	--	1	464	--
Prepayments made on intangible assets	187	119	--	--	(147)	--	159	--	--	--	--	--	--	--	159
Goodwill	1,558	0	274	--	--	(11)	1,273	--	--	--	--	--	--	--	1,273
Total	**3,217**	**452**	**274**	**(63)**	**7**	**(11)**	**3,328**	**344**	**394**	**--**	**689**	**--**	**--**	**1,427**	**1,900**
Property, plant and equipment															
Land, buildings and leasehold improvements	11,485	761	--	--	491	14	12,751	273	288	--	--	23	--	584	12,167
Plant and machinery	10,833	4,337	1,931	--	(612)	195	12,822	6,630	1,221	1,009	--	(284)	52	6,610	6,212
Other facilities, factory and office equipment	2,114	694	738	--	625	32	2,727	875	672	468	--	293	11	1,383	1,344
Assets under construction and prepayments made	528	96	--	--	(524)	1	101	--	--	--	--	--	--	--	101
Subtotal	**24,960**	**5,888**	**2,670**	**--**	**(20)**	**242**	**28,402**	**7,778**	**2,181**	**1,477**	**--**	**32**	**63**	**8,577**	**19,824**
Leased products	**3,290**	**--**	**503**	**--**	**13**	**--**	**2,800**	**1,007**	**407**	**142**	**--**	**(32)**	**1**	**1,241**	**1,559**
Total	**28,250**	**5,888**	**3,173**	**--**	**(7)**	**242**	**31,202**	**8,785**	**2,588**	**1,619**	**--**	**--**	**64**	**9,818**	**21,383**

The *Company* entered into sale and leaseback transactions for self-produced 3D printers, which were sold to banks and leased back with the intention to be used in the Services segment for the purpose of producing custom-ordered printed products and ultimately to sell them to customers as used printers. As of December 31, 2016 and 2015, the *Company* had five and six active leasing contracts, one contract expired in 2016 and the 3D printer was repurchased from the lessor and is used for research and development purposes. Four of the leased 3D printers are used in the Services segment and one was subleased to a customer under an operating lease.

In 2016, 2015 and 2014, there were no new sale and leaseback transactions. Sale and Lease back transactions of 3D printers are non-cash transactions for purposes of the cash flow statement.

In 2016 no early termination of a sale and leaseback transaction occurred. In connection with the sale of refurbished 3D printers to customers, the *Company* early terminated one finance lease in 2015 and three in 2014 and repurchased the applicable 3D printer from the lessor. Three and four other refurbished printers that had been carried as property, plant and equipment were sold to customers in 2016 and 2015, respectively.

11. **Other liabilities and provisions**

	December 31, 2016	December 31, 2015
	(€ in thousands)	
Customer deposits	183	1,300
Liabilities from VAT	174	32
Employee bonus	143	729
Accruals for vacation and overtime	170	110
Accruals for licenses	258	183
Accruals for LTCIP	--	478
Liabilities from payroll	211	216
Accruals for commissions	190	50
Accruals for compensation of Supervisory board	180	135
Accrual for warranty	400	59
Others	305	289
Total	**2,214**	**3,581**

voxeljet has a Long-Term Cash Incentive Plan ("LTCIP") that provides for cash awards to non-executive employees. Under the plan, which was announced on October 2, 2013, the *Company* may grant individual award units of EUR 5,000 each up to a total maximum amount of 10% of the net proceeds received by the *Company* upon closing of its initial public offering. An initial grant of 684 award units was made to participants on October 2, 2013. The vesting of the awards occurs during three separate performance periods, with 20% of the awards vesting in performance period 1 ended December 31, 2013, 40% of the awards vesting in performance period 2 ended December 31, 2015, and the remaining 40% vesting in performance period 3 ending December 31, 2017. Vesting of the awards during performance period 1 was subject to a revenue growth target and the successful completion of the initial public offering. Both conditions for performance period 1 were met as of December 31, 2013. Therefore the awards regarding performance period 2 were paid in 2014.

On September 30, 2015, Management granted an additional 131 award units to eligible employees. At grant date the fair value measurement of the liability regarding performance period 2 included the assumption, that both the revenue growth as well as the share price target would be achieved. Furthermore, Management expected that the eligible employees would not leave the *Company* before the settlement of performance period 2.

In November 2015, Management decided to reduce the targets for performance periods 2 and 3 of the LTCIP granted awarded in October 2013 which were no longer probable of being achievable based on market conditions at the time of the modification. Although the targets for performance period 2 were adjusted, those targets were not achieved. Therefore there was no payment related to the LTCIP for performance period 2.

Vesting of the award during performance period 3 is subject to performance and market conditions, including revenue growth and market capitalization as of December 31, 2017. In determining the fair value of the liability for the third period of the LTCIP, the *Company* originally estimated an 80% probability of achievement for each target and an employee turnover rate of 5.8% based on the past experience (2014: 5.0%). However, in 2016, management updated its assessment and estimated that the achievement of the underlying targets on the third performance period of LTCIP would no longer be probable, resulting in a gain of kEUR 478 to the consolidated statements of comprehensive loss. The following table shows the development of the accrual regarding the LTCIP.

	(€ in thousands)				
	January 1, 2016	**Usage**	**Addition**	**Reversal**	**December 31, 2016**
Accrual for LTCIP	478	--	--	(478)	--

12. Financial instruments

Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy defines the following levels:

- Level 1: Quoted prices of the respective financial asset or financial liability in active markets
- Level 2: Other directly observable input parameters which contribute to establishing the fair value based on a valuation model
- Level 3: Input parameters not based on observable market data

Under IAS 39 there are the following categories:

(I) A financial asset or financial liability at fair value through profit or loss

(II) Held-to-maturity investments

(III) Available-for-sale financial assets

(IV) Loans and receivables

(V) Financial liabilities measured at amortized cost

The following tables list the carrying values and fair values of all financial instruments held by *voxeljet*:

12/31/2016	I.	II.	III.	IV.	V.	Fair Value	Level
Assets							
Non-current assets							
Restricted cash	--	--	--	206	--	206	Level 1
Equity securities	--	--	5	--	--	5	Level 3
Current assets							
Bond funds	--	--	11,657	--	--	11,657	Level 1
Note receivable	--	--	922	--	--	922	Level 1
Cash and cash equivalents	--	--	--	7,849	--	7,849	Level 1
Liabilities							
Non-current liabilities							
Long-term debt	--	--	--	--	4448	3770	Level 2
Finance lease obligation	--	--	--	--	369	354	Level 2
Current liabilities							
Bank overdraft	--	--	--	--	224	224	
Long-term debt	--	--	--	--	651	644	Level 2
Finance lease obligation	--	--	--	--	422	416	Level 2

12/31/2015	I.	II.	III.	IV.	V.	Fair Value	Level
Assets							
Non-current assets							
Restricted cash	--	--	--	206	--	206	Level 1
Current assets							
Customer loan	--	--	--	10	--	10	Level 2
Bond funds	--	--	30,661	--	--	30,661	Level 1
Note receivable			1,075	--		1,075	Level 1
Cash and cash equivalents	--	--	--	2,086	--	2,086	Level 1
Liabilities							
Non-current liabilities							
Long-term debt	--	--	--	--	545	520	Level 2
Finance lease obligation	--	--	--	--	746	701	Level 2
Current liabilities							
Bank overdraft	--	--	--	--	384	384	
Long-term debt	--	--	--	--	207	206	Level 2
Finance lease obligation	--	--	--	--	559	589	Level 2

The financial assets with a carrying amount of € 12.8 million reported on the *Company's* statement of financial position at December 31, 2016 were comprised of investments in two bond funds (kEUR 11,657) and a note receivable (kEUR 922), all reported as current financial assets, and restricted cash (kEUR 206) and equity securities (kEUR 5) reported as a noncurrent asset.

As of December 31, 2015 the financial assets with a carrying amount of € 32.0 million were comprised of investments in three bond funds (kEUR 30,661), a note receivable (kEUR 1,075) as well as the remaining unpaid interest from a customer loan (kEUR 10), all reported as current financial assets, and restricted cash (kEUR 206) reported as a noncurrent asset.

The fair value of the *Company's* investments in the bond funds was determined based on the unit prices quoted by the respective fund management company. The funds pursue the goal of daily liquidity and invest in short-term notes. The funds are open-ended; the units can be redeemed to the fund on a daily basis. Unit prices updated by the fund management company on a daily basis represent a quoted price in an active market.

The fair value of the note receivable due March 2017 was based on the secondary market price quoted by a broker.

The fair value of long-term debt was determined using discounted cash flow models based on the relevant forward interest rate yield curves. The fair value of finance lease obligations was determined using discounted cash flow models based on market interest rates available to the *Company* for similar transactions at the relevant date.

Due to the short maturity and the current low level of interest rates, the carrying amount of credit lines and bank overdrafts and customer loan at December 31, 2016 approximate fair value.

13. Cost of sales

Cost of sales includes personnel expenses, cost of material, purchased services, cost for finished goods and allocated indirect costs related to production.

COST OF SALES

	Year Ended December 31,		
	2016	**2015**	**2014**
		(€ in thousands)	
Personnel expenses	(3,570)	(5,386)	(4,287)
Material costs	(6,837)	(7,645)	(3,440)
Depreciation	(1,562)	(1,890)	(1,692)
Other expenses	(2,512)	(2,226)	(419)
Allowance for slow-moving inventory	(954)	--	--
Total	**(15,435)**	**(17,147)**	**(9,838)**

In 2016 other expenses consisted of rental expenses (kEUR 644), license fees (kEUR 421), travel expenses (kEUR 414) and tooling kits (kEUR 198). In 2015 other expenses consisted of rental expenses (kEUR 736), license fees (kEUR 440), travel expenses (kEUR 394) and tooling kits (kEUR 211). In 2014, other expenses primarily consisted of rental expenses for manufacturing space.

14. Other operating income and expense

Other operating income includes primarily gains from foreign exchange transactions, the recognition of the gain on sale and leaseback transactions upon release from deferred income and government grants received for ongoing research and development projects.

The details of other operating income are presented for the years reported in the table below:

OTHER OPERATING INCOME

	Year Ended December 31,		
	2016	**2015**	**2014**
		(€ in thousands)	
Government grant income	75	322	208
Amortization of gain on sale and leaseback transactions	283	310	399
Recognition of deferred income due to early termination of sale and leaseback transactions	--	216	401
Reimbursement of transaction costs	127	108	86
Gains from foreign exchange transactions	645	863	290
Income from realized other comprehensive income	--	76	--
Other	287	235	--
Total	**1,417**	**2,130**	**1,384**

OTHER OPERATING EXPENSES

	Year Ended December 31,		
	2016	2015	2014
	(€ in thousands)		
Impairment loss on trade receivables	379	--	--
Restructuring of business in UK	--	471	--
Expenses related to initial and secondary public offering	--	--	101
Losses from foreign exchange transactions	2,077	210	--
Impairment of Goodwill	1,130	--	--
Equity-settled share-based payment transaction in relation to the establishment of a subsidiary with non-controlling interest	256	--	--
Other	39	207	--
Total	**3,881**	**888**	**101**

15. Financial result

For the periods 2016, 2015 and 2014, the financial result was mainly driven by interest expense on finance leases, bank overdrafts and drawings under credit lines and long-term debt.

	Year Ended December 31,		
	2016	2015	2014
	(€ in thousands)		
Interest expense	(230)	(277)	(472)
Finance lease obligations	(57)	(201)	(114)
Bank overdrafts and lines of credit	(1)	(5)	(37)
Long-term debt	(68)	(41)	(195)
Other	(104)	(30)	(126)
Interest income	38	158	299
Payout of bond funds	35	116	201
Customer loans	--	7	50
Other	3	35	48
Financial result	(192)	(119)	(173)

16. Income taxes

Income taxes consist of the following for the years reported:

Income tax (expense) benefit

	Year Ended December 31,		
	2016	2015	2014
	(€ in thousands)		
Current tax expense	(2)	--	--
Deferred tax (expense) benefit	--	(64)	32
Total	(2)	(64)	32

In 2016 current tax expenses relate to income taxes for the years 2011 and 2012. 2015 deferred tax (expense) benefit resulted from changes in deferred tax assets and liabilities on temporary differences.

Deferred tax assets and liabilities

The components of net deferred income taxes at the end of the respective reporting periods were as follows:

SOURCES OF DEFERRED TAX ASSETS AND LIABILITIES

	December 31, 2016		December 31, 2015	
	(€ in thousands)			
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Trade receivables	9	(6)	--	(14)
Other receivables and current assets	--	(43)	--	--
Property, Plant & Equipment	279	(484)	299	(704)
Non-current other assets	198	--		
Current deferred income	58	--	170	--
Trade liabilites	45	(1)	--	(1)
Current financial liabilities	195	(13)	--	--
Current financial assets	--	--	--	(3)
Other current liabilities and provisions	7	(13)	28	--
Non-current deferred income	33	--	--	--
Non-current financial liabilities	91	(99)	356	--
Non-current financial assets	--	--	--	--
Non-current liabilities and provisions	1	--	--	--
Intangible assets	23	(3)	--	--
Tax losses carried forward	9	--	--	--
Valuation allowance	(286)	--	(132)	--
Tax assets (liabilities)	661	(662)	721	(722)
Set off of tax	(661)	661	(721)	721
Net tax	**--**	**(1)**	**--**	**(1)**

At December 31, 2016 *voxeljet* had gross loss carry-forwards for corporation tax and trade tax losses of kEUR 16,317 and kEUR 4,023, respectively, for which no deferred taxes have been recognized. These tax losses can be carried forward without restriction for future offset against taxable profits. In addition, there are foreign tax loss carry-forwards of kEUR 11,578.

Reconciliation of profit before income taxes to income tax

The reconciliation between profit before income taxes and income tax benefit (expense) for the reporting periods presented was as follows:

RECONCILIATION OF INCOME TAX BENEFIT (EXPENSE)

	Year Ended December 31, 2016	2015	2014
	(€ in thousands)		
Loss before tax	(11,311)	(9,530)	(4,364)
Tax expense at prevailing statutory rate (28%)	3,167	2,668	1,222
Non-deductible expenses	(170)	(47)	(25)
Non-taxable income	116	--	--
Tax-rate related differences	(128)	(259)	(44)
Unrecognized temporary differences and tax losses	(2,987)	(2,426)	(1,121)
Income tax benefit (expense)	**(2)**	**(64)**	**32**

17. Personnel expenses

Personnel expenses included in cost of sales, research and development, and selling and administrative expenses are comprised of the following:

PERSONNEL EXPENSES

	Year Ended December 31,		
	2016	2015	2014
	(€ in thousands)		
Wages and salaries	9,772	9,866	5,505
LTCIP	(478)	(274)	412
Social security contributions	1,799	1,732	1,050
Total	**11,093**	**11,324**	**6,967**

voxeljet AG offers to its employees a defined contribution plan called "MetallRente". The contributions paid by the *Company* amounted to kEUR 57, kEUR 41 and kEUR 30 for the years ended December 31, 2016, 2015, and 2014, respectively. The employer's contribution into the mandatory German state plan amounted to kEUR 697, kEUR 511 and kEUR 389 for the years ended December 31, 2016, 2015, and 2014, respectively.

18. Segment reporting

voxeljet operates in two reportable segments—Systems and Services—which reflect the internal organizational and management structure according to the distinct nature of the two businesses. The Systems business derives its revenues from the manufacture and sale of 3D printers, from the sale of consumables as well as lease and maintenance agreements with customers, while the Services business provides custom-ordered printed product to customers.

The measurement principles used by *voxeljet* in preparing this segment reporting are also the basis for segment performance assessment. The Chief Executive Officer of *voxeljet* acts as a chief operating decision maker. As a performance indicator, the chief operating decision maker mainly monitors the *Company's* revenues and gross profit.

The following table summarizes segment reporting for each of the reporting periods ended December 31. As Management's controlling instruments are mainly revenue-based, the reporting information does not include a detailed breakdown of all assets and liabilities by category. The sum of the amounts for the two segments equals the total for the *Company* for each of the years presented.

SEGMENT REPORTING

	Year Ended December 31,					
	2016		2015		2014	
	(€ in thousands)					
	SYSTEMS	SERVICES	SYSTEMS	SERVICES	SYSTEMS	SERVICES
Revenues	13,081	9,257	11,113	12,951	9,057	7,106
Gross profit	3,197	3,706	3,849	3,068	3,301	3,024
Gross profit in %	24.4%	40.0%	34.6%	23.7%	36.4%	42.6%
PPE	9,936	13,585	9,002	12,381	7,322	12,144
Trade receivables	2,566	1,567	1,639	1,709	1,055	2,093
Trade payables	833	932	984	775	1,031	1,295
Depreciation and amortization (excl. Intangible assets)	747	1,667	775	1,813	425	1,503
Allowance for slow-moving inventory	954	--	--	--	--	--
Loss on disposal of DPM business	--	--	--	2,663	--	--
Impairment of goodwill	--	1,130	--	--	--	--

Systems revenues include revenues from the sales of used 3D printers of kEUR 1,235, kEUR 1,224, and kEUR 393 for the years ended December 31, 2016, 2015, and 2014, respectively.

Geographic information

REVENUES BY GEOGRAPHICAL REGION

voxeljet's revenues and non-current assets are presented below by geographic region. For purposes of this presentation, revenues are based on the geographic location of customers and assets are based on their geographic location.

voxeljet's revenues were generated in the following geographical regions for the years reported:

	Year Ended December 31,		
	2016	2015	2014
	(€ in thousands)		
EMEA	13,364	18,214	10,571
Germany	6,132	6,984	4,587
France	2,725	1,711	1,593
Great Britain	1,135	4,464	2,276
Others	3,372	5,055	2,115
Asia Pacific	4,831	2,703	4,306
South Korea	1,680	1,277	2,042
Others	3,151	1,426	2,264
Americas	4,143	3,147	1,286
United States	4,107	3,110	893
Others	36	37	393
Total	**22,338**	**24,064**	**16,163**

NON-CURRENT ASSETS BY GEOGRAPHICAL REGION

	December 31,	
	2016	2015
	(€ in thousands)	
EMEA	20,657	20,748
Germany	19,533	19,017
Great Britain	1,124	1,731
Asia Pacific	218	--
Americas	3,758	2,822
United States	3,758	2,822
Total	**24,633**	**23,570**

19. Financial risk management

The *Company's* Management Board is responsible for implementing the finance policy and for ongoing financial risk management. Therefore the Management Board has established a Risk Management Committee, which is responsible for developing and monitoring of the Group's risk management policies especially regarding financial risks. Generally the committee provides an overview of financial risks on a quarterly basis to the Management Board as part of the *Company's* quarterly management reporting procedures.

The *Company's* principal financial instruments are comprised of short-term bank deposits at commercial institutions, bond funds, a note receivable, lease obligations and long-term debt. The main purpose of the financial asset instruments is to provide a return on investments with minimal risk. The main purpose of the financial liability instruments is to help fund the *Company's* operations. The *Company* has various other financial assets and liabilities including trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign exchange risk and credit risk. The measures taken by Management to manage each of these risks are summarized below.

Transactions related to activities in the area of financial instruments require the prior approval of the Chief Financial Officer. The *Company* did not enter into any derivative financial instruments for hedging purposes in 2016.

Management receives a weekly reporting of the current liquidity of the Group by entity. Furthermore, a monthly cash flow plan meeting has been established, where Management reviews the cash forecasts and the future development of flows of funds on an ongoing basis.

Foreign exchange risk

The *Company* is exposed to foreign exchange risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of subsidiaries of the Group. The functional currencies of the parent company *voxeljet AG* and its subsidiaries are Euro, US Dollars, British Pound Sterling, Indian rupee and Chinese yuan renminbi. The majority of the sale, purchase and borrowing transactions are denominated in the functional currency of the parent company or its subsidiaries. Foreign exchange risk is primarily derived from the intercompany loans made to subsidiaries and a note receivable denoted in GBP, as summarized below.

voxeljet has provided intercompany loans to its subsidiaries to finance their operations. The loans were granted in the local currency of the subsidiaries. Gains and losses from movements in exchange rates are recorded within other operating income or expense in the consolidated statement of comprehensive loss. As of December 31, 2016 the amount borrowed to *voxeljet UK* totaled GBP 6.6 million (€ 7.7 million). A relative increase in the value of the Euro against British Pound Sterling of 10% would lead to a loss of € 0.7 million. The amount of loans granted to *voxeljet America* totaled to USD 5.2 million (€ 4.9 million) as of December 31, 2016. A relative increase in the value of the Euro against US Dollars of 10% would lead to a loss of € 0.4 million.

voxeljet's financial assets include one note receivable denominated in British Pound Sterling in the amount of GBP 0.8 million (€ 0.9 million). A relative increase in the value of the Euro against British Pound Sterling of 10% would lead to a loss of € 0.1 million.

For the year ended December 31, 2016, *voxeljet* generated 47.01% of its revenues in the eurozone. Additionally, the majority of the *Company's* sourcing transactions are also transacted in Euros in that zone.

The *Company* invoiced 84% in 2016, 75% in 2015 and 90% in 2014 of total revenues in Euro. As revenues in foreign currency usually correspond to costs which are incurred in the same currency, we consider the risk as minor.

The significant exchange rates which have been applied during the years presented are disclosed in Note 3.

Interest rate risk

voxeljet's principal interest-bearing positions are liabilities for bank borrowings and finance lease obligations. These liabilities are entirely at a fixed interest rate. As such, changes in market interest rates have no effect on future interest expenses.

Credit risk

Credit risk is the risk of the *Company* suffering a financial loss as the result of its counterparties being unable to perform their obligations. The *Company* is exposed to credit risk from its operating activities (mainly trade receivables) and from its financing activities, including deposits and investments with financial institutions. Therefore, the carrying amount of cash and cash equivalents, financial assets, and trade receivables represents the maximum credit exposure of € 24.6 million (2015: € 37.4 million).

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. However, Management also considers factors that influence the credit risk of its customer base, including the default risk of the industry and the country in which the customer operates. *voxeljet* seeks to minimize such risk by entering into transactions with counterparties that are believed to be creditworthy business partners or with financial institutions which meet high credit rating requirements. In addition, the portfolio of receivables and customer advances is monitored on a continuous basis. Credit risk is limited to a specified amount with regard to individual receivables. As of December 31, 2016 there was no customer loan outstanding. As of December 31, 2015 there was only one customer loan, with only the current year interest payment unpaid and outstanding. The interest was fully settled in January 2016.

The Group limits its exposure to credit risk by investing only in bond funds and note receivables which are fully guaranteed by the financial institutions and therefore represents short term credit rating of A-3 based on Standard & Poor’s or P-2 based on Moody’s.

The bank deposit are held with financial institutions, which are rated BBB to A2 based on Standard & Poor’s and Moody’s.

Liquidity risk

Liquidity risk is the risk that *voxeljet* might not have sufficient cash to meet its payment obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. *The Company’s* approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the reputation of the *Company*. Liquidity risk is countered by systematic, day-by-day liquidity management whose fundamental requirement is that solvency must be guaranteed at all times. A major responsibility of management is to monitor the cash balances and to set up and update cash planning on a monthly basis to ensure liquidity. At all times cash and cash equivalents are projected on the basis of a regular financial and liquidity planning. The monitoring includes the expected cash inflows on trade and other receivables together with expected cash outflows from trade and other payables.

In 2016, *voxeljet* concluded new loan agreements with Kreissparkasse Augsburg, Germany, to finance the construction of new office and production facilities in Friedberg: (i) in May 2016, the *Company* entered into a € 1.0 million loan agreement due April 30, 2021. Interest is payable at a fixed rate of 2.35%; (ii) in September 2016, the *Company* entered into a € 2.0 million loan agreement due May 31, 2038. Interest is payable at a fixed rate of 2.47%; (iii) In October 2016, the *Company* entered into a € 0.7 million loan agreement due September 30, 2021. Interest is payable at a fixed rate of 2.29%; and (iv) in December 2016, the *Company* entered into a € 1.0 million loan agreement due January 31, 2038. Interest is payable at a fixed rate of 2.72%. Among other terms, the loan agreements contain (i) certain covenants, including that voxeljet deposit € 2.0 million with Kreissparkasse Augsburg until it has reached certain ratio with respect to its ability to service the debt by the end of fiscal year 2019, and (ii) change of control provisions concerning the ownership of the Company by its executive officers, Dr. Ingo Ederer and Rudolf Franz. In case voxeljet fails to meet that ratio by the end of its fiscal year 2019, voxeljet is obliged to pledge € 2.0 million for the benefit of the lender. In addition, the land owned by voxeljet upon which the facilities will be built as well as three 3D printers will serve as collateral under the loan agreements.

The following are the remaining contractual maturities of financial liabilities and trade payables at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

		December 31, 2016 (€ in thousands)					
		Contractual cash flow					
	carrying amount	Total	2 months or less	2-12 months	1-3 years	3-5 years	More than 5 years
Bank overdrafts and lines of credit	224	(224)	(34)	(190)	--	--	--
Long-term debt	5,099	(6,275)	(115)	(685)	(1,379)	(1,127)	(2,969)
Finance lease obligations	791	(831)	(78)	(372)	(376)	(5)	--
Trade payables	1,765	(1,765)	(1,765)	--	--	--	--
Total	**7,879**	**(9,095)**	**(1,992)**	**(1,247)**	**(1,755)**	**(1,132)**	**(2,969)**

		December 31, 2015 (€ in thousands)					
		Contractual cash flow					
	carrying amount	Total	2 months or less	2-12 months	1-3 years	3-5 years	More than 5 years
Bank overdrafts and lines of credit	384	(384)	(36)	(348)	--	--	--
Long-term debt	752	(807)	(25)	(206)	(355)	(221)	--
Finance lease obligations	1,305	(1,389)	(95)	(513)	(704)	(77)	--
Trade payables	1,759	(1,759)	(1,759)	--	--	--	--
Total	**4,200**	**(4,339)**	**(1,915)**	**(1,067)**	**(1,059)**	**(298)**	**--**

In spite of the significant cash outflow in the last years, the Company's short and mid term liquidity needs are currently covered. The mid-term business plan includes the raising of additional capital through additional debt, equity or other alternatives to ensure the cash requirements of the Company. As the cash position of the Company is still sufficient, mid term liquidity risk is considered as minor.

20. Capital management

Management's aim is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Equity is monitored by the *Company* using financial ratios. The equity used as a basis for determining the equity ratio corresponds to the equity disclosed in the Consolidated Statement of Financial Position.

Part of the capital management strategy is to reduce the number of sale and leaseback transactions for 3D printing equipment used in the production of printed products for customers. As a result of the *Company's* increased liquidity from its public equity offerings, certain lease contracts will be terminated prior to their scheduled maturity.

voxeljet's capital structure as of the end of the reporting periods 2016 and 2015 was as follows:

CAPITAL STRUCTURE

	December 31,	
	2016	2015
	(€ in thousands)	
Equity	**51,536**	**61,469**
Share of total equity and liabilities	82.9%	87.7%
Current financial liabilities	1,297	1,150
Non-current financial liabilities	4,817	1,291
Total financial liabilities	**6,114**	**2,441**
Share of total equity and liabilities	9.8%	3.5%
Total equity and liabilities	**62,139**	**70,120**

21. Leases

Finance leases

Lessee

Future minimum lease payments under financing lease arrangements at the end of the considered reporting periods were as follows:

PRESENT VALUE OF MINIMUM LEASE PAYMENTS

	December 31, 2016 (€ in thousands)		
	Minimum future lease payments obligation	Unamortized interest expense	Present value of minimum future lease payments obligation
due within 1 year	450	(28)	422
due between 1 and 5 years	381	(12)	369
due in more than 5 years	--	--	--
Total	**831**	**(40)**	**791**

	December 31, 2015 (€ in thousands)		
	Minimum future lease payments obligation	Unamortized interest expense	Present value of minimum future lease payments obligation
due within 1 year	608	(49)	559
due between 1 and 5 years	781	(35)	746
due in more than 5 years	--	--	--
Total	**1,389**	**(84)**	**1,305**

Operating Leases

Lessee

The estimated payment schedule regarding operating leases at the end of the considered reporting periods was as follows:

OPERATING LEASE OBLIGATIONS

	December 31,	
	2016	2015
	(€ in thousands)	
Less than 1 year	457	507
1 to 5 years	561	857
Over five years	--	--
Total	**1,018**	**1,364**

Operating lease expenses were kEUR 630, kEUR 813, and kEUR 348 in the financial years 2016, 2015, and 2014, respectively. Operating lease expenses are primarily related to the rental agreements for real estate regarding our foreign operations and a new rented building at our German headquarters put in service in 2015.

Lessor

voxeljet leased one of its self-produced 3D printers to a customer. Under the lease contract, *voxeljet* bears a majority of the substantial risks and rewards of the underlying assets.

Operating lease payments receivable for subleases

	December 31,	
	2016	2015
	(€ in thousands)	
Less than 1 year	75	89
1 to 5 years	6	94
Over five years	--	--
Total	**81**	**183**

The operating lease income was kEUR 89, kEUR 225 and kEUR 169 in the financial years 2016, 2015, and 2014, respectively.

22. Commitments, contingent assets and liabilities

In connection with the enforcement of *voxeljet's* intellectual property rights, the acquisition of third-party intellectual property rights, or disputes related to the validity or alleged infringement of the *Company*'s or a third-party's intellectual property rights, including patent rights, *voxeljet* has been and may in the future be subject or party to claims, negotiations or complex, protracted litigation.

On December 1, 2015, the *Company* signed a definitive agreement to form an equity joint venture with Suzhou Meimai Fast Manufacturing Technology Co., Ltd. ("Meimai") to pursue opportunities in the industrial 3D printing market in China. *voxeljet AG* is committed to make a capital contribution of RMB 19.2 million (€ 2.6 million) as part of its joint venture arrangement with Meimai of which RMB 9.5 million (€ 1.3 million) were already injected. The first capital injection from *voxeljet AG* occurred on April 11, 2016 amounting to RMB 6.5 million (€ 0.9 million) in cash. At the same time Meimai contributed assets to the joint company. Further capital injection followed by *voxeljet AG* on August 24, 2016 amounting to RMB 1.4 million (€ 0.2 million) as well as on November 10, 2016 amounting to RMB 1.6 million (€ 0.2 million). Additional contractual capital injections by *voxeljet AG* are scheduled for the business years 2017 and 2018 amounting to a total of RMB 9.7 million (€ 1.3 million).

23. Related party transactions

Related party transactions at *voxeljet* mainly consist of transactions with individuals on the Management Board and Supervisory Board.

Key management is defined as those individuals having authority and responsibility for planning, directing and controlling the activities of the *Company* within their function and within the interest of the *Company*.

The following table presents the amount and components of Management Board compensation:

MANAGEMENT COMPENSATION

	Year Ended December 31,		
	2016	2015	2014
	(€ in thousands)		
Fixed compensation	644	506	504
Variable compensation	--	--	56
Total	**644**	**506**	**560**

Management Board remuneration currently consists of a fixed monetary remuneration, other fixed benefits (including *Company* car allowances and contributions to a defined contribution plan), and a variable bonus.

At December 31, 2016, 2015 and 2014 amounts of kEUR 0, kEUR 0 and kEUR 276 were accrued for Management Board compensation, respectively.

Transactions with related parties

A related party relationship could have an effect on the profit and loss and financial position of the *Company*. Defined as related parties are individuals or other third parties with whom *voxeljet* has common control relationships.

OTHER RELATED PARTIES

Name	Nature of relationship	Duration of relationship
Franz Industriebeteiligungen AG, Augsburg	Lessor	10/01/2003-Current
Schlosserei und Metallbau Ederer, Dießen	Supplier	05/01/1999-Current

Transactions with Franz Industriebeteiligungen AG comprise the rental of office space in Augsburg, Germany. Rental expenses amounted to kEUR 2, in each of 2016, 2015 and 2014. In addition, Franz Industriebeteiligungen AG received payments related to the use of certain paintings which are placed in the administrative building in Friedberg. Associated rental expenses amount to kEUR 2 in each of 2016, 2015, and 2014.

Further, *voxeljet* acquired goods amounting to kEUR 15, kEUR 38, and kEUR 29 in 2016, 2015 and 2014 from 'Schlosserei und Metallbau Ederer', which is owned by the brother of Dr. Ingo Ederer, the Chief Executive Officer of *voxeljet*.

24. Equity

On April 16, 2014, the *Company* completed an offering of 3,000,000 ADSs at a public offering price of USD 15.00 per ADS. Net proceeds from the offering to the *Company* were approximately USD 41.4 million. On April 24, 2014, the underwriters in the offering purchased 450,000 ADSs from the Selling Shareholders pursuant to the overallotment option they were granted in the offering. The net proceeds to the Selling Shareholders were approximately USD 6.4 million, or approximately € 4.6 million. The *Company* did not receive any proceeds from the sale of ADSs by the Selling Shareholders.

At December 31, 2015, 3,720,000 no-par value ordinary shares were issued and outstanding. There is only a single class of ordinary shares with the same rights, preferences and restrictions. Each share entitles the holder to one vote at the shareholders' meeting. Shareholders participate in the profits according to their share in the share capital, based on their number of shares held. The general shareholders' meeting resolves the appropriation of the balance sheet profit established in the annual financial statements and the dividends.

The Articles of Association authorize the Management Board, subject to the consent of the Supervisory Board, to increase the *Company's* registered share capital in one or more tranches by up to kEUR 1,860 new no par value ordinary shares against contribution in cash or in kind until May 26, 2019.