

## **Anhang 1**

zum Protokoll der ordentlichen Generalversammlung der  
Sandpiper Digital Payments AG vom 30 Juni 2016

## **A. Consolidated Annual Report 2015**

1. Pages 32/33: in the report of Ernst & Young it is clearly stated that the Company does not have an adequate control system for the preparation of the consolidated financial statements in place. In particular, it is stated that *"In our opinion, the internal control system is not in accordance with Swiss law and accordingly we are unable to confirm the existence of the internal control system for the preparation of the consolidated financial statements"*. This being said, the following questions are submitted to the Board of Directors:
  - (i) please explain the reasons why the Company still does not have such internal control system in place, especially if it is considered that the new management joined the Company in October 2015 (9 months ago),
  - (ii) please clarify how the internal control for the preparation of the consolidated financial statements has been carried out and is currently carried out,
  - (iii) please specify the consequences for Sandpiper due to the current inexistence of an internal control system,
  - (iv) please specify which measures the Company intends to execute in order to adopt an internal control system in accordance with Swiss law and the relevant timing.

Please note that the Board of Directors will be held responsible for any damage the Company may incur due to the lack of such internal control.

The following question is submitted to the auditors: have you identified any event as of December 31, 2015 which could potentially create any damage to the Company caused by the lack of an appropriate internal control system?

### **ANSWER BOD:**

ad i) The company has strengthened its internal control system by implementing strict budgeting process, regular reporting routines and a well organized closing process comprising multiple iterations for the year end closing on statutory and consolidation level.

ad ii) The internal control system comprises of multiple layers in order to ensure a segregation of duties and to avoid material damages. There are at company level at least two persons involved, such as the accountant and the responsible managing director, on corporate level there are two further persons involved for checking, validation and compilation of the consolidated figures, such as CFO and the responsible financial controller for the consolidation process.

ad iii) The CFO, Jens Bäuml, clarifies that an internal control system is in place. However, the documentation as such has not been fully established by the year end 2015 and the closing process. This also ties to the statement of EY in the audit report and the independent opinion.

ad iv) The documentation of the internal control system comprising also the procedures for the consolidation process are planned to be implemented for the half year closing 2016

### **ANSWER AUDITOR:**

Nothing to add.

2. Page 35: from the analysis of the chart on page 35 it appears that the NAV per share 2015 compared to the NAV per share 2014 has not changed even after the Company's capital increase which took place in November 2015.

Question to the Board of Directors: Please explain such circumstance, indicating the reasons behind such NAV per share figures.

Question to the auditors: please confirm that the unchanged NAV per share 2015 figure is correct.

**ANSWER BOD:**

BOD is referring to Page 35 and explains how the NAV is calculated.

**ANSWER AUDITOR:**

Nothing to add.

3. Page 35: the first paragraph of the outlook section states that "*Main target is the reduction of the operating cash drain*". In this regard, the following questions are submitted to the Board of Directors:

- (i) please specify the reasons for this cash drain in 2015,
- (ii) please clarify how the Company intends to end or reduce such cash drain and which measures have been already executed by the Company in 2016 in order to do so,
- (iii) please clarify if in 2016 the cash drain is still a major issue for the Company,
- (iv) provide further information on the current cash position of Sandpiper as of June 30, 2016, May 31, 2016, and April 30, 2016.

**ANSWER BOD:**

ad i) BOD refers to the cash flow statement at page 38 of the Annual Report.

ad ii) In principle, the company follows a buy and build strategy and therefore develops the entities. The company continues to develop its sales organisation including a rebranding of the product portfolio. The company currently operates in the following business areas:

- Sports & Events
- Campus & Corporates
- Retail & Leisure
- Security & Services

Further the company has established reporting structures for a better planning and transparency.

All information with regard to the financial year 2016 will be reported in the next Interim Statement.

ad iii) All information with regard to the financial year 2016 will be reported in the next Interim Statement.

ad iv) All information with regard to the financial year 2016 will be reported in the next Interim Statement.

**ANSWER AUDITOR:**

Nothing to add.

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4. Page 35: the fifth paragraph of the outlook section states that *"a further acquisition could be achieved with IDpendant GmbH"*.

Questions to the Board of Directors: When has the IDpendant GmbH acquisition been finalized? If this has not been the case yet, by when does the Company intend to acquire a further participation in said company. Moreover, please clarify what the percentage of the current participation in IDpendant GmbH is and at which terms those shares have been acquired. Please also confirm that in no event any major shareholder or person related to any major shareholder has been involved in this transaction as seller, advisor or in any other way. Does the company has a call option agreement to purchase up to 100% of IDpendant GmbH?

**ANSWER BOD:**

The BOD refers to the official corporate news published on February 25<sup>th</sup>, 2016 with regard to the acquisition. At this point, the company cannot provide more information to the acquisition because they are subject to business secrets. In addition to that the BOD states that in no event any major shareholder of Sandpiper or person related to any major shareholder of Sandpiper has been involved in this transaction as seller, advisor or in any other way. There is no call option agreement existing.

5. Page 35: the seventh paragraph of the outlook section analyses the acquisition of GoGORILLA. In this regard:

Questions to the Board of Directors: please provide additional information concerning the integration of said company in the Sandpiper Group, in particular if a CEO has been appointed and if GoGORILLA's technology platform has been integrated into Sandpiper's. If the answer is negative, please clarify what are the next steps to be taken, who is going to take care of the technological integration and the relevant timing. Please provide additional information on the current status of the GoGORILLA business and activity, in particular highlighting the key financial performance indicators as of May 30, 2016, April 30, 2016 and June 30, 2016. Please also confirm that in no event any major shareholder or person related to any major shareholder or any other related party has been involved in this transaction as seller, advisor or in any other way.

**ANSWER BOD:**

The BOD refers to the official corporate news published on May 12<sup>th</sup>, 2016 with regard to the acquisition. Further information with regard to the financial year 2016 will be reported in the next Interim Statement. If business secrecy is not violated.

BOD states that in no event any major shareholder or person related to any major shareholder or any other related party has been involved in this transaction as seller, advisor or in any other way. A CEO of the company has been appointed.

6. Page 35: with regard to the outlook section and the several acquisitions cited therein, the following questions are submitted to the Board of Directors:

- (i) please clarify if in the execution of said acquisitions, any major shareholder or person related to any major shareholder has been or will be involved as seller, advisor or in any other way,
- (ii) specify the purchase price, the main terms and conditions and the timing of said acquisitions,
- (iii) clarify if, in order to execute said acquisitions, Sandpiper has entered into any financing agreements with a third party and the consequences of such agreement on the financial position of Sandpiper. Furthermore, please update on any current fund raising activity.

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**ANSWER BOD:**

- ad i) *IDpendant:* refer to the answer of question 4  
*GoGORILLA:* refer to the answer of question 5  
*Playpass:* BOD states that in no event any major shareholder or person related to any major shareholder or any other related party has been involved in this transaction as seller, advisor or in any other way.  
*InterCARD:* a bank had the mandate to buy InterCARD shares over the market or OTC to reach the level of having a 50%+ shareholding in InterCARD. The transaction has been settled under economic terms at arm's length. In this transaction a major shareholder has been involved.
- ad ii) Jens Bäuml states that the prices as well as terms and conditions are part of the business secrecy.
- ad iii) Jens Bäuml states that the company has entered into financial agreements (eg share purchase agreements) with third parties to execute the before mentioned acquisitions. Terms and conditions are part of the business secrecy. All economic effects out of those acquisitions have been reflected in the 2015 annual report or will be reflected in the 2016 reports (interim / end year).

7. Page 36: among the current assets figures, it appears that the "inventories" grew from EUR 654,751 in 2014 to EUR 1,095,238 in 2015 mainly due to "Work in progress" (as stated on page 45).

Question to the Board of Directors: Please specify what kind of "Work in progress" said figure refers to and which criteria of valuation have been adopted.

Question to the auditors: please confirm the valuation of said figures and explain the criteria adopted.

**ANSWER BOD:**

The BOD states that the majority of the increase relates to client projects not invoiced yet at Ergonomics. The valuation is based at cost.

**ANSWER Auditors:**

Nothing to add.

8. Page 36: among the non-current assets figures, it appears that the "intangible assets" grew from EUR 984,409 in 2014 to EUR 1,872,926 in 2015:

Question to the Board of Directors: please specify what kind of cost is the Company capitalizing in 2015, please detail.

Question to the auditors: please confirm the valuation of said figures and explain the criteria used in order to determine them.

**ANSWER BOD:**

The BOD states that the increase relates to IT developments carried out at Sandpiper, Multicard and Polyright as well as software acquired in course of the asset deal through PAIR Solutions. The valuation is based at cost incurred by either internal personnel costs (IT developers) or third parties.

**ANSWER AUDITOR:**

Nothing to add.

9. Page 36: among the "Liabilities and Equity" figures, with regard to the lines related to "Provisions" (under "Total current liabilities" and "Total non-current liabilities"), the following questions are submitted to the Board of Directors:

- (i) please explain the reasoning behind the decrease in the "Provisions" accounted in the "Total current liabilities" and the corresponding increase of the "Provisions" accounted in the "Total non-current liabilities",
- (ii) specify how many contracts are at risk behind these "Provisions" figures,
- (iii) provide a list of the critical customers and the amount at risk per each contract.

Question to the auditors: please confirm the valuation of said figures and explain the criteria used in order to determine them.

**ANSWER BOD:**

ad i) Jens Bäuml states that the provisions of 2014 have been fully settled. The 2015 figures relate to bonus scheme considerations and other provision which are outlined on page 50 of the Annual Report.

ad ii) Please refer to page 50 of the Annual Report

ad iii) Please refer to page 50 of the Annual Report. A further break down can not be provided due to business secrecy.

**ANSWER Auditors:**

Nothing to add.

10. Page 37: the figure "Other operating expenses" increased from EUR 1,936,686 in 2014 to EUR 3,736,261 in 2015,

Question to the Board of Directors: please provide details in this regard and clarify if said expenses relate, even in part, to any relationship with the major shareholder, person related to any major shareholder or any related party in general.

Question to the auditors: please confirm whether "other operating expenses" include any amount paid to shareholders or related parties of the Company.

**ANSWER BOD:**

The BOD explains that all income statement positions increased because the subsidiaries are only consolidated since Q4 2014. Regarding related parties involved please have a look at p. 55, note 20 of the Annual Report 2015.

**ANSWER AUDITOR:**

Nothing to add.

11. Page 37: the figure "Financial expenses" increased from EUR 129,007 in 2014 to EUR 4,500,785 in 2015 and the figure "Financial income" increased from EUR 360,837 in 2014 to EUR 3,783,818 in 2015, in this regard, the following questions are submitted to the Board of Directors:

- (i) please explain in detail what kind of expenses and income are those figures line by line related to and to what they refer,
- (ii) clarify if said financial expenses relate, even in part, to any activity concerning the major shareholder or a person related to any major shareholder.

Question to the auditors: please confirm the valuation of said figures and explain the criteria used in order to determine them.

**ANSWER BOD:**

Jens Bäuml explains that the large part within both positions refer to the former business of Logan Capital AG (investment company business) and had to be processed through the vehicle of Sandpiper. Due to the fact that the transaction was economically not pertaining to the company it netted out to be neutrally. Other major items result from foreign exchange gains.

**ANSWER AUDITOR:**

Nothing to add.

12. Page 38: with reference to the figure "Investment in financial assets" in the Cash Flow statement,

Question to the Board of Directors: please detail the relevant targets/prices/acquisition multiples/stakes.

Question to the auditors: please confirm the valuation of said figures and explain the criteria used in order to determine them.

**ANSWER BOD:**

The BOD states that all transactions have been executed at-arms-length. Further information are subject to business secrecy.

**ANSWER AUDITOR:**

Nothing to add.

13. Page 38: with reference to the figure "Investment intangible assets" in the Cash Flow statement,

Question to the Board of Directors: please detail such figure.

Question to the auditors: please confirm the valuation of said figures and explain the criteria used in order to determine them.

**ANSWER BOD:**

Please refer to question 8.

**ANSWER AUDITOR:**

Please refer to question 8.

14. Page 48: among the "Financial assets" details,

Question to the Board of Directors: please clarify what "Other non-current financial receivables from third parties" refer to.

Question to the auditors: please confirm the valuation of said figures and explain the criteria used in order to determine them.

**ANSWER BOD:**

The position refers to loans in the amount of approx. EUR 330k (e.g. IDpendant EUR 235k) and rental deposits from Polyright in the amount of approx. EUR 50k

**ANSWER AUDITOR:**

Nothing to add.

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15. Page 49: among the "Other liabilities" details,

Questions to the Board of Directors: please clarify what the "Other liabilities to third parties" refer to. Further, please explain in detail and clarify any involvement of any major shareholder or person related to any major shareholder or any other related party in said liabilities.

Question to the auditors: please confirm the valuation of said figures and explain the criteria used in order to determine them.

**ANSWER BOD:**

Jens Bäuml explains that the position consists of several other liabilities to third parties in Sandpiper group.

- |                         |          |
|-------------------------|----------|
| • Sandpiper Holding     | EUR 151k |
| • Payment Solution GmbH | EUR 380k |
| • Payment Solution AG   | EUR 350k |
| • Ergonomics AG         | EUR 200k |
| • Multicard BV          | EUR 793k |
| • Polyright AG          | EUR 273k |

The valuation is based on the owed amount.

**ANSWER AUDITOR:**

Nothing to add.

16. Page 49: among the "Other liabilities" details,

Question to the Board of Directors: please clarify what "Other liabilities to related parties" equalling EUR 284,307 in 2015 refer to. In particular, please clarify the purposes of said liabilities and when said liabilities were borne as well as any involvement of any major shareholder or person related to any major shareholder in said liabilities.

Question to the auditors: please confirm the valuation of said figures and explain the criteria used in order to determine them.

**ANSWER BOD:**

The BOD explains that the amount refers to a liability to shareholders of Sandpiper. Thereof an amount of approx. is EUR 130k belongs to a major shareholder of Sandpiper.

**ANSWER AUDITOR:**

Nothing to add.

17. Page 49: among the "Financial liabilities" details,

Questions to the Board of Directors: please clarify what "Loans from related parties" in the amount of EUR 294,272 in 2015 is referred to. Please clarify in particular the purposes of these liabilities, when these liabilities were borne, and any involvement in these liabilities by any major shareholder or person related to any major shareholder or by any other related party.

Question to the auditors: please confirm the valuation of said figures and explain the criteria used in order to determine them.

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**ANSWER BOD:**

The BOD explains that the amount refers to loan granted by one of the founding shareholders of Ergonomics before acquisition of any stakes in the company.

**ANSWER AUDITOR:**

Nothing to add.

18. Page 49: with reference to the convertible loans issued by Sandpiper, the following questions are submitted to the Board of Directors: please clarify

- (i) which are the parties involved,
- (ii) the terms and conditions of said convertible loans,
- (iii) the timing of the conversion,
- (iv) the existence of any controversy with the relevant lenders.

Question to the auditors: please confirm the terms and conditions of the mentioned convertible loans, highlighting if there is any controversy with the relevant lenders

**ANSWER BOD:**

- Ad i) The parties involved is Sandpiper Digital Payments AG and an institutional investor.
- Ad ii) No addition to the Annual Report is made.
- Ad iii) No addition to the Annual Report
- Add iv) The parties do have a certain controversy on diverse subjects.

**ANSWER AUDITOR:**

Nothing to add.

19. Page 50: with regard to the EUR 8.5 million litigation,

Question to the Board of Directors: please provide an update on the said litigation. Please confirm if there is any additional controversy/litigation with other parties, including lenders of convertible loans.

Question to the auditors: please confirm the correctness of the decision not to record any provision in the annual report 2015, explaining the grounds which motivate such decision and any analysis carried out in this regard.

**ANSWER BOD:**

The BOD explains that this litigation refers to the former business of Logan Capital AG and has been settled.

**ANSWER AUDITOR:**

Nothing to add.

20. Page 52: with regard to the "Segment information" section,

Questions to the Board of Directors: please explain the 2015 "Net loss" of EUR 2,641,305 deriving from "Investing activities". Please also confirm that in no event any major shareholder or person related to any major shareholder or other related party has been involved in these investing activities.

Question to the auditors: please confirm the valuation of said figures and explain the criteria used in order to determine them.

**ANSWER BOD:**

Jens Bäuml explains that the column "Investing activities" refers to the activities at Holding level. All related party transactions are reflected in the Annual Report and the Remuneration Report.

**ANSWER AUDITOR:**

Nothing to add.

21. Page 55: with regard to the "Related party transactions" section,

Question to the Board of Directors: please provide an update on said transactions, highlighting their main terms and conditions (parties, purpose, economic terms, maturity date, etc.).

Question to the auditors: please confirm the economic adequacy of the transactions entered into with related parties, motivating said adequacy for each transaction.

**ANSWER BOD:**

The BOD explains that the 4,5m shares have been directly acquired from Mountain Partners as described in the Annual Report on page 55. The acquisition of the 1,0m shares has been executed with an OTC transaction via the bank.

**ANSWER AUDITOR:**

Nothing to add.

22. Page 57: with reference to the "Subsidiaries and participations" section,

Question to the Board of Directors: please provide an update as of June 30, 2016 on the relevant consolidation, highlighting any change to the participations held by Sandpiper as represented in said chart (if any change has occurred).

**ANSWER BOD:**

Jens Bäuml explains that all updates relating to the financial year 2016 will be either reported as investors' news and also in the upcoming interim financial statement.

23. With reference to the capital increase executed in November 2015 and the convertible loans granted to the Company:

Question to the Board of Directors: please specify the use of proceeds related to said capital increase and loans

**ANSWER BOD:**

Jens Bäuml is referring for any details to the cash flow statement of the Annual Report 2015 on page 38.

## **B. 2015 Sandpiper Digital Payments AG Annual Report Related**

1. With reference to the financial statement of Sandpiper – Aktiven section,

Question to the Board of Directors: please specify the figures concerning "Forderungen – Gruppengesellschaften", "Forderungen – Aktionäre und Organe", and "Aktive rechnungsabgrenzungen – Dritte" indicating the reason for their increase in 2015.

Question to the auditors: please confirm and motivate the economic adequacy of said transactions.

### **ANSWER BOD:**

The first position mainly consists of intercompany loan interests amounting to CHF 109k. The second position is mainly a receivable against Mountain Partners AG in the amount of approx. CHF 490k which has been settled in the course of the first half year 2016. Accrued Income and prepaid expenses (Aktive Rechnungsabgrenzungen – Dritte) mainly consists of a prepayment for the benefit of Payment Solutions AG in the amount of EUR 300k and a prepayment for the benefit of Mr. Gollner in the amount of EUR 220k (acquisition of IDpendant). All positions are adequate.

### **ANSWER AUDITOR:**

Nothing to add.

2. With reference to the financial statement of Sandpiper – Aktiven section,

Questions to the Board of Directors: please specify the increase of the figure concerning "Finanzanlagen – Darlehen Gruppengesellschaften" and the reason for its increase in 2015, indicating which companies the figure refers to and when these loans have been executed. Please confirm and provide details on the involvement of any major shareholder or person related to any major shareholder.

### **ANSWER BOD:**

The position mainly consists of granted loans to Payment Solutions in the amount of approx. EUR 3 Mio for financing operating business and for the payback of fan deposits. Further the company granted a loan to IDpendant in the amount of EUR 235k. No major shareholder or person related to any major shareholder has been involved.

3. With reference to the financial statement of Sandpiper – Passiven section,

Questions to the Board of Directors: please specify the figures concerning "Verbindlichkeiten – Dritte, Gruppengesellschaften und Aktionäre und Organe" and "Forderungen – Aktionäre und Organe", indicating the reason for their increase in 2015. Please confirm and provide details on the involvement of any major shareholder or person related to any major shareholder or any other related party.

### **ANSWER BOD:**

The position refers to liabilities in regard to the Ergonomics shareholders and shares for the management compensation of Sandpiper. The 2014 position "übrige kurzfristige Verbindlichkeiten – Gruppengesellschaften" in the amount of EUR 149.080 and position "übrige kurzfristige Verbindlichkeiten – Aktionäre und Organe" in the amount of EUR 2.075.103 has been reclassified to "Verbindlichkeiten – Gruppengesellschaften" and "Verbindlichkeiten – Aktionäre und Organe" for the FY 2015. (see question B5).

No major shareholder or person related to any major shareholder has been involved. Ergonomic shareholders and Management are related parties.

4. With reference to the financial statement of Sandpiper – Passiven section,

Questions to the Board of Directors: please explain the decrease in the figure concerning "Uebrig e kurzfristige Verbindlichkeiten – Aktionaere und Organe". Please confirm and provide details on the involvement of any major shareholder or person related to any major shareholder or any other related party.

**ANSWER BOD:**

The position refers to liabilities in regard to the Ergonomics shareholders, which has been reclassified in 2015 under "Verbindlichkeiten –Aktionaere und Organe" (see also question B3).

5. With reference to the financial statement of Sandpiper – Passiven section,

Question to the Board of Directors: please explain the increase in the figure concerning "Langfristige verzinsliche Verbindlichkeiten – Dritte" and the decrease of the subsequent figure "Rueckstellungen".

Question to the auditors: please confirm the relevant figures, explaining the amendments occurred.

**ANSWER BOD:**

The decrease results from a reclassification of shares for the Sandpiper management, which in 2015 is disclosed under "übrige langfristige Verbindlichkeiten" (see question B3).

The company has received a convertible loan from an institutional investor which leads to an increase of "Langfristige verzinsliche Verbindlichkeiten – Dritte".

**ANSWER AUDITOR:**

Nothing to add.

6. With reference to the financial statement of Sandpiper – Passiven – Eigenkapital section,

Questions to the Board of Directors: please explain the difference in the "Kumulierte Verluste" figures from EUR into CHF. Indeed, the CHF values are way to high compared to the EUR figures (both in 2014 and in 2015).

**ANSWER BOD:**

This relates to translation difference due to different obligatory application of FX rates at equity and P&L level as well as due to the significant FX changes in the previous years between EUR and CHF. Equity has to be accounted for at historical FX rates, whereas P&L figures are accounted for on average FX rate in the applicable year.

7. With reference to the financial statement of Sandpiper – Passiven – Eigenkapital section,

Questions to the Board of Directors: please explain the figure "Eigene Aktien", providing details what it refers to, how they have been purchased and sold, at what price, by whom or to whom, and the main terms and conditions. Please confirm the involvement of any major shareholder or person related to any major shareholder.

Question to the auditors: please confirm the adequacy of the relevant purchase prices and the equal treatment of all the shareholders in said transactions.

**ANSWER BOD:**

The position refers to the treasury shares held at the year end of 2015, which amounts to 1'000'000 shares at EUR 0,20 per share. Please also refer to the Annual Report page 36, 53 and 55.

**ANSWER AUDITOR:**

Nothing to add.

8. With reference to the financial statement of Sandpiper – Erfolgsrechnung,

Question to the Board of Directors: please explain in details the figures included in the "Betrieblicher Aufwand" section. Please confirm the involvement of any major shareholder or person related to any major shareholder.

Question to the auditors: please detail the figures included in the "Betrieblicher Aufwand" section, confirming their valuation and explaining the criteria used in the audit.

**ANSWER BOD:**

"Betrieblicher Aufwand" is mainly influenced by the position impairment on investments and impairment on loans for one single portfolio company. A DCF method has been applied and a restructuring process has been executed. The effect out of the before described actions is in total EUR 7.6 Mio. In addition to that and as already mentioned under question A11 a transaction was executed through the Sandpiper vehicle in the amount of approx. EUR 2.5 Mio – largest part of position "Aufwand für Projekte".

**ANSWER AUDITOR:**

Nothing to add.

9. With reference to the financial statement of Sandpiper – Erfolgsrechnung,

Questions to the Board of Directors: please explain to what "sonstiger betrieblicher Aufwand" refers to, providing details on its increase in 2015. Please confirm the involvement of any major shareholder or person related to any major shareholder.

Question to the auditors: please detail the figure "sonstiger betrieblicher Aufwand", confirming its valuation and explaining the criteria used in the audit.

**ANSWER BOD:**

The position "sonstiger betrieblicher Aufwand" is due to an expense related to convertible loans granted in 2015. An involvement of major shareholders or persons related to any major shareholders is considered under this position.

**ANSWER AUDITOR:**

Nothing to add.

10. With reference to the financial statement of Sandpiper – Erfolgsrechnung,

Question to the Board of Directors: please explain what "Finanzertrag" refers to, providing details on its increase in 2015.

**ANSWER BOD:**

The position mainly refers to FX gains (EUR 1.4 Mio).

11. With reference to the financial statement of Sandpiper – Anhang section,

Questions to the Board of Directors: please explain the "Eigene Aktien" figures, in particular motivating the different prices applied in case of purchase (0.13 EUR) and of sale (0.12 EUR) of Sandpiper shares. Please provide further details on the relevant "Buchwert". Please confirm how the shares have been purchased and sold, at what price, by whom or to whom, and the main terms and conditions. Please confirm the involvement of any major shareholder or person related to any major shareholder or other related party.

Question to the auditors: please confirm the adequacy of the relevant purchase prices and the equal treatment of all the shareholders in said transactions.

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**ANSWER BOD:**

The BOD explains that the company has conducted separate buy transactions. First, an amount of 4,5m shares have been bought from Mountain Partners, as stated in the Annual Report 2015 on page 55, to facilitate a share delivery to shareholders of an acquired company. At the year end a second tranche of 1,0m share has been bought through an OTC transaction. The latter position is disclosed as of December 31, 2015 at the balance sheet as treasury shares.

**ANSWER AUDITOR:**

The auditors can not quote on that due to the fact that the pricing is a business decision.

12. With reference to the financial statement of Sandpiper – Anhang section,

Questions to the Board of Directors: please explain the reasons for the decision to pledge the "Bankkonten" for an amount of EUR 39,886 as of December 31, 2015, to whom said pledge has been granted and for how long, and provide the updated figure as of June 30, 2016.

Question to the auditors: please confirm the adequacy of the "Bankkonten" figure and grounds which have motivated such figure.

**ANSWER BOD:**

The BOD explains that the pledge assets relates to the typically bank business procedure stated in the terms and conditions with the house banks. Therefore, for correctness and completeness reasons it is disclosed at this point.

13. With reference to the financial statement of Sandpiper – Anhang section:

Questions to the Board of Directors: please explain the change in the shareholding held by Mr. Rietzler in 2015 (in 2014 he held 5.25% of Sandpiper, whereas in 2015 he held a participation of 2.34%). Please confirm if said shares have been sold to the Company or to any related party.

**ANSWER BOD:**

The BOD is not able to answer this question on behalf of Mr. Rietzler.

14. With reference to the financial statement of Sandpiper. Questions to the Board of Directors: please provide a copy of the cash flow 2015 of the Company.

**ANSWER BOD:**

Jens Bäuml is stating that under OR it is not obligatory to disclose a cash flow statement and therefore it will not be supplied. However, Sandpiper has disclosed a cash flow statement on consolidation level and therefore is referring for any details to the cash flow statement in the Annual Report 2015. The BOD is also referring to the question A23.

### **C. Vergütungsbericht 2015**

1. Page 3 and 11 of the report: it is stated that Mountain Capital Management AG provides administrative services to Sandpiper. In this regard, the following questions are submitted to the Board of Directors:

- (i) please specify at what terms and conditions said services are provided, highlighting the costs of said service for 2015,
- (ii) provide additional information on the "Sondervergütung" of CHF 2,518,374.36, specifying why said amount is due and the relevant terms and conditions of this payment,
- (iii) provide a relevant update on said services and their costs.

Question to the auditors: please confirm the economic adequacy of the amounts paid to Mountain Capital Management AG and the existence of any related costs in 2016, specifying the relevant amount, the adequacy and the services to which they refer.

#### **ANSWER BOD:**

- ad i) The BOD explains that the services refers to administration and accounting, which are based on a combination of a fixed plus time and material basis at an arms-length-basis.
- ad ii) The BOD explains that the "Sondervergütung" refers to the business year 2014 and is linked to the previous investment activities of Logan Capital AG. The amount of CHF 2,518,374.36 has not been paid out in cash but was converted in a capital increase of the company in November 2014.
- ad iii) The services are being rendered in 2016 also on a combination of fixed plus time and material basis.

#### **ANSWER AUDITOR:**

Nothing to add.

2. Page 7 of the report: from the chart it appears that the 2015 remunerations of Mr. Welsch and Mr. Bäumli is equal to CHF 404,775.05 each. Due to the fact that they have been employed only 3 months in 2015, the following questions are submitted to the Board of Directors:

please clarify the payment of such a high remunerations (considering that the 2016 remuneration is equal to CHF 469,000 each, whereof CHF 214,000 as fix remuneration and CHF 255,000 as variable remuneration). Furthermore, please specify if said amount comprises a fix and a variable part and in this case, why the variable contribution was granted to them.

Question to the auditors: please confirm the economic adequacy of the remunerations granted to Mr. Welsch and Mr. Bäumli in 2015.

#### **ANSWER BOD:**

Jens Bäumli is clarifying that in the Remuneration report the full amount granted in shares to the management has to be disclosed at this point, independently whether these have been fully earned yet. Therefore, the disclosed amount consists of the salary components received in cash for 2015 plus the full amount of shares contractually agreed at the year end closing value.

Please note that the statements in the remuneration report can be different from the Financial Statements according to the Swiss Code of Obligation. The remuneration report is reflecting the complete contractually agreed amount at the date of execution and the Financial Statements shows only the contractually agreed amount on an accrued basis.

#### **ANSWER AUDITOR:**

Nothing to add.

WR

3. Page 7 of the report:

Questions to the Board of Directors: please specify in detail the relationship between Sandpiper and the company Hanse Executives GmbH, whose director is Mr. Welsch. In particular, explain what activities are carried out by said company, the costs and any possible conflict of interests. Moreover, please clarify why this relationship has not been considered in the "related party transactions" section of the Annual Report 2015.

Question to the auditors: please confirm the economic adequacy of the amounts paid to Hanse Executives GmbH and explain the reasons for the non-inclusion of said costs among the "related party transactions" section of the Annual Report 2015.

**ANSWER BOD:**

Jens Bäuml clarifies that the relationship is clearly disclosed in the Annual Report as well as the Remuneration reports. The details are disclosed on page 18 and page 25 of the Annual Report as well as on page 7 of the Remuneration Report. The relationship is based on a contractual agreement between Sandpiper and Hanse Executives to render consultancy work.

**ANSWER AUDITOR:**

Nothing to add.

4. Page 9 of the report:

Questions to the Board of Directors: please provide additional information on the additional amount of CHF 448,291.61 to be paid to Mr. Gordes according to footnote 17.

Question to the auditors: please confirm the economic adequacy of the additional amount to be paid to Mr. Gordes and explain the reasons for the non-inclusion of said costs among the "related party transactions" section of the Annual Report 2015.

**ANSWER BOD:**

Jens Bäuml explains that this particular item has not been disclosed in 2014 due to the fact that Andreas Gordes was not part of the Management Board. In order to meet the requirements and fully disclose any liability the footnote has been included in the remunerations report 2015.

**ANSWER AUDITOR:**

Nothing to add.



#### **D. Questions concerning the other items of the agenda of the Ordinary General Assembly**

1. Item 5.1 of the agenda: During the extraordinary shareholders' meeting dated December 21, 2015, Mr. Rofalski, in his capacity as Chairman of said meeting, had informed the shareholders that the emoluments granted to the Board of Directors of the company for 2016 (i.e. equal to EUR 1 million) could be subject to a review should the financial results of the company not turn out as expected. From the analysis of the annual report 2015, it is clear that the Sandpiper financial results of 2015 were greatly lower than the relevant budget. In consideration of the financial situation of Sandpiper and the fact that said remunerations are far from being economically sustainable, please confirm if you intend to proceed with the approval of the emoluments for 2017 in the same amount as those for 2016.

Question to the Board of Directors: Please clarify if such decision is taken with a conflict of interests of the involved parties.

##### **ANSWER BOD:**

Mr. Rofalski points out, that the salary consists of a fixed and a variable component. If the targets for 2016 will not be achieved, thereby reducing the total salary. Jens Bäuml has nothing to add.

2. Item 5.2 of the agenda: During the extraordinary shareholders' meeting dated December 21, 2015, Mr. Rofalski, in his capacity as Chairman of said meeting, had informed the shareholders that the emoluments granted to the management of the company for 2016 (i.e. equal to EUR 2 million) were sustainable from a financial point of view in consideration of the expected financial results of the company. From the analysis of the annual report 2015, it is clear that the Sandpiper financial results of 2015 were greatly lower than the relevant budget.

Questions to the Board of Directors: Please clarify why you intend to lower the overall remunerations only in the amount of CHF 200,000, considering the negative financial results 2016 and the economic unsustainability of said decision. Please clarify if such decision is taken with a conflict of interests of the involved parties.

##### **ANSWER BOD:**

Again Mr. Rofalski points out, that the salary consists of a fixed and a variable component. If the targets for 2016 will not be achieved, thereby reducing the total salary. The amount of CHF 1.8m is more exactly (rounded CHF 2m). Jens Bäuml has nothing to add.

W