



# Annual Report 2019

Aumann AG, Beelen

## Aumann in Figures

Fiscal year	2019	2018	Δ 2019/ 2018
	€k	€k	%
<b>Order backlog</b>	<b>134.167</b>	<b>204.219</b>	-34,3%
<b>Order intake</b>	<b>189.521</b>	<b>290.878</b>	-34,8%
<b>Earnings figures</b>	<b>€k</b>	<b>€k</b>	<b>%</b>
<b>Revenue</b>	<b>259.573</b>	<b>290.815</b>	<b>-10,7%</b>
there of E-mobility	115.099	104.980	9,6%
Operating performance	259.641	289.706	-10,4%
Total performance	267.667	296.522	-9,7%
Cost of materials	-156.530	-176.333	-11,2%
Staff costs	-75.281	-73.677	2,2%
EBITDA	21.232	32.453	-34,6%
<i>EBITDA margin</i>	8,2%	11,2%	
EBIT	16.256	26.652	-39,0%
<i>EBIT margin</i>	6,3%	9,2%	
adjusted EBIT	16.317	29.339	-44,4%
<i>adjusted EBIT margin</i>	6,3%	10,1%	
EBT	15.373	25.587	-39,9%
<i>EBT margin</i>	5,9%	8,8%	
<b>Consolidated net profit</b>	<b>10.994</b>	<b>18.222</b>	<b>-39,7%</b>
<b>Figures from the statement</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>%</b>
	€k	€k	
Non-current assets	99.120	87.205	13,7%
Current assets	227.626	248.903	-8,5%
there of cash and equivalents*	95.264	116.473	-18,2%
Issued capital (share capital)	15.250	15.250	0,0%
Other equity	187.914	180.678	4,0%
Total equity	203.164	195.928	3,7%
<i>Equity ratio</i>	62,2%	58,3%	
Non-current liabilities	46.877	45.420	3,2%
Current liabilities	76.705	94.761	-19,1%
<b>Total assets</b>	<b>326.746</b>	<b>336.109</b>	<b>-2,8%</b>
Net debt (-) or net cash (+) *	73.988	93.413	-20,8%
<b>Employees</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>%</b>
	1.107	1.101	0,5%

\*This figure also includes securities.

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## Welcome Note from the Executive Board

Dear Shareholders,

The 2019 financial year saw a global economic slowdown that was especially noticeable in the automotive industry, our most important market. Vehicle production declined around the world. The Chinese market in particular lost the momentum it had enjoyed for many years, a fact that had a considerable knock-on effect on the industry as a whole. However, production in Germany also fell by around 9%, reaching its lowest level since 1997. This downturn means the automotive industry, which is undergoing an all-encompassing transformation whose outcome for the individual companies is still unclear, is losing important capital that is required for investments in the future market of E-mobility. Various investments in new production lines, capacity expansions and upgrades, which are needed in the area of traditional vehicle and drive engineering in particular, have also been postponed or cancelled altogether as a result.

Aumann was directly affected by this development. While the E-mobility segment recorded its highest order intake in a single financial year at €119.0 million, order intake in the Classic segment slumped by 60.2% year-on-year. This meant that total order intake amounted to just €189.5 million.

The massive downturn in the Classic segment also meant that total revenue fell by 10.7% to €259.6 million, although the E-mobility segment improved its revenue by 9.6% year-on-year. Despite the lower level of revenue, Aumann achieved an EBITDA margin of 8.2% and an adjusted EBIT margin of 6.3% in 2019. Although we fell within our forecast range in terms of both revenue and earnings, we failed to meet our own expectations.

2020 will be a challenging year for Aumann in which the company will continue to press ahead with the optimisation of its cost structure and vertical integration. We will also have to face even bigger challenges. The fundamental crisis in the automotive industry is currently being overshadowed and intensified by the spread of the COVID-19 pandemic. We are already seeing our customers facing massive slumps in demand and disruptions to their supply chains. Production is being shut down and consolidation is expected. We anticipate a reduction in demand for production systems. However, it is still too early to realistically speculate about the economic repercussions of at this time.

The Executive Board has decided to propose to the Annual General Meeting that the payment of a dividend for the 2019 financial year will be suspended. This does not mean the previous dividend policy is being abandoned. However, this decision was taken in light of the fundamental crisis in the automotive industry and the dramatic intensification of the COVID-19 pandemic in recent times, as it is not currently possible to predict the consequences on existing supply chains and the procurement and sales markets. The Executive Board intends to strengthen Aumann AG's resistance to the coming challenges by retaining the distributable profit in full.

We would like to express our particular gratitude to our employees for their outstanding commitment and dedication. Our thanks also go to our customers and business partners, with whom we will work to steer the Aumann Group through an uncertain market environment while continuing to shape the future of E-mobility. In this spirit, we look forward to a successful cooperation, including with you, dear shareholders.

Sincerely,



Rolf Beckhoff  
Chief Executive Officer



Sebastian Roll  
Chief Financial Officer

## Report of the Supervisory Board

In the 2019 financial year, the Supervisory Board ensured that it was informed at all times about the business and strategic development of the company and advised and monitored the Executive Board in accordance with the tasks and responsibilities required of it by law, the Articles of Association and the provisions of the German Corporate Governance Code. This meant that the Supervisory Board was informed about the strategy, business policy and planning, the risk situation and the net assets, financial position and results of operations of the Aumann Group at all times.

This took place in personal discussions between the Chairman of the Supervisory Board and the Executive Board and regular reports on business developments by the Executive Board, and at the meetings of the Supervisory Board on 27 March, 6 June, 27 September and 21 November 2019, which were attended by all members of the Supervisory Board and the Executive Board.

At the individual meetings, the Supervisory Board analysed the company's current business development together with the Executive Board and discussed its strategic focus. In light of the consistently challenging situation in the automotive industry, the Supervisory Board discussed measures for optimising the cost structure and vertical integration, among other things. To the extent that individual transactions also required the approval of the Supervisory Board in accordance with the Articles of Association, the Rules of Procedure or the law, the Supervisory Board examined these transactions and resolved whether to grant its approval.

Furthermore, it closely monitored the audit of the consolidated financial statements of Aumann AG for the 2017 financial year by the German Financial Reporting Enforcement Panel (FREP).

The Supervisory Board also discussed corporate governance and the German Corporate Governance Code. The Supervisory Board and the Executive Board took the measures required to ensure broad compliance with the Code in the year under review. The small number of exceptions are presented and explained in the declaration in accordance with section 161 of the *Aktiengesetz* (AktG – German Stock Corporation Act) submitted with the Executive Board. This declaration has been published in the annual report and on the company's website [www.aumann.com](http://www.aumann.com).

Furthermore, in the past financial year, the Supervisory Board addressed the equal participation of women and men in management positions. At present, the members of the Supervisory Board (three members) and the Executive Board (two members) of Aumann AG are all men. This is in line with the target set until 2023. Professional and personal aptitude is the key criterion in the selection of managers. At the same time, the Supervisory Board and the Executive Board expressly wish to increase the representation of women in management and leadership positions and have agreed to modify the Group's recruitment process accordingly.

The Supervisory Board duly engaged the auditor elected by the Annual General Meeting, RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, to audit the annual and consolidated financial statements for the 2019 financial year. The auditor submitted a declaration of independence to the Supervisory Board in accordance with item 7.2.1 of the German Corporate Governance Code. This declaration confirms that there are no business, financial or other relationships between the auditor, its executive bodies and head auditors on the one hand, and the company and the members of its executive bodies on the other, that could give rise to doubt as to its independence.

The annual financial statements of Aumann AG as at 31 December 2019 and the joint management report for Aumann AG and the Aumann Group prepared in accordance with the *Handelsgesetzbuch* (HGB – German Commercial Code) and the consolidated financial statements as at 31 December 2019 prepared in accordance with the International Financial Reporting Standards (IFRS) were audited by the auditor elected by the Annual General Meeting and engaged by the Chairman of the Supervisory Board, RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, and issued with an unqualified audit opinion on 26 March 2020.

The Supervisory Board examined the annual financial statements prepared by the Executive Board, the joint management report for Aumann AG and the Aumann Group, the proposal for the appropriation of net profit and the consolidated financial statements and discussed them with the auditor at the meeting on 31 March 2020. The auditor comprehensively answered all the Supervisory Board's questions. The Supervisory Board received the audit report in good time before the meeting. Following the completion of its examination, the Supervisory Board did not raise any objections to the annual financial statements, the management report or the consolidated financial statements. The Supervisory Board concurs with the opinion of the Executive Board as expressed in the joint management and Group management report.

The annual and consolidated financial statements were approved by the Supervisory Board on 31 March 2020, and the annual financial statements of Aumann AG have therefore been adopted.

The COVID-19 pandemic represents an extraordinary challenge for Aumann. Since late February 2020, the Supervisory Board and the Executive Board have been working in close cooperation to organise the protection of employees' health as a matter of priority while also protecting the company's economic position.

The Supervisory Board would like to thank the Executive Board and all employees of Aumann AG for their great commitment and the results achieved in the past financial year.

Beelen, 31 March 2020

The Supervisory Board

A handwritten signature in blue ink, appearing to read 'G.M. Freimuth', with a large, stylized flourish at the end.

Gert-Maria Freimuth  
Chairman of the Supervisory Board

## Combined Management Report and Group Management Report

Aumann is a world-leading manufacturer of innovative speciality machinery and automated production lines with a focus on E-mobility. With its sites in Beelen, Berlin, Espelkamp and Limbach-Oberfrohna in Germany, the Chinese company in Changzhou and a site in Clayton in the USA, the company has six locations in its three most important markets.

The annual financial statements of Aumann AG are prepared in accordance with the provisions of the German Commercial Code and the German Stock Corporation Act, while the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) in line with section 315a HGB. The reporting on the situation of the Group is consistent with the reporting of Aumann AG. Additional information on the annual financial statements of Aumann AG is included in the section on the results of operations, financial position and net assets.

For Aumann, the 2019 financial year was characterised by the global crisis in the automotive industry. The consequences ranged from profit warnings and reduced working hours through to plant closures, particularly among the major German automotive manufacturers and their suppliers. As a result, investments in new manufacturing solutions have been called into question, postponed or cancelled altogether. This was clearly reflected in order intake, especially in the Classic segment: €70.5 million represents a substantial downturn of 60.2% compared with the previous year. This was not offset by growth in the E-mobility segment, which saw order intake rising by 4.9% year-on-year to €119.0 million, thereby accounting for 62.8% of the total order intake of €189.5 million. Although Aumann's revenue reached the upper end of the forecast corridor at €259.6 million, it was down 10.7% on the previous year. However, revenue in the strategically important E-mobility segment rose by 9.6% to €115.1 million in 2019, with the segment significantly increasing its revenue share by 8.2 percentage points to 44.3%.

Aumann's EBITDA declined by 34.6% to €21.2 million in 2019, corresponding to an EBITDA margin of 8.2%. Both segments saw a pronounced decrease in EBITDA, with the E-mobility segment recording an EBITDA margin of 8.0% on the back of EBITDA of €9.2 million. Adjusted EBIT also declined to €16.3 million, resulting in an EBIT margin of 6.3%.

The Executive Board has decided to propose to the Annual General Meeting that the payment of a dividend for the 2019 financial year will be suspended. This does not mean the previous dividend policy is being abandoned. However, this decision was taken in light of the fundamental crisis in the automotive industry and the dramatic intensification of the COVID-19 pandemic in recent times, as it is not currently possible to predict the consequences on existing supply chains and the procurement and sales markets. The Executive Board intends to strengthen Aumann AG's resistance to the coming challenges by retaining the distributable profit in full.

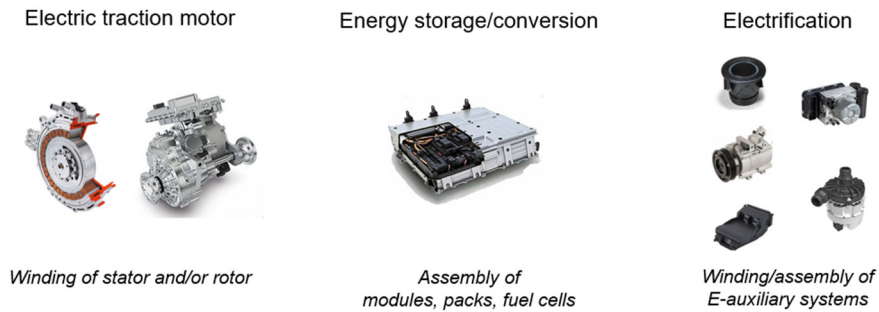
### Business and economic conditions

Aumann combines high-end winding technologies for the highly efficient production of electric motors and coils with decades of automation experience, particularly in the automotive industry. Leading companies around the world rely on Aumann solutions for the series production of fully electric and hybrid vehicle drives as well as energy storage systems, electric auxiliary motors and sensors.

Aumann's key and considerable strengths can be summarised as follows:

- Strategic focus on support for the transformation towards E-mobility
- Turnkey solutions based on unique winding technologies and automation processes
- Decades of automotive experience and customer relationships in the automotive industry
- Profitable, asset-light business model
- Solid statement of financial position and liquidity of €95.3 million
- Potential for expansion, including through strategic corporate acquisitions

The entire automotive industry is undergoing a far-reaching and disruptive transformation that is taking it away from the complex mechanical drive concept centred on the combustion engine and towards a significantly more streamlined electric drive concept with the e-traction engine at its heart. Accordingly, Aumann geared its strategy and its portfolio towards the needs of the E-mobility megatrend a number of years ago. Aumann's product solutions enable customers to carry out the highly efficient and technologically advanced series production of a wide range of components and modules, including electric traction drives, power-on-demand units, energy storage and conversion systems (batteries and fuel cells), auxiliary motors, and electronic components for sensor and control applications.



One of Aumann’s core competencies is supporting customers during the development of their products in order to ensure the feasibility of subsequent series production. In this phase, the manufacturing process is developed alongside the Aumann product. When it comes to the individual manufacturing technologies in the areas of thin wire and thick wire winding, assembly and automation, Aumann takes advantage of the extensive experience of its employees. This allows Aumann to offer its customers highly innovative and validated production solutions even for challenging applications.

Aumann also offers product-related services such as maintenance, repair and spare parts delivery as a service.

Aumann therefore has a holistic strategic positioning that will enable it to play a key role in shaping the change in the automotive industry while supporting its customers in meeting the challenges they face.

### Market development

After years of macroeconomic growth, the 2019 financial year was characterised by an economic downturn that is evolving into an economic crisis, with the automotive industry at its heart. The many reasons for this development include

- sustained trade disputes between the key markets of the USA, China and the EU,
- the repercussions of WLTP 2018 in the form of savings measures on the part of automotive manufacturers and a reduced inclination to buy among consumers in Europe,
- a sharp downturn in demand for cars in China,
- the necessary but risky transformation of the automotive industry towards E-mobility, and
- the Brexit negotiations and the fact that the United Kingdom’s relationship with the EU remains unclear even following its withdrawal.

Gross domestic product (GDP) in the US grew by 2.3% in 2019, its lowest level since 2016. While private consumer spending is still supporting the economy, investment by companies slumped noticeably. Although China’s GDP growth remained well above the corresponding figures for the US and the euro area at 6.1%, this represents another year of slowing growth momentum for China itself.

In the euro area, the fourth-quarter GDP growth figures of the major economies – Germany, France and Italy – weighed on the end of 2019. The euro economy expanded by just 1.2% year-on-year in 2019 as a whole. German economic performance increased by just 0.6% year-on-year in 2019, down significantly on the two previous years and lower than any year since 2013.

According to figures from the European Automobile Manufacturers’ Association (ACEA), car registrations in the EU rose only marginally by 1.2% year-on-year to 15.3 million vehicles in total in 2019 after several years of growth. Of the five biggest EU markets, car registrations rose most in Germany (up 5.0%). While positive growth rates were reported in France (1.9%) and Italy (0.3%), the number of registrations was down in Spain (by 4.8%) and the UK (by 2.4%).

By contrast, the light vehicle market in the US weakened by 1.4% over 2019 as a whole, with fewer than 17 million vehicles sold for the first time since 2014. Car registrations in China were down significantly by 9.5% in 2019. At 21.4 million vehicles, registrations decreased for the second year in a row in 2019 after more than two decades of growth. China’s slowing economic growth is having a heavy impact on car sales.

In relative terms, the growth rates for registrations of electric and hybrid vehicles were well into double-digit figures in 2019. In light of the comparatively low baseline, however, development remains slow. The expiry of government subsidies for electric vehicles in China is also having an adverse effect. For leading car manufacturers in particular, the Chinese market is highly relevant when it comes to achieving sales targets.



Aumann expects the share of electrified vehicles to continue to grow significantly in the coming years. In particular, the following technological trends and political factors are continuing to contribute to this by supporting the transition to E-mobility:

- regulations on emissions reductions up to banning combustion engines.
- investment in plant conversion by car manufacturers for electric and hybrid models, partly accompanied by massive cost-cutting programmes in other areas;
- state subsidies for battery-powered vehicles (“environmental bonus”);
- infrastructure investment in a larger network of charging stations;
- falling prices for vehicles with electric and hybrid drives, also compared to vehicles with combustion engines.
- improved vehicle range thanks to more efficient engines and batteries;
- rising demand as a result of the growing attractiveness of new vehicles with electric and hybrid drives;

### Capital measures

There were no capital measures in the 2019 financial year.

### Research and development

Aumann attaches great importance to the innovative development of processes and production solutions and growing digitalisation in production. In particular, work on development projects serves the following strategic objectives:

- safeguarding technology leadership;
- entering new areas of technology, in terms of both products and processes;
- increasing competitive capability.

Much of the technical development by the Aumann Group is done in the context of work on customer orders. If the requirements of IAS 38 are met, the development costs are capitalised and amortised over their expected useful life. Development costs of around €4.0 million were capitalised in the 2019 financial year, corresponding to 1.6% of revenue. Furthermore, Aumann actively promotes scientific discourse with universities and research institutes. Aumann plays an active part in academic discussions by producing and publishing practice-oriented and scientific articles.

Aumann pursues a selective strategy to safeguard its technological expertise in specific fields. Among other things, it achieves this through an active patent strategy in which national and international patent applications are filed. Aumann ensures legal protection for new developments at both machine and process level on a case-by-case basis, and continued to do so in the 2019 financial year. Individual (technological and market-specific) patent families are also expanded regionally on the basis of regular strategic market analyses.

Through all the channels described above, additional advances were made in existing solutions as well as entirely new production technologies for key growth and future markets in 2019. In line with the Group’s general strategy, there was a clear focus on developing new and existing technologies in the E-mobility segment. Among other things, 2019 saw Aumann developing and patenting a new assembly technique that allows various types of winding to be processed using the same underlying principle. This gives Aumann’s customers considerably more flexibility in production while requiring relatively little in the way of investment and space. Thanks to Aumann, customers can manufacture several products on the same production line, thereby limiting their buyer-side risk in a time of volatile markets.

In the area of stators for electric traction drives, Aumann has long offered its customers an extremely wide range of state-of-the-art production solutions and special-purpose machinery. In the past year, the Group’s activities for continuous hairpin, hairpin and i-pin applications in the thick wire segment focused on the continued development and enhancement of dedicated sub-processes, while activities in the thin wire segment concentrated on the development of a new, fully automated process chain. As part of a joint research project, Aumann has intensified its work on the development of automatic trickle winding technology and is aiming for serial production availability in 2020. The benefits of this technology include gentle wire handling and an increased fill factor.

However, the transformation of the automotive industry is not only about new processes for electrified powertrains. It goes hand in hand with a second megatrend: digitalisation. Specific development activities in the area of virtual commissioning took place in the past year. Creating a digital twin of a system or an entire production line helps to reduce lead times in the development and commissioning phase. It can also reduce downtime to a minimum during ongoing production and subsequent updates of the production line. The expertise acquired can be a key competitive advantage insofar as it enables shorter project

durations in a dynamic E-mobility market that is currently characterised by short product lifecycles and a wide variety of product types.

## Subsidiaries

Aumann AG had six direct subsidiaries and one indirect subsidiary as at the end of the 2019 financial year.

## Segment performance

Given their different market prospects, Aumann differentiates between the E-mobility and Classic segments, which are described in more detail below.

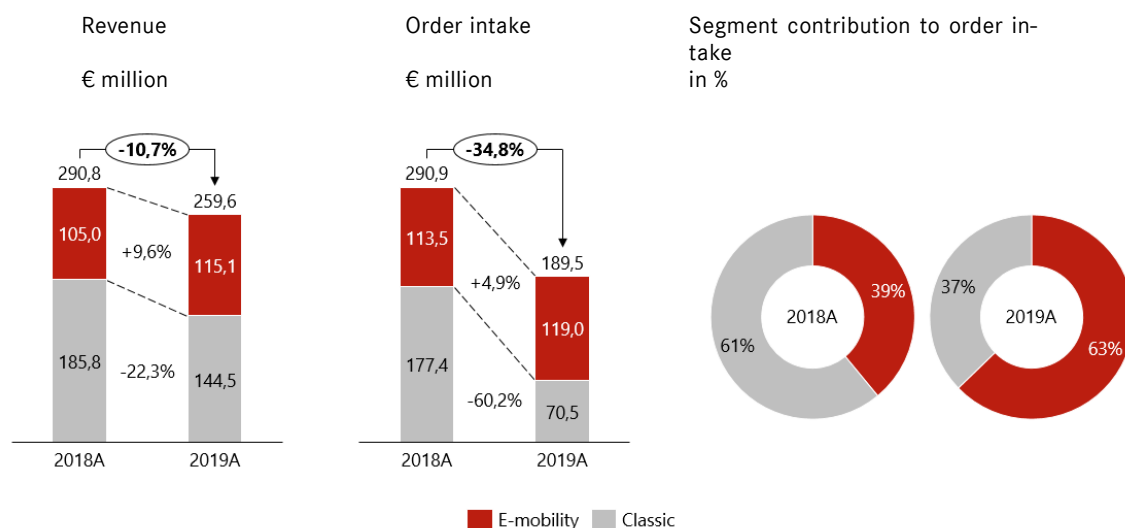
In its E-mobility segment, Aumann predominantly manufactures speciality machinery and automated production lines with a focus on the automotive industry. Aumann's offering enables customers to carry out the highly efficient and technologically advanced mass production of a wide range of electric powertrain components and modules – from e-traction engines, drive and transmission components and power-on-demand units to various energy storage systems and electronic components. Aumann has a particular strategic focus on production lines for e-motor components and their assembly. Using highly specialised and, in some cases, unique winding and assembly technologies with which copper wire is introduced to electric components, these enable series production thanks to product solutions featuring innovative and efficient process flows. Another strategic focal point is highly automated production lines for the production of energy storage systems. Aumann continued to realise high-end production and assembly solutions with its customers in this area in the past financial year. Major customers from the automotive industry use Aumann technology to manufacture the latest generation of electric motors and sophisticated, high-quality energy storage systems. Aumann's product range also includes production solutions for electric auxiliary motors and product-related services such as maintenance, repair and spare parts delivery.

Revenue in the E-mobility segment increased by 9.6% year-on-year to €115.1 million in 2019. EBITDA amounted to €9.2 million (previous year: €15.7 million), resulting in an EBITDA margin of 8.0%. At €6.7 million, segment EBIT was down on the previous year (€14.2 million). The EBIT margin in the E-mobility segment amounted to 5.8%. Cumulative order intake amounted to €119.0 million, an increase of 4.9%.

In the Classic segment, Aumann mainly manufactures specialist machinery and automated production lines for the automotive, consumer electronics, appliances and industry sectors. For example, Aumann's solutions include systems for the production of drive components that reduce CO<sub>2</sub> emissions from combustion engine vehicles. Aumann also offers highly automated manufacturing and assembly solutions for the consumer electronics and appliances industries in addition to specific solutions for other sectors.

Revenue in the Classic segment fell by 22.3% year-on-year to €144.5 million in 2019. EBITDA amounted to €11.9 million (previous year: €17.0 million). The EBITDA margin amounted to 8.2%. Segment EBIT declined from €14.9 million in the previous year to €9.5 million. This corresponds to an EBIT margin of 6.6%. Cumulative order intake in the Classic segment amounted to €70.5 million.

The following chart illustrates the contrasting development of the E-mobility and Classic segments at present and their contribution to order intake. While revenue in the E-mobility segment rose by 9.6% in 2019, this was not sufficient to offset the weak performance in the Classic segment. Although order intake in the E-mobility segment increased by 4.9% in 2019, the sharp downturn in the Classic segment meant that total order intake decreased compared with the previous year:



## Employees

The number of employees not including trainees and temporary employees was essentially unchanged year-on-year, amounting to 1,107 as at 31 December 2019 (previous year: 1,101). Aumann had 119 trainees and 73 temporary employees as at the end of the year, bringing its total headcount to 1,299 (previous year: 1,341)

## Results of operations, financial position and net assets

### Aumann AG (notes based on HGB figures)

Aumann AG generated revenue of €1.5 million (previous year: €1.8 million) from the rental of land and buildings, the performance of services and the provision of software to Group companies in the 2019 financial year. Other operating income was unchanged at €0.2 million (previous year: €0.2 million). Revenue, together with other operating income, resulted in total operating revenue of €1.7 million (previous year: €2.0 million).

This was offset by expenses for purchased services of €0.3 million (previous year: €0.4 million), which essentially include costs for normal business operations and maintenance costs for software. Staff costs in the amount of €1.9 million (previous year: €2.1 million) include Executive Board remuneration and staff costs for employees. Other operating expenses, primarily comprising consulting and maintenance costs, were unchanged at €1.0 million.

Earnings after taxes were higher than in the previous year at €9.4 million (€5.8 million). This was mainly due to higher investment income and interest income.

A dividend of €3.1 million (previous year: €3.1 million) was distributed in the 2019 financial year.

Taking the dividend distribution into account, Aumann AG's equity increased to €173.3 million as at the end of the reporting period (previous year: €167.0 million) as a result of its earnings performance. The equity ratio rose by 2.6 percentage points to 91.3% (previous year: 88.6%).

Financial assets remained constant year-on-year at €77.4 million (previous year: €77.4 million).

The cash and cash equivalents of Aumann AG amounted to €33.3 million as at the end of the financial year (previous year: €31.9 million). Receivables from affiliated companies remained essentially unchanged at €66.3 million (previous year: €65.6 million). As in the previous year, this item includes current loan receivables and receivables from profit transfers and the profit transfer agreement with Aumann Beelen GmbH.

## Aumann Group

Aumann's net assets, financial position and results of operations are solid. The consolidated revenue of the Aumann Group declined by 10.7% year-on-year to €259.6 million in the 2019 financial year (previous year: €290.8 million).

Achievement of targets by the Group

Key figures	Target 2019 published	Target adjustment published July 2019	Achievement 2019
Revenue	> 291,0	240 - 260	259,6
adjusted EBIT	> 29,3	16 - 22	16,3

The forecast adjustment in July 2019 was due in particular to repeated postponements of contract awards of significant volumes, which were also the reason for the disappointing level of order intake in the first half of 2019. The adjusted forecast was achieved in the 2019 financial year in terms of both revenue and earnings.

Including capitalised development costs and other operating income, total operating performance fell by €28.8 million year-on-year to €267.7 million (previous year: €296.5 million).

EBITDA declined by 34.6% to €21.2 million in the financial year (previous year: €32.5 million). After depreciation and amortisation of €5.0 million, the Aumann Group's EBIT amounted to €16.3 million (previous year: €26.7 million). €0.06 million of this figure relates to hidden reserves that were capitalised as part of the acquisition of Aumann Limbach-Oberfrohna GmbH. Adjusted for net finance costs of €0.9 million, EBT amounted to €15.4 million (previous year: €25.6 million). Consolidated net profit amounted to €11.0 million (previous year: €18.2 million) or €0.72 per share (previous year: €1.19 per share).

Adjusted EBIT amounted to €16.3 million. It was adjusted for write-downs on hidden reserves at Aumann Limbach-Oberfrohna GmbH in the amount of €0.06 million.

Cumulative order intake amounted to €189.5 million as at the end of the financial year. The order backlog amounted to €134.2 million as at the end of the year.

Investments in property, plant and equipment primarily related to maintenance investments at the Aumann Group's locations.

Consolidated equity amounted to €203.2 million as at 31 December 2019 (31 December 2018: €195.9 million). Based on total consolidated assets of €326.7 million, the equity ratio was 62.2% after 58.3% as at 31 December 2018.

Working capital increased by €18.5 million compared with 31 December 2018, while operating trade working capital rose by €18.3 million. As a percentage of revenue, trade working capital increased from 28.5% on 31 December 2018 to 39.0% on 31 December 2019.

Financial liabilities amounted to €19.4 million as at 31 December 2019 (31 December 2018: €23.1 million), while cash funds including securities amounted to €95.3 million (31 December 2018: €116.5 million). Accordingly, net cash from the above liabilities and cash items amounted to €74.0 million as against €93.4 million on 31 December 2018.

## Summary assessment

Although Aumann AG saw lower order intake and revenue in 2019, momentum in the strategically important E-mobility segment is considerably higher than in the Classic segment. Despite the current challenges, the Executive Board believes that Aumann AG is strategically, technologically and financially well positioned for the transition to E-mobility, including in light of its cash funds of €95.3 million as at the end of 2019 and its equity ratio of 62.2%. In 2020, Aumann will now also have to address the as yet unforeseeable consequences of the COVID-19 pandemic.

## Principles and objectives of financial management

The foundations of the Group's financial policy are determined by the Executive Board. The primary objectives of financial management are to safeguard liquidity and limit financial risks. Thus, some of these funds are invested in short-term, highly diversified securities, if and only to the extent that they are not required for further acquisitions, for example.

Intragroup transactions are usually conducted in euro. If necessary, currency hedging is coordinated centrally by Aumann AG. There was no active currency hedging in the 2019 financial year. The management

of the credit risks of our contract partners is the responsibility of the individual equity investments. However, monitoring at Group level serves to ensure timely intervention as necessary.

A key source of corporate finance is our operational business and the cash inflows it generates. However, long-term investments are financed with long-term loans. Furthermore, Aumann AG has an unutilised credit facility of €38 million.

## Remuneration report

### The Executive Board

New contracts containing amended remuneration regulations were signed with the members of the Executive Board from the 2019 financial year onwards. The fixed remuneration of Mr Beckhoff and Mr Roll amounts to €250 thousand and €200 thousand respectively. Fixed remuneration is adjusted up or down if certain revenue targets for the preceding year are exceeded or missed. There is no adjustment to the fixed remuneration for the 2020 financial year. The variable remuneration component consists of an ROS bonus, to which Executive Board members are entitled on achieving a return on sales of 2.0% in the respective financial year. This bonus is capped at three times the respective fixed remuneration. The Executive Board members are also entitled to a subsidiary dividend bonus that is only paid in the event of a return on sales of lower than 2.0%.

Furthermore, the Supervisory Board is also offering the Executive Board a virtual stock option programme from the 2019 financial year. Under this option programme, the members of the Executive Board were previously offered a tranche that was accepted by those entitled in December 2018. The tranche was awarded free of charge and becomes due after three, four and five years. Cash is paid out in the amount of the award based on the performance of Aumann's shares. The amount awarded is calculated as the difference between the basic price set in December 2018 with €36.32 and the net price when payment becomes due. If the net price is less than the basic price when payment becomes due, this portion of the option expires.

In addition, the members of the Executive Board each have the use of a company car and are entitled to continued payment of salary for up to three months in the event of illness. Expenses are reimbursed against receipt. Furthermore, the members of the Executive Board are covered by Group D&O insurance with a deductible of 10.0%, and in any case no more than 1.5 times the respective annual fixed remuneration, as well as Group accident insurance.

### The Supervisory Board

The remuneration of the Supervisory Board of Aumann AG was regulated by the Annual General Meeting on 9 February 2017. The members of the Supervisory Board receive fixed annual remuneration in addition to the reimbursement of their expenses. Furthermore, Aumann AG reimburses the members of the Supervisory Board for the VAT due on Supervisory Board remuneration if and to the extent that this is invoiced by a member of the Supervisory Board or shown in a credit note in place of an invoice. Provisions of €60 thousand were recognised for Supervisory Board remuneration in the 2019 financial year. The members of the Supervisory Board were not granted advances on future remuneration or loans. Furthermore, Aumann AG did not enter into contingent liabilities on behalf of members of the Supervisory Board.

The members of the Supervisory Board are also covered by Group D&O insurance, though – unlike the members of the Executive Board – without a deductible.

## Controlling system

The Aumann Group's systematic focus on increasing enterprise value is also reflected in its internal controlling system. All relevant developments in the Aumann Group are discussed in the monthly meeting of the Executive Board. The development of various key figures, in particular order intake, revenue, EBITDA and EBIT, of the individual Group companies is analysed here. Aumann AG defines consolidated revenue and EBITDA as its key financial performance indicators relevant to forecasts. Adjusted EBIT was defined as a key performance indicator until the 2019 financial year. This was changed in the 2020 financial year and Aumann now issues a forecast for EBITDA. This change was made in particular because EBIT was largely adjusted for the effects of write-downs on hidden reserves in the past. Forecasting EBITDA means these adjustments will no longer be required in future. However, adjustments will continue to be made for non-recurring effects not attributable to operating activities. The key performance indicator for controlling the Group's net assets and financial position is the net position of cash and cash equivalents and financial liabilities (net cash/net debt). Another key performance indicator is trade working capital, which consists of inventories, trade and completed contract receivables, advances received and trade payables.

## Report on risks and opportunities

Aumann still believes that the E-mobility market has potential for growth. This is thanks to powertrain electrification on the one hand and the general electrification of other vehicle components on the other. Efficiency and environmental friendliness are becoming the priority when using combustion engines. These market trends mean long-term opportunities for Aumann.

Aumann feels it is well positioned to participate in this development in the area of E-mobility. Political conditions, such as the 37.5% reduction in CO<sub>2</sub> emissions for new cars within the EU by 2030, are accelerating the trend towards E-mobility. In addition to continuing the geographic expansion into Asia and North America, another priority is to consider M&A opportunities.

It is not yet possible to estimate the global consequences of the COVID-19 pandemic. If the impairment of economic activity around the world continues for a considerable length of time, this could lead to a recession in the key markets of Europe, Asia and the Americas, which could have an adverse effect on the economic situation of our customers and hence on demand for our products. This would give rise to revenue and earnings risks for Aumann.

Similarly, the escalating trade conflict could have negative consequences for global car manufacturers and suppliers.

However, there are hardly any significant currency risks that could affect the net assets, financial position and results of operations of the company as the company predominantly processes its foreign projects within the euro area or in euro. Hedging transactions are usually entered into for significant transactions in foreign currencies.

Other than this, management anticipates the following risks:

### *Market risks*

- Unforeseeable consequences of the current COVID-19 pandemic
- Growing political uncertainty and its economic implications
- Increased trade barriers that hamper access to Aumann's markets
- Deterioration of the general economic situation on Aumann's markets
- Greater volatility in the automotive industry, especially on the E-mobility market
- Continued downturn in demand for traditional powertrains
- Intensification of competition, for example due to market consolidation
- Financial stability among customers as a result of the rapid changes due to E-mobility

### *Business risks*

- Disruption of supply chains due to the COVID-19 pandemic
- Dependence on the growth of the automotive market, especially the E-mobility market
- Challenges in the planned internationalisation strategy
- Increased technical risks when entering new areas of technology
- Longer delivery times and the associated loss of orders
- Reduction of state incentives for E-mobility
- Rising prices and delivery times among suppliers and service providers
- Lengthier closures of locations due to the COVID-19 pandemic

### *Legal, regulatory and tax risks*

- Violation of property rights by third parties or Aumann
- Antitrust violations
- Violation of anti-corruption provisions

### *Financial risks*

- Outstanding receivables could be paid late or not at all.
- Cash and cash equivalents could be insufficient to meet financial obligations in a certain amount and at a certain date.
- The funds invested in securities are subject to high fluctuations and can lose value for prolonged periods.

## Principles of the risk management system and the accounting-related internal control system

The Aumann Group has established a risk management system to address the above risks. Measures are initiated at an early stage in order to prevent any disadvantage to the company. This system includes:

- integrated equity investment controlling that uses monthly business controlling to continuously compare target, actual and forecast data at the level of the portfolio companies and the Group;
- project controlling that monitors the operating projects of the individual companies;
- regular management meetings within the individual companies;
- structured M&A tools that are used to organise the proposal and acquisition process and test it for success, and the maintenance and continuous expansion of the network of M&A brokers and potential sellers;
- central Group monitoring of key contractual risks and legal disputes by management, the internal legal advisor, and qualified law firms as necessary.

The accounting-related internal control system is an integral component of Aumann's risk management. Its primary objectives are to ensure that all transactions are accurately reflected in reporting and to prevent deviations from internal or external provisions. In terms of external accounting, this means that the conformity of the financial statements with the applicable regulations must be guaranteed. Accordingly, the structure of the accounting-related internal control system and the risk management system reflects that of the reporting entities. There are uniform accounting policies in the companies of the Aumann Group. External specialists are commissioned on a case-by-case basis to control individual accounting risks, e.g. in connection with actuarial valuations.

## Declaration on corporate governance

The Supervisory Board reports on corporate governance in accordance with item 3.10 of the German Corporate Governance Code and section 315d HGB in conjunction with section 289f HGB. This declaration on corporate governance in accordance with section 315d in conjunction with section 289f HGB must include:

1. the declaration of compliance with the German Corporate Governance Code by the Executive Board and the Supervisory Board in accordance with section 161 of the German Stock Corporation Act;
2. the corporate governance report;
3. relevant information on corporate governance practices going beyond the statutory requirements and details of where they are publicly accessible;
4. a description of the procedures of the Executive Board and the Supervisory Board and the composition and procedures of their committees; if this information is publicly available on the company's website, reference can be made to this fact;
5. presentation of targets for the share of women in the Supervisory Board, Executive Board and the two management levels below Executive Board and their achievement;
6. a description of the diversity concept for the composition of the Executive Board and the Supervisory Board.

### *1. Declaration in accordance with section 161 AktG*

On March 12, 2019, the Supervisory Board issued its most recent Declaration on the Corporate Governance Code pursuant to Section 161 of the Aktiengesetz (AktG, Stock Corporation Act). It reads as follows:

The executive board and supervisory board of Aumann AG issued the last declaration on the Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) on 22 March 2019 and, additionally, on 4 June 2019, with the exceptions stated therein. The following declaration renews these declarations of compliance and refers to the German Corporate Governance Code (hereinafter referred to as the "Code") in the version dated 7 February 2017. The executive board and supervisory board of Aumann AG declare that the recommendations of the "Government Commission on the German Corporate Governance Code" have been and will continue to be complied with, with the following exceptions:

- Section 3.8: D&O insurance: The D&O insurance policy for members of the Supervisory Board does not provide for a deductible. We are confident that our Executive Board, Supervisory Board and employees exercise their duties with the greatest care and diligence. In light of the relatively low level of fixed remuneration paid to members of the Supervisory Board, we do not consider a deductible for the Supervisory Board to be appropriate. The D&O insurance for the members of the Executive Board provides for a deductible of 10%, with a maximum payment of 1.5 times the fixed annual compensation.

- Section 4.1.3: Whistle-blower system: We do not consider the setup of a whistle-blower system to be applicable in view of the small number of employees and the flat hierarchal structure of the company. Should there be indications of contraventions of law, employees are able to speak in confidence directly to the compliance representative on the Executive Board.
- Section 4.2.3: In addition to fixed remuneration, the remuneration of the Executive Board also includes two variable remuneration components. One compensation component consists of a short-term variable compensation, the amount of which is limited. The other compensation component consists of a long-term share-price-based remuneration (virtual stock option program). The allocation of virtual options is limited to a certain number of shares. Besides, the stock option program does not include a cap on the remuneration based on it. This will be paid out in several tranches, at the earliest in 2021. To this extent, the total remuneration of the Management Board is not limited. The Supervisory Board does not consider it necessary to limit the share-price-based remuneration and the total remuneration, as in the view of the Supervisory Board this would be detrimental to an effective incentive effect for the Executive Board.
- Section 4.2.5: Use of table templates: For the disclosure of the total remuneration of the members of the Executive Board the company does not make use of the Code's table templates. The Supervisory Board is confident that there are other ways of disclosing all relevant information in a generally understandable format, as the Code requires, while deviating from the table templates.
- Section 5.1.2: Composition of Executive Board: When appointing members of the Executive Board of Aumann AG, the Supervisory Board will follow the requirements of the German Stock Corporation Act (AktG) by ensuring that candidates have the skills, knowledge, and experience that are required for the work of the Executive Board. In contrast, the Supervisory Board considers criteria such as the gender of the candidate to be of secondary importance, even though diversity is expressly welcomed. At the same time, more attention will be paid to diversity in future appointments.
- Section 5.3: Supervisory Board committees: As the Supervisory Board consists of three members, its efficiency would not be enhanced by forming committees. We consider the number of Supervisory Board members to be adequate in light of the size of the company.
- Section 5.4.1, 5.4.2 und 5.4.3: Limits on membership: An age limit is not specified for the members of the Supervisory Board. In light of the age of the Supervisory Board members and their remaining term of office, we do not believe that it is necessary to introduce such limit. Furthermore, there is no limit to the duration of board membership, which we currently do not deem to be necessary given the current shareholder structure.
- Accordingly, a given candidate is proposed exclusively on the basis of his or her knowledge, skills, and professional experience. The plan is to adhere to this approach going forward, so as to ensure that the appropriate level of professional experience and competence can be maintained. The Supervisory Board takes the view that proposals regarding its composition should be decided upon on a case-by-case basis in keeping with the specific situation at hand, without any need to prepare and publish a competence profile.
- As regards the disclosure of a given candidate's personal and economic ties to the company, to the corporate bodies of the company, or to a major shareholder in the company (i.e. one with more than 10% of the voting shares), it is deemed more important to ensure the legal reliability of elections to the Supervisory Board than to pursue and recommend the making of disclosures that are not legally required in connection with the proposal of candidates.
- Section 7.1.2: Publications: The consolidated financial statements and interim financial reports are published in accordance with the statutory periods and those imposed by Deutsche Börse for the Prime Standard. As a dynamic-growing company, Aumann AG is required to consolidate a number of individual companies as well as to regularly perform first-time consolidations and de-consolidations. Therefore, adhering to the periods proposed by the German Corporate Governance Code would place a disproportionate burden on the company.

## *2. Corporate governance report*

### Directors' shareholdings

The shareholdings of the members of executive bodies are shown under note 8.1 in II. Notes to the consolidated statement of financial position.

### Composition of the Supervisory Board

The members of the Supervisory Board must, as a whole, have practical experience in the area of management, industry expertise and business and legal knowledge. The current members of the Supervisory Board fulfil this objective.



#### Auditor

The Annual General Meeting of Aumann AG elected RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, as the auditor of the financial statements of Aumann AG. At no point were there any business, financial, personal or other relationships between the auditor, its executive bodies and head auditors on the one hand, and Aumann AG and the members of its executive bodies on the other, that could give rise to doubts as to the independence of the auditor. The Supervisory Board of Aumann AG issues the audit engagement to, and agrees the corresponding fees with, the auditor elected by the Annual General Meeting. When issuing the audit engagement, the Supervisory Board and the auditor also agree on the reporting duties in accordance with the German Corporate Governance Code.

The auditor participates in the discussions of the Supervisory Board on the annual and consolidated financial statements and reports on the key audit findings.

Long-term bonus programme/security-based incentive systems

Please see the remuneration report for details.

#### *3. Information on corporate governance practices*

The Executive Board of Aumann AG complies with the applicable laws. There are no codified or publicly accessible corporate governance practices going beyond these requirements. The Supervisory Board will consider whether Group-wide regulations should be reasonably codified and published in future.

#### *4. Working methods of the Executive Board and the Supervisory Board*

As a listed German stock corporation, Aumann AG has a dual management system. The Executive Board manages the company, while the Supervisory Board appoints, monitors and advises the Executive Board. All members of the Executive Board are appointed until 31 December 2023.

The Supervisory Board meets at least four times a year. Extraordinary meetings are held when special developments or measures must be discussed or decided at short notice.

The individual subsidiaries each have independent operational management teams. The management teams of Aumann AG and its subsidiaries cooperate closely on the development of the respective companies.

#### *5. Targets for the share of women*

The percentage of women on the Supervisory Board and the Executive Board of Aumann AG is 0%. This corresponds to the current target figure.

#### *6. Diversity concept*

The composition of the Executive Board and the Supervisory Board is exclusively based on the knowledge, skills and professional experience of the respective candidates. An age limit and a time limit have not been set for members of the Executive Board or the Supervisory Board. Given the age of executive body members and their remaining term of office, we also do not believe there to be any reason to introduce such a limit. A regular limit on the length of membership has not been specified, and we do not believe such a limit to be reasonable given the shareholder structure. While we expressly welcome diversity, we consider criteria such as a candidate's gender to be secondary. It is intended to maintain this practice in future to ensure experience and competence. We are of the opinion that decisions on proposals for the composition of the Executive Board and the Supervisory Board should be made individually in line with the specific respective situation and without creating or publishing a concept.

### **Disclosures in accordance with section 289a and section 315a HGB**

In accordance with sections 289a and 315a HGB, the management report must contain the following disclosures:

#### *Composition of issued capital*

The share capital reported in the statement of financial position as at 31 December 2019 of €15,250,000 consists of 15,250,000 no-par value bearer shares and is fully paid in. Each share grants the bearer one vote at the Annual General Meeting.

#### *Restrictions on voting rights or the transfer of shares*

There are no restrictions on voting rights or the transfer of shares.

*Direct or indirect equity interests exceeding 10% of the voting rights*

Direct or indirect equity interests exceeding 10% of voting rights are presented in the notes to the consolidated financial statements under note 8.1 in II. Notes to the consolidated statement of financial position.

*Bearers of shares conferring special rights*

No shares conferring special rights have been issued.

*Nature of control of voting rights in the event of employee participation*

There are no corresponding employee participation schemes.

*Statutory provisions and regulations in the Articles of Association on the appointment and dismissal of members of the Executive Board and amendments to the Articles of Association*

Members of the Executive Board are appointed and dismissed in accordance with sections 84 et seq. AktG.

In accordance with section 179(1) AktG, all amendments to the Articles of Association require a corresponding resolution by the Annual General Meeting. In accordance with Article 24 of the Articles of Association, amendments to the Articles of Association require a simple majority of the votes cast at the Annual General Meeting, to the extent that this is permitted by law; abstentions do not count as votes cast.

Article 11(2) of the Articles of Association also states that the Supervisory Board is authorised to make amendments to the Articles of Association that relate solely to their wording. In particular, the Supervisory Board is authorised to amend the wording of the Articles of Association after a full or partial increase in share capital from authorised capital (Article 4(5) of the Articles of Association) or after the authorisation period expires to reflect the extent of the capital increase from authorised capital.”

*Powers of the Executive Board with particular reference to the ability to issue or buy back shares*

In accordance with Article 4 of the Articles of Association, the Executive Board is authorised to increase the share capital of the company on one or more occasions by up to a total of €5,000,000 until 8 February 2022 by issuing new no-par value bearer shares in exchange for cash or non-cash contributions (Authorised Capital 2017/I). The Executive Board is authorised, with the approval of the Supervisory Board, to determine the further details of the implementation of capital increases from the Authorised Capital 2017/I.

By way of resolution of the Annual General Meeting on 9 February 2017, the Executive Board is authorised in accordance with section 71(1) no. 8 AktG to buy and sell treasury shares up to an amount of 10% of the share capital until 8 February 2022. The authorisation cannot be used for the purposes of trading in treasury shares.

*Material agreements subject to the condition of a change of control as a result of a takeover bid*

There are no such agreements.

*Compensation agreements with members of the Executive Board or employees for the event of a takeover bid*

There are no such compensation agreements.

**Disclosures in accordance with section 315b HGB**

Aumann AG is exempt from issuing a non-financial Group declaration in accordance with section 315b(1) HGB as a result of its inclusion in the consolidated financial statements of MBB SE in accordance with section 315b(2) HGB. The consolidated financial statements of MBB SE can be accessed at [www.mbb.com](http://www.mbb.com).

**Disclosures in accordance with section 312(3) AktG**

According to the circumstances known to us at the time at which the transactions and measures stated in the dependent company report were executed, implemented or omitted, our company received appropriate consideration for every transaction and was not disadvantaged by the implementation or omission of any measures.

### Report on expected developments

2020 will be a challenging year for Aumann in which the company will continue to press ahead with the optimisation of its cost structure and vertical integration. In light of the consistently challenging situation in the automotive industry, Aumann's management is forecasting revenue for 2020 of between €180 and €200 million with a positive EBITDA margin of up to 5% before any non-recurring adjustment expenses. The effects of a worsening COVID-19 pandemic were not taken into account as at the time of this forecast. Even now, the effects of the COVID-19 pandemic on the 2020 financial year cannot yet be reliably estimated.

Beelen, 26. March 2020



Rolf Beckhoff  
Chief Executive Officer



Sebastian Roll  
Chief Financial Officer

## Aumann AG Condensed Annual Financial Statements for 2019

Income statement (HGB)	2019	2018
	€k	€k
Revenue	1.500	1.797
Other operating income	200	206
Cost of purchased services	-252	-435
Staff costs	-1.864	-2.105
Depreciation and amortisation	-368	-352
Other operating expenses	-913	-1.091
Income from equity investments	6.000	3.437
Income from profit transfer agreement	3.894	5.020
Other interest and similar income	1.895	0
Interest and similar expenses	-181	-279
Income tax expense / Other taxes	-560	-355
<b>Net profit for the year</b>	<b>9.351</b>	<b>5.843</b>
Profit carried forward from the previous year	4.248	1.455
<b>Unappropriated surplus</b>	<b>13.599</b>	<b>7.298</b>

Statement of financial position (HGB)	31 Dec 2019	31 Dec 2018
Assets	€k	€k
Property, plant and equipment	11.586	11.925
Financial assets	77.395	77.395
<b>Noncurrent assets</b>	<b>88.981</b>	<b>89.320</b>
Receivables and other assets	67.491	67.198
Cash in hand and bank balances	33.331	31.851
<b>Current assets</b>	<b>100.822</b>	<b>99.049</b>
<b>Total assets</b>	<b>189.803</b>	<b>188.369</b>
Equity and liabilities	€k	T€
<b>Shareholders' equity</b>	<b>173.287</b>	<b>166.986</b>
<b>Provisions</b>	<b>915</b>	<b>1.767</b>
<b>Liabilities</b>	<b>15.601</b>	<b>19.616</b>
<b>Total Equity and liabilities</b>	<b>189.803</b>	<b>188.369</b>

### Appropriation of earnings

The net profit for the year of €9,351 thousand, together with the profit carried forward after deduction of the dividend payment, gives an unappropriated surplus of €13,599 thousand. The Executive Board proposes that from the unappropriated surplus Aumann AG will not pay a dividend.

## IFRS Consolidated Financial Statements for 2019

IFRS consolidated statement of comprehensive income	Notes	1 Jan - 31 Dec 2019 €k	1 Jan - 31 Dec 2018 €k
<b>Revenue</b>	III.1.	<b>259.573</b>	<b>290.815</b>
Increase (+)/decrease (-) in finished goods and work in progress		68	-1.109
<b>Operating performance</b>		<b>259.641</b>	<b>289.706</b>
Capitalised development costs		4.011	2.713
Other operating income	III.2.	4.015	4.103
<b>Total performance</b>		<b>267.667</b>	<b>296.522</b>
Cost of raw materials and supplies		-124.855	-151.242
Cost of purchased services		-31.675	-25.091
<b>Cost of materials</b>		<b>-156.530</b>	<b>-176.333</b>
Wages and salaries		-59.358	-57.692
Social security and pension costs		-15.923	-15.985
<b>Staff costs</b>		<b>-75.281</b>	<b>-73.677</b>
Other operating expenses	III.3.	-14.624	-14.059
<b>Earnings before interest, taxes, depreciation, and amortisation (EBITDA)</b>		<b>21.232</b>	<b>32.453</b>
Amortisation and depreciation expense	II.1.	-4.976	-5.801
<b>Earnings before interest and taxes (EBIT)</b>		<b>16.256</b>	<b>26.652</b>
Other interest and similar income	III.4.	152	231
Interest and similar expenses	III.5.	-1.035	-1.296
<b>Net finance costs</b>		<b>-883</b>	<b>-1.065</b>
<b>Earnings before taxes (EBT)</b>		<b>15.373</b>	<b>25.587</b>
Income tax expense	III.6.	-4.254	-7.283
Other taxes	III.6.	-125	-82
<b>Consolidated net profit</b>		<b>10.994</b>	<b>18.222</b>

IFRS consolidated statement of comprehensive income	Notes	1 Jan - 31 Dec 2019 €k	1 Jan - 31 Dec 2018 €k
<b>Consolidated net profit</b>		<b>10.994</b>	<b>18.222</b>
Items that may be reclassified subsequently to profit and loss			
Currency translation changes		-1	-15
	II.8.3	109	-296
Items that will not be reclassified to profit and loss			
		1.809	
Remeasurement of defined benefit obligation	II.9	-3.813	611
Deferred Tax Liabilities		1.188	-145
<b>Other comprehensive income after taxes</b>		<b>-708</b>	<b>165</b>
<b>Comprehensive income for the reporting period</b>		<b>10.286</b>	<b>18.387</b>
		€	€
Result attributable to the holders of shares		10.994.368	18.221.952
Weighted average number of shares to calculate the earnings per share		15.250.000	15.250.000
<b>Earnings per share (in €)</b>	<b>III.7</b>	<b>0,72</b>	<b>1,19</b>

Statement of financial position	Notes	31 Dec 2019	31 Dec 2018
Assets (IFRS)		€k	€k
<b>Non-current assets</b>			
Own produced intangible assets	II.1.	8.814	5.548
Concessions, industrial property rights and similar rights	II.1.	534	819
Goodwill	II.1.	38.484	38.484
Advance payments	II.1.	134	0
<b>Intangible assets</b>		<b>47.966</b>	<b>44.851</b>
Land and buildings including buildings on third-party land	II.1.	26.302	26.820
Technical equipment and machinery	II.1.	3.396	2.869
Other equipment, operating and office equipment	II.1.	4.584	3.680
Advance payments and assets under development	II.1.	1.283	1.231
<b>Property, plant and equipment</b>		<b>35.565</b>	<b>34.600</b>
<b>Financial assets</b>	II.6.	<b>14.824</b>	<b>7.454</b>
<b>Deferred tax assets</b>	II.8.	<b>765</b>	<b>301</b>
		<b>99.120</b>	<b>87.206</b>
<b>Current assets</b>			
Raw materials and supplies	II.3.	2.870	3.035
Work in progress	II.3.	1.610	1.996
Finished goods	II.3.	304	525
Advance payments	II.3.	8.023	4.713
<b>Inventories</b>		<b>12.807</b>	<b>10.269</b>
Trade receivables	II.4.	38.022	25.071
Contractual assets	II.5.	92.770	99.622
Other current assets	II.6.	3.587	4.921
<b>Trade receivables and other current assets</b>		<b>134.379</b>	<b>129.614</b>
<b>Securities</b>	II.7.	<b>1.508</b>	<b>2.697</b>
Cash in hand	V.	15	8
Bank balances	V.	78.917	106.315
<b>Cash in hand, bank balances</b>		<b>78.932</b>	<b>106.323</b>
		<b>227.626</b>	<b>248.903</b>
<b>Total assets</b>		<b>326.746</b>	<b>336.109</b>



Statement of financial position	Notes	31 Dec 2019	31 Dec 2018
Equity and liabilities (IFRS)		€k	€k
<b>Equity</b>			
Issued capital	II.9.	15.250	15.250
Capital reserves	II.9.	140.918	140.918
Retained earnings	II.9.	46.998	39.760
		<b>203.164</b>	<b>195.928</b>
<b>Non-current liabilities</b>			
Pension provisions	II.10.	22.348	18.267
Liabilities to banks	II.11.	15.710	19.429
Liabilities from Leasing	II.11.	932	0
Other provisions	II.13.	906	933
Deferred tax liabilities	II.8.	5.869	5.610
Other liabilities	II.12.	1.112	1.181
		<b>46.877</b>	<b>45.420</b>
<b>Current liabilities</b>			
Other provisions	II.13.	11.027	14.322
Trade payables	II.11.	28.596	30.891
Contractual obligations	II.5.	13.840	21.186
Provisions with the nature of a liability	II.13.	10.658	13.828
Liabilities to banks	II.11.	3.719	3.631
Liabilities from Leasing	II.11.	915	21
Tax provisions	II.13.	1.291	1.320
Other liabilities	II.12.	6.659	9.562
		<b>76.705</b>	<b>94.761</b>
<b>Total equity and liabilities</b>		<b>326.746</b>	<b>336.109</b>

Consolidated statement of cash flows	1 Jan - 31 Dec 2019 €k	1 Jan - 31 Dec 2018 €k
<b>1. Cash flow from operating activities</b>		
<b>Earnings before interest and taxes (EBIT)</b>	<b>16.256</b>	<b>26.652</b>
<b>Adjustments for non-cash transactions</b>		
Write-downs on non-current assets	4.977	5.801
Increase (+)/decrease (-) in provisions	-1.866	-6.779
Gains (+)/ Losses (-) from disposal of PPE	-2	-34
Other non-cash expenses/income	-1.640	0
	<b>1.469</b>	<b>-1.012</b>
<b>Change in working capital:</b>		
Increase (-)/decrease (+) in inventories, trade receivables and other assets	-7.197	-9.927
Decrease (-)/increase (+) in trade payables and other liabilities	-11.315	3.268
	<b>-18.512</b>	<b>-6.659</b>
Income taxes paid	-3.102	-995
Interest received	152	231
	<b>-2.950</b>	<b>-764</b>
<b>Cash flow from operating activities</b>	<b>-3.737</b>	<b>18.216</b>
<b>2. Cash flow from investing activities</b>		
Investments in (-)/divestments of (+) intangible assets	-4.296	-3.192
Investments in (-)/divestments of (+) property, plant and equipment	-1.851	-3.125
Investments in (-)/ divestments of (+) of available-for-sale financial assets and securities	-4.263	-4.004
Cash from disposal of assets	40	35
Remaining purchase price payment ALIM	-4.467	0
<b>Cash flow from investing activities</b>	<b>-14.837</b>	<b>-10.286</b>
<b>3. Cash flow from financing activities</b>		
Profit distribution to shareholders	-3.050	-3.050
Proceeds from borrowing financial loans	114	92
Repayments of financial loans	-3.746	-4.352
Repayments of leasing liabilities	-1.121	0
Interest payments	-1.034	-974
<b>Cash flow from financing activities</b>	<b>-8.837</b>	<b>-8.284</b>
<b>Cash and cash equivalents at end of period</b>		
Change in cash and cash equivalents (Subtotal 1-3)	-27.411	-354
Effects of changes in foreign exchange rates (no cash effect)	20	-24
Cash and cash equivalents at start of reporting period	106.323	106.701
<b>Cash and cash equivalents at end of period</b>	<b>78.932</b>	<b>106.323</b>
<b>Composition of cash and cash equivalents</b>		
Cash in hand	15	8
Bank balances	78.917	106.315
<b>Reconciliation to liquidity reserve on 31 Dec</b>	<b>2019</b>	<b>2019</b>
Cash and cash equivalents at end of period	78.932	106.323
Securities	16.332	10.150
<b>Liquidity reserve on 31 Dec</b>	<b>95.264</b>	<b>116.473</b>

Statement of changes in consolidated equity							
	Issued capital	Capital reserves	Currency translation difference	Retained earnings		Generated consolidated equity	Consolidated equity
	€k	€k	€k	FairValue Reserve	Pension Reserve	€k	€k
<b>1 Jan 2018</b>	<b>15.250</b>	<b>131.841</b>	<b>15</b>	<b>-37</b>	<b>-1.971</b>	<b>35.521</b>	<b>180.619</b>
<b>Adjustment of prior-year figures*</b>	<b>0</b>	<b>9.077</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9.077</b>	<b>0</b>
<b>1 Jan 2018</b>	<b>15.250</b>	<b>140.918</b>	<b>15</b>	<b>-37</b>	<b>-1.971</b>	<b>26.444</b>	<b>180.619</b>
Dividends paid	0	0	0	0	0	-3.050	-3.050
<b>Subtotal</b>	<b>15.250</b>	<b>140.918</b>	<b>15</b>	<b>-37</b>	<b>-1.971</b>	<b>23.394</b>	<b>177.569</b>
Amounts recognised in other comprehensive income	0	0	0	-314	466	0	152
Currency translation difference	0	0	-15	0	0	0	-15
Consolidated net profit	0	0	0	0	0	18.222	18.222
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-15</b>	<b>-314</b>	<b>466</b>	<b>18.222</b>	<b>18.359</b>
<b>31 Dec 2018</b>	<b>15.250</b>	<b>140.918</b>	<b>0</b>	<b>-351</b>	<b>-1.505</b>	<b>41.616</b>	<b>195.928</b>
Dividends paid	0	0	0	0	0	-3.050	-3.050
<b>Subtotal</b>	<b>15.250</b>	<b>140.918</b>	<b>0</b>	<b>-351</b>	<b>-1.505</b>	<b>38.566</b>	<b>192.878</b>
Amounts recognised in other comprehensive income	0	0	0	1.918	-2.625	0	-707
Currency translation difference	0	0	-1	0	0	0	-1
Consolidated net profit	0	0	0	0	0	10.994	10.994
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>1.918</b>	<b>-2.625</b>	<b>10.994</b>	<b>10.286</b>
<b>31 Dec 2019</b>	<b>15.250</b>	<b>140.918</b>	<b>-1</b>	<b>1.567</b>	<b>-4.130</b>	<b>49.560</b>	<b>203.164</b>

\*cf. 1.4 Correction of an error

## Notes to the Consolidated Financial Statements for 2019

### I. Methods and principles

#### 1. Basic accounting information

##### 1.1 Information on the company

Aumann AG (Aumann) is headquartered at Dieselstrasse 6, 48361 Beelen, Germany. It is entered in the commercial register of the Münster District Court under HRB 16399. It is the parent company of the Aumann Group.

Aumann AG is a leading international supplier of systems for the automotive industry and other industries with a focus on E-mobility.

The consolidated financial statements of Aumann AG for the 2019 financial year were approved by the Supervisory Board of Aumann AG on 31 March 2020.

##### 1.2 Accounting policies

The consolidated financial statements for the year ended 31 December 2019 are prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the EU and applicable at the end of the reporting period. The term "IFRS" includes the International Accounting Standards (IAS) still applicable, the International Financial Reporting Standards (IFRS) and the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC).

##### Application of new and amended standards

The following new or amended standards were effective for the first time in the 2019 financial year:

Regulation	Title
IFRS 16	Investment Property
IFRIC 23	Share-based Payment
IAS 19	Insurance Contracts
IAS 28	Revenue from Contracts with Customers
IFRS 9	Financial Instruments
	Annual Improvements to IFRSs 2015 - 2017

##### IFRS 16 Leases (effective date in the EU: 1 January 2019):

The new standard replaces the provisions of IAS 17 Leases and the related interpretations of IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 does away with the classification of leases as operating leases and finance leases for lessees as required in accordance with IAS 17, and replaces it with a uniform accounting model under which lessees are required to recognise a right-of-use asset and a corresponding lease liability for leases with a term of more than twelve months. However, IFRS 16 largely retains the provisions for accounting for leases by lessors in accordance with IAS 17.

The new standard had a material impact on the consolidated statement of financial position as at the adoption date. Aumann has a significant number of leases classified as operating leases in accordance with IAS 17, which mainly relate to property, motor vehicles and other technical equipment and machinery.

Aumann adopted IFRS 16 as at 1 January 2019, applying the modified retrospective approach without the restatement of the comparative information of 2018 and exercising the expedients described below. The reclassifications and adjustments in conjunction with the implementation of IFRS 16 are therefore recognised in the opening statement of financial position as at 1 January 2019. Aumann has opted not to reassess whether a contract is or contains a lease as at the adoption date. Instead, for leases entered into before the transition date, Aumann has applied the assessment in accordance with IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease. The definition of a lease in accordance with IFRS 16 has therefore only been applied to contracts entered into or amended on or after 1 January 2019. Aumann has introduced a system for managing lease data to ensure that leases are accounted for in accordance with IFRS 16. The amounts paid for software licenses do not fall within the scope of IFRS 16 and are accounted for in accordance with IAS 38.

When adopting IFRS 16, Aumann elected to utilise the following practical expedients allowed by the standard:

- recognition of operating leases with a remaining term of less than twelve months as at 1 January 2019 as short-term leases;
- exclusion of initial direct costs from the measurement of the right-of-use asset as at 1 January 2019;
- retrospective determination of the lease term if the lease contains options to extend or terminate the lease; and
- no adjustments as at 1 January 2019 for low-value leases.

Prior to 31 December 2018, in its capacity as a lessee, Aumann classified leases as operating or finance leases in accordance with IAS 17. Most of the company's leases are classified as operating leases. The corresponding lease expenses were recognised as an expense on a straight-line basis over the term of the lease. In the transition period, the lease liabilities for leases classified as operating leases in accordance with IAS 17 were recognised at the present value of the outstanding lease payments, discounted at the incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate was 0.69%. Right-of-use assets are initially measured at an amount equal to the amount of the lease liability. For leases previously classified as finance leases, Aumann recognised the carrying amount of the lease asset and the lease liability recognised in accordance with IAS 17 as at 31 December 2018 as the carrying amount of the right-of-use asset and the lease liability in accordance with IFRS 16 as at 1 January 2019.

In accordance with IFRS 16, the expenses for leases are shown as straight-line depreciation for right-of-use assets and as interest expenses by recognising interest on lease liabilities using the effective interest method. Fixed payments for operating leases, which were recognised as expenses in accordance with IAS 17, are eliminated under IFRS 16. The right-of-use assets and lease liabilities include leases that were accounted for as finance leases in accordance with IAS 17 until 31 December 2019.

Right-of-use assets and lease liabilities of €2.0 million were recognised as at 1 January 2019 as part of the transition to IFRS 16. The adoption of IFRS 16 did not result in any adjustments to retained earnings.

As of 31.12.2018 stated obligations from	
Operating leases	<b>2.209</b>
Adjustments due to non-capitalized leases	-107
Gross leasing liabilities as of 01.01.2019	<b>2.102</b>
Discounting	-121
Discounted leasing liability as of 01.01.2019	<b>1.981</b>

Standards not listed in the following overview are of minor significance to the Aumann Group.

Regulation	Title	Application	Effect
	General changes - references to the Conceptual Framework	01.01.2020	no material effects
IAS 1	Definition of Material	01.01.2020	no material effects
IFRS 3	Definition of a Business	01.01.2020	no material effects
IFRS 17	Insurance Contract	01.01.2021	no material effects
IAS 1	Classification of Liabilities	01.01.2022	no material effects

### 1.3 Company law changes and structural changes in 2019

There were no company law or structural changes in the 2019 financial year.

### 1.4 Correction of an error

Correction of an error in accordance with IAS 8

In its audit of the consolidated financial statements of Aumann AG for the 2017 financial year, the German Financial Reporting Enforcement Panel (FREP) found that consolidated earnings before taxes were reported too high by around €13.0 million in the consolidated income statements of Aumann AG, Beelen. This was because costs in connection with the capital increase as part of the IPO in March 2017 had not been recognised as an expense, but rather were deducted directly from equity as transaction costs (IAS 39.9). At around €12.5 million, these costs primarily related to management remuneration that did not satisfy the requirements of IAS 32.35 and IAS 32.37 for recognition in equity. Other costs of around €0.5 million related to the listing of shares already issued in accordance with IAS 32.35 and IAS 32.38. The correction was recognised retrospectively.

The closing statement from the dependent company report prepared by the Executive Board was not included in the combined management report and Group management report of Aumann AG, Beelen, for the 2017 financial year. This represents a breach of section 312(3) sentence 3 AktG.

The table below provides an overview of the effects of the correction:

IFRS consolidated statement of comprehensive income	01.01. -	01.01. -	Delta
	31.12.2017	31.12.2017	
	New	Old	
	€k	€k	€k
Wages and salaries	-51.538	-38.952	-12.586
<b>Staff costs</b>	<b>-63.980</b>	<b>-51.394</b>	<b>-12.586</b>
Other operating expenses	-11.318	-10.892	-426
<b>Earnings before interest, taxes, depreciatio and amortisation (EBITDA)</b>	<b>9.570</b>	<b>22.582</b>	<b>-13.012</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>7.019</b>	<b>20.031</b>	<b>-13.012</b>
<b>Earnings before taxes (EBT)</b>	<b>6.131</b>	<b>19.143</b>	<b>-13.012</b>
Income tax expense	-2.095	-6.030	3.935
<b>Consolidated net profit</b>	<b>3.963</b>	<b>13.040</b>	<b>-9.077</b>
Earnings per share (in €)	0,29	0,94	-0,65

Balance	31.12.2017	31.12.2017	Delta
	New	Old	
Equity and liabilities (IFRS)	€k	€k	€k
<b>Equity</b>			
Issued capital	15.250	15.250	0
Capital reserves	140.918	131.841	9.077
Retained earnings	24.485	33.562	-9.077
	<b>180.653</b>	<b>180.653</b>	<b>0</b>

## 2. Consolidated group

In addition to the parent company Aumann AG, the companies listed below are included in the consolidated financial statements. The ownership interests are calculated by multiplying the number of shares held in the respective company. The companies listed in bold hold direct or indirect interests in the companies below them.

Companies included in the consolidated financial statements	Ownership interest in %
Name and registered office of the company	
<b>Subsidiaries (fully consolidated)</b>	
<b>Aumann AG, Beelen, Germany</b>	<b>100,00</b>
Aumann Beelen GmbH, Germany	100,00
<b>Aumann Berlin GmbH, Berlin, Germany</b>	<b>100,00</b>
Aumann Winding and Automation Inc., Clayton, USA	100,00
<b>Aumann Espelkamp GmbH, Espelkamp, Germany</b>	<b>100,00</b>
Aumann Immobilien GmbH, Espelkamp, Germany *	94,90
Aumann Limbach-Oberfrohnna GmbH, Germany	100,00
Aumann Technologies (China) Ltd., Changzhou, China	100,00

\* No non-controlling interests are reported on account of a purchase option

## 3. Principles of consolidation

The consolidated financial statements comprise the financial statements of Aumann AG and its subsidiaries as at 31 December of each financial year. The financial statements of the subsidiaries are prepared using uniform accounting policies and for the same reporting period as the financial statements of the parent company. The reporting date for all subsidiaries included in the consolidated financial statements is 31 December of the relevant financial year.

Subsidiaries are the companies controlled by Aumann AG. Control exists when an entity has the power of disposal over another entity. This is the case if there are rights embodying a present ability to control the significant activities of the other entity. Significant activities are those activities affecting the return generated by an entity. Subsidiaries are consolidated from the date on which the parent can control the subsidiary and ends when this is no longer possible.

Acquisition accounting is performed using the purchase method in accordance with IFRS 3, under which the acquisition cost of the acquired shares is offset against the proportion of the acquired subsidiary's equity attributable to the parent company at the acquisition date. All identifiable assets, liabilities and contingent liabilities are recognised at fair value and included in the consolidated statement of financial position. If the cost exceeds the fair value of the net assets attributable to the Group, the difference is capitalised as goodwill.

The share of the subsidiary's assets, liabilities and contingent liabilities attributable to non-controlling interests is also recognised at fair value. Receivables and liabilities between the consolidated companies are offset against each other. This also applies to intragroup transactions and to intragroup revenue, income and expenses. Accordingly, the earnings of the subsidiaries acquired during the financial year are included in the consolidated statement of comprehensive income from the date the acquisition becomes effective or until the disposal date respectively.

## 4. Presentation of accounting policies

### 4.1 General information

With the exception of the remeasurement of certain financial instruments, the consolidated financial statements were prepared using the historical cost method. Historical cost is generally based on the fair value of the consideration paid in exchange for the asset.

The statement of financial position is structured according to current and non-current assets and liabilities. The statement of comprehensive income is prepared in line with the nature of expense method for calculating the consolidated net profit for the period.

#### 4.2 Reporting currency

The consolidated financial statements are prepared in euro, as the majority of Group transactions are conducted in this currency. Unless stated otherwise, all figures are rounded up or down to thousands of euro in line with standard commercial practice. The amounts are stated in euro (€), thousands of euro (€ thousand) and millions of euro (€ million).

#### 4.3 Currency translation

Each company within the Group determines its own functional currency. The items included in the financial statements of the respective company are measured using this functional currency. Foreign currency transactions are then translated into the functional currency at the spot exchange rate on the date of the transaction.

Foreign currency monetary assets and liabilities are translated into the functional currency at the end of each reporting period using the closing rate. All exchange differences are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

The assets and liabilities of the foreign operation are translated into euro at the closing rate. Income and expenses are translated at the average exchange rate for the financial year. The resulting exchange differences are recognised as a separate component of equity.

The following exchange rates were applied (for €1.00):

	Closing rate 31 Dec 2019	Average rate 2019
Chinese renminbi (CNY)	7,8205	7,7338
US Dollar (USD)	1,1234	1,1196
<hr/>		
	Closing rate 31 Dec 2018	Average rate 2018
Chinese renminbi (CNY)	7,8751	7,8067
US Dollar (USD)	1,1450	1,1816

#### 4.4 Intangible assets

Intangible assets not acquired as part of a business combination are initially carried at cost. The cost of an intangible asset acquired in a business acquisition corresponds to its fair value at the acquisition date.

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will be received by the enterprise and the cost of the asset can be measured reliably.

Development costs are capitalised at cost to the extent that expenses are directly attributable and, in addition to technical feasibility, a future economic benefit from use is likely. In accordance with IAS 38, research costs cannot be capitalised and are therefore recognised as an expense in profit or loss.

For the purposes of subsequent measurement, intangible assets are recognised at cost less cumulative amortisation and cumulative impairment losses (reported under amortisation). Intangible assets (not including goodwill) are amortised on a straight-line basis over their estimated useful life. The amortisation period and amortisation method are reviewed at the end of each financial year.

Apart from goodwill, the Group does not have any intangible assets with indefinite useful lives.

The cost of acquisition of new software is capitalised and treated as an intangible asset unless it forms an integral part of the associated hardware. Software is amortised on a straight-line basis over a period of up to three years.

Capitalised development costs are amortised on a straight-line basis over a period of up to seven years.

Costs incurred to restore or maintain the future economic benefits that the company had originally expected are recognised as an expense.

Gains and losses from the disposal of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in profit or loss in the period in which the asset is disposed of.



#### 4.5 Goodwill

Goodwill from business combinations is the residual amount of the excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is not amortised but instead tested for impairment at least once a year in accordance with IAS 36. For the purposes of impairment testing, the goodwill acquired in the business combination is allocated to the cash-generating units (CGUs) of the Group that benefit from the combination starting from the acquisition date. Goodwill is then written down if the recoverable amount of a cash-generating unit is lower than its carrying amount. Once recognised, impairment losses on goodwill are not reversed in future periods.

#### 4.6 Property, plant and equipment

Property, plant and equipment is recognised at cost less cumulative depreciation and cumulative impairment losses. The cost of an item of property, plant and equipment consists of the purchase price and other non-refundable purchase taxes incurred in connection with the purchase as well as all directly attributable costs incurred to bring the asset to its location and to bring it to working condition for its intended use. Subsequent expenditure, such as servicing and maintenance costs, that is incurred after the non-current asset is put into operation is expensed in the period in which it is incurred. If it is likely that expenditure will lead to additional future economic benefits to the company in excess of the originally assessed standard of performance of the existing asset, the expenditure is capitalised as an additional cost.

Assets newly identified in the course of acquisitions are measured at the fair value (market value) calculated at the acquisition date, which is then depreciated over the subsequent periods.

Depreciation is calculated on a straight-line basis over the expected useful economic life, assuming a residual value of €0.00. The following estimated useful lives are used for the individual asset groups:

Buildings and exterior installations:	10 to 33 years
Technical equipment and machinery:	10 to 12 years
Computer hardware:	3 years
Other office equipment:	5 to 13 years

Land is not depreciated.

The useful life, the depreciation method for property, plant and equipment and the residual values are reviewed periodically.

If items of property, plant and equipment are disposed of or scrapped, the corresponding cost and the cumulative depreciation are derecognised. Any realised gain or loss from the disposal is reported in the statement of comprehensive income. The profit or loss resulting from the sale of an item of property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognised in profit or loss.

#### 4.7 Leases

All contracts that transfer the right to use a specific asset for a period of time in return for consideration are deemed leases. This also applies to contracts that do not expressly describe the transfer of such a right. In particular, the Group uses properties, vehicles and other technical equipment and machinery as a lessee.

Until 31 December 2019, it was assessed on the basis of the risks and opportunities associated with a leased asset whether its economic ownership was attributable to the lessee (finance leases) or the lessor (operating leases) in accordance with IAS 17.

Payments for operating leases were expensed in the income statement on a straight-line basis over the term of the lease.

Assets recognised under a finance lease were recognised at the lower of the present value of the lease payments or the fair value of the leased asset at the inception of the lease, and subsequently measured less cumulative depreciation, amortisation and impairment. Depreciation and amortisation were recognised on a straight-line basis; the residual values of assets were taken into account accordingly. The payment obligations resulting from future lease instalments were discounted and expensed under lease liabilities.

Since 1 January 2019, as a lessee, the Group has recognised right-of-use assets for leased assets and liabilities for the payment obligations entered into for all leases at present value in its statement of financial position. Lease liabilities include the following lease payments:

- fixed payment, including in-substance fixed payments, less lease incentives yet to be paid by the lessor;
- variable payments that depend on an index or a rate;
- amounts expected to be payable on the basis of residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments are not included in the measurement of the lease liability. Lease payments are discounted at the interest rate implicit in the lease, if this can be readily determined. Otherwise they are discounted using the incremental borrowing rate. Aumann uses the incremental borrowing rate. This incremental borrowing rate is a risk-adjusted interest rate derived for the specific term and currency, also taking into account the credit rating of the individual Group companies.

The right-of-use asset is initially measured at cost as at the commencement date. This consists of the amount of the initial measurement of the lease liability, the lease payments made at or before the commencement date of the lease less any incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use asset is subsequently measured at cost less cumulative depreciation and adjustments required to remeasure the lease liability upon the occurrence of certain events. The right-of-use asset is depreciated on a straight-line basis over the term of the lease.

For contracts that contain lease and non-lease components, these components are separated.

Some leases, in particular those for property, include extension options. These contractual terms offer the Group the greatest possible flexibility. When determining the lease term, all facts and circumstances that create an economic incentive to exercise extension options are taken into account. When determining the term of the lease, such options are only taken into account if they are reasonably certain. The assessment of whether options are reasonably certain to be exercised affects the term of the lease and can therefore have a significant influence on the measurement of the lease liabilities and the right-of-use assets.

Aumann exercises the option under IFRS 16 not to recognise right-of-use assets and lease liabilities for low-value (i.e. value of underlying asset €5,000 or less on acquisition) and short-term leases (remaining term of twelve months or less). The lease payments associated with these leases are recognised as an expense on a straight-line basis over the term of the lease.

Aumann does not act as a lessor.

Aumann has no investment property.

#### **4.8 Borrowing costs**

Borrowing costs are expensed in the period in which they are incurred, unless they are incurred for the acquisition, construction or manufacture of qualifying assets. In this case, the borrowing costs are added to the cost of these assets.

#### **4.9 Impairment of non-financial assets**

Non-financial assets are tested for impairment when facts or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For impairment testing, the recoverable amount of the asset or the cash-generating unit (CGU) must be determined. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The fair value less costs to sell is defined as the price obtainable from the sale of an asset or CGU between knowledgeable, willing and independent parties less costs of disposal. The value in use of an asset or CGU is determined by the present value of an estimated anticipated cash flow on the basis of its current use. If the recoverable amount falls below the carrying amount, an impairment loss in the amount of the difference is immediately recognised in profit or loss.

An adjustment in profit or loss of impairment recognised in profit or loss in previous years is carried out for an asset (except for goodwill) if there are indications that the impairment no longer exists or could have decreased. The reversal is recognised in the income statement as income. However, the increase in value (or reduction in impairment) of an asset is only recognised to the extent that it does not exceed the carrying amount that would have resulted if no impairment loss had been recognised in the previous years (taking depreciation into account).

#### 4.10 Financial instruments – Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### l) Financial assets

###### *Initial recognition and measurement*

*On initial recognition, financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.*

The classification of financial assets on initial recognition is dependent on the characteristics of the contractual cash flows of the financial assets and the Group's business model for managing its financial assets. Except for trade receivables that do not contain a significant financing component, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price calculated in accordance with IFRS 15.

To ensure that a financial asset can be classified and measured as measured at amortised cost or fair value through other comprehensive income, cash flows must consist solely of payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the level of the individual financial instrument.

The Group's business model for managing financial assets reflects how an entity manages its financial assets to generate cash flows. Depending on the business model, cash flows arise from collecting contractual cash flows, the sale of financial assets or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

###### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- financial assets at fair value through profit or loss through other comprehensive income with the reclassification of cumulative gains and losses (debt instruments);
- financial assets at fair value through profit or loss through other comprehensive income without the reclassification of cumulative gains and losses on derecognition (equity instruments);
- Financial assets at fair value through profit or loss

###### *Financial assets at amortised cost (debt instruments);*

This is the category most relevant to the Group. The Group measures financial assets at amortised cost when both the following conditions are met:

The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are subsequently measured using the effective interest rate method and are tested for impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or becomes impaired.

The Group's financial assets measured at amortised cost essentially comprise trade receivables and contract assets.

###### *Financial assets at fair value through other comprehensive income (debt instruments)*

The Group measures debt instruments at fair value through other comprehensive income if both the following conditions are met:

- The financial asset is held within the framework of a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments measured at fair value through other comprehensive income, interest income, gains and losses on currency translation and impairment losses or reversals of impairment losses are recognised in profit or loss and calculated in the same way as for financial assets measured at amortised cost. The remaining changes in fair value are recognised in other comprehensive income. On derecognition, the cumulative gain or loss from changes in fair value recognised in other comprehensive income is reclassified to profit or loss.

The Group's debt instruments at fair value through other comprehensive income include listed bonds reported under short-term securities.

*Financial assets at fair value through other comprehensive income (equity instruments)*

On initial recognition, the Group can irrevocably elect to classify its equity instruments as equity instruments designated at fair value through other comprehensive income if they satisfy the definition of equity in accordance with IAS 32 Financial Instruments: Presentation and are not held for trading. This classification decision is made individually for each instrument.

Gains and losses from these financial assets are not reclassified to profit or loss. Dividends are recognised in profit or loss as other income when the right to receive payment of the dividend is established, unless the dividend represents a recovery of part of the cost of the financial asset. In this case, the gains are recognised in other comprehensive income. Equity instruments at fair value through other comprehensive income are not tested for impairment.

The Group has irrevocably elected to assign some of its listed equity instruments to this category.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated at fair value through profit or loss on initial recognition and financial assets that must be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss regardless of the business model. Notwithstanding the above criteria for classifying debt instruments as "measured at amortised cost" or "at fair value through other comprehensive income", debt instruments can be classified as at fair value through profit or loss on initial recognition if this would eliminate or significantly reduce an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented in the statement of profit or loss.

This category includes derivative financial instruments and listed equity instruments that the Group has not irrevocably elected to classify as at fair value through other comprehensive income. Dividends from listed equity instruments are also recognised as other income in the income statement when the right to receive payment is established.

As in the previous year, the carrying amounts of the financial assets and liabilities not measured at fair value are essentially equal to their fair values.

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

*Impairment of financial assets*

The Group recognises impairment for expected credit losses on all debt instruments that are not measured at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows payable and the total cash flows the Group expects to receive. The forecast cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognised in two stages. For financial instruments for which the risk of default has not increased significantly since initial recognition, a loss allowance is recognised in the amount of the expected cash shortfalls from an event of default within the next twelve months (12-month ECL). For financial assets for which the risk of default has increased significantly since initial recognition, an entity must recognise the lifetime expected credit losses regardless of when the default event occurs (lifetime ECL).

The Group uses a simplified method to calculate the expected credit losses on trade receivables and contract assets. It therefore does not track changes in credit risk, and instead recognises a loss allowance at the end of each reporting period based on the lifetime ECL. On the basis of its past experience of credit losses, the Group has prepared a provision matrix that is adjusted for future factors if specific future factors for the borrower and the economic environment can be determined at reasonable expense.

For debt instruments measured at fair value through other comprehensive income, the Group uses the simplification for financial instruments with low credit risk. To do so, it uses reasonable and supportable information that is available without undue cost or effort to assess whether the debt instrument has a low credit risk at the end of each reporting period. It also takes a significant increase in credit risk into account if contractual payments are more than 30 days past due.

The Group's debt instruments at fair value through other comprehensive income exclusively consist of listed bonds that management sees as investments with low credit risk. The Group measures the expected credit losses for these instruments on a 12-month basis. However, if the credit risk has increased significantly since initial recognition, the impairment loss is based on the lifetime ECL. The Group uses issuer credit default spreads to determine whether the credit risk on a debt instrument has increased significantly and to estimate the expected credit losses.

The Group considers a financial asset to be in default if contractual payments are 90 days past due and a subsequent detailed review of the debtor does not reveal other information. Moreover, it can assume in certain cases that a financial asset is in default if internal or external information indicates that it is unlikely that the Group will receive the outstanding contractual amounts in full before all credit enhancements held are taken into account. A financial asset is written down when there is no valid expectation that the contractual cash flows will be collected.

## *II) Financial liabilities*

### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, contract liabilities, other liabilities and loans, including overdrafts.

### *Subsequent measurement*

The measurement of financial liabilities depends on their classification:

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated on initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated on initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

#### Loans/liabilities

After initial recognition, these financial liabilities are measured at amortised cost using the effective interest method less impairment. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

#### *Derecognition*

A financial liability is derecognised when the obligation underlying the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### *III) Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **4.11 Inventories**

Inventories are recognised at the lower of cost or net realisable value (less costs necessary to make the sale). Raw materials, consumables, supplies and purchased goods are measured at cost using the average price method or, if lower, at their market prices at the end of the reporting period. The cost of finished goods and work in progress, in addition to the cost of materials used in construction, labour and pro rata material and production overheads, is taken into account assuming normal capacity utilisation. Appropriate write-downs were recognised for inventory risks from storage periods and reduced usability.

### **4.12 Cash and cash equivalents**

Cash and cash equivalents shown in the statement of financial position comprise cash in hand, bank balances and short-term deposits with an original term of less than three months.

Cash and cash equivalents in the consolidated statement of cash flows are defined in line with the above.

### **4.13 Provisions**

Provisions are reported when the Group has a current (legal or constructive) obligation due to a past event, it is probable that fulfilment of the obligation will lead to an outflow of resources embodying economic benefits and the amount of the obligation can be reliably estimated. If the Group expects at least a partial refund of a provision recognised as a liability, the refund is recognised as a separate asset provided the receipt of the refund is virtually certain. The expense from recognising the provision is reported in the income statement less the refund.

Provisions are reviewed at the end of each reporting period and adjusted to the current best estimate. The amount of the provision corresponds to the present value of the expenses expected to be required to fulfil the obligation where the time effect of money is material. The increase in the provision over time is recognised as interest expense.

Provisions with the nature of a liability are recognised for obligations for which an exchange of services has taken place and the amount of the consideration is established with sufficient certainty.

### **4.14 Pensions and other post-employment benefits**

The pension obligations calculated at Aumann Beelen GmbH and Aumann Limbach-Oberfrohna GmbH are reported in accordance with IAS 19. Payments for defined contribution pension plans are expensed. For defined benefit pension plans, the obligation is recognised in the statement of financial position as a pension provision. These pension commitments are regarded as defined benefit plan commitments and are therefore measured in line with actuarial principles using the projected unit credit method.

Actuarial gains and losses are reported in other comprehensive income. The interest expense from pension discounting is reported in net finance costs.

The plan assets that can be allocated to the pension obligations of Aumann Limbach-Oberfrohna are netted against the pension obligation. Any obligation in excess of plan assets is recognised as a provision.

#### 4.15 Revenue recognition

Revenue is recognised to show the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when the customer acquires control of the goods or services.

##### a) Sale of goods and products, performance of services

The customer achieves control when the goods and products are delivered or accepted. Revenue from service transactions is only recognised when it is sufficiently probable that the economic benefits associated with the transaction will flow to the Group. It is recognised in the accounting period in which the services in question are performed, thereby giving the customer control of the service.

##### b) Construction contracts

In the Aumann Group, the revenue of Aumann Beelen GmbH, Aumann Technologies China Ltd., Aumann Espelkamp GmbH, Aumann Berlin GmbH and Aumann Limbach-Oberfrohna GmbH from long-term construction contracts is typically recognised over time. The products are specially produced for the respective customer and there is no alternative use. Under this method, when the outcome of a construction contract can be estimated reliably, the contract revenue and contract costs associated with this construction contract are recognised by reference to the degree of completion of the contract activity at the end of the reporting period. The percentage of completion is calculated as the ratio of the contract costs incurred by the end of the reporting period to the total estimated contract costs as at the end of the reporting period (cost-to-cost method).

Construction contracts accounted for over time are recognised as contractual assets under receivables from construction contracts less advances received in the amount of the contract costs incurred by the end of the reporting period plus the proportionate profit resulting from the percentage of completion. Changes to contracts, additional amounts invoiced and incentive payments are recognised to the extent that a binding agreement has been concluded with the customer. If the result of a construction contract cannot be reliably estimated, the probable revenue is recognised up to a maximum of the costs incurred. Contract costs are recognised in the period in which they are incurred. If it is foreseeable that the total contract costs will exceed the contract revenue, the expected losses are expensed immediately.

##### c) Interest revenue

Interest revenue is recognised when the interest arises (using the effective interest rate, i.e. the computational interest rate at which estimated future cash inflows are discounted to the net carrying amount of the financial asset over the expected term of the financial instrument).

##### d) Dividends

Revenue is recognised when the legal right to payment arises.

#### 4.16 Taxes

##### a) Current income taxes

Current tax assets and liabilities for the current period and earlier periods are measured at the amount of the refund expected to be received from the tax authority or the payment expected to be made to it. The calculation is based on tax rates and tax laws applicable at the end of the reporting period.

##### b) Deferred taxes

In accordance with IAS 12, deferred taxes are recognised using the liability method for temporary differences as at the end of the reporting period between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences with the exception of deferred tax liabilities from the initial recognition of goodwill or of an asset or liability from a transaction that does not constitute a business combination and, as at the transaction date, influences neither the accounting profit before taxes nor the taxable profit.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be applied. Deferred tax assets from deductible temporary differences due to the initial recognition of an asset or liability from a transaction that does not constitute a business combination and, as at the transaction date, influences neither the accounting profit before taxes nor the taxable profit, are not recognised.

Deferred tax assets and liabilities are offset to the extent that they can be allocated to future charges or reductions of the same taxable entity with respect to the same tax authority.

The carrying amount of deferred tax assets is tested at the end of each reporting period and reduced to the extent that it is no longer probable that a sufficient taxable result will be available against which the deferred tax asset can be at least partly utilised. Unrecognised deferred tax assets are tested at the end of each reporting period and recognised to the extent that it has become probable that taxable result in future will allow the realisation of deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates which are expected to apply in the periods in which an asset is realised or a liability is settled. This is based on the tax rates and tax laws applicable at the end of the reporting period. Future changes in the tax rates must be taken into account at the end of the reporting period if the material conditions for validity in a legislative process are fulfilled.

Deferred taxes are reported as tax income or tax expense in the statement of comprehensive income unless they relate to items reported directly in equity, in which case the deferred taxes are also reported in equity. Deferred taxes and tax liabilities are offset against each other if the Group has a legally enforceable right to set off tax assets against tax liabilities and they relate to income taxes of the same taxable entity levied by the same tax authorities.

#### **4.17 Contingent liabilities and contingent assets**

Contingent liabilities are either potential obligations that could lead to an outflow of resources but whose existence will be determined by the occurrence or non-occurrence of one or more future events, or current obligations that do not fulfil the criteria for recognition as a liability. They are disclosed separately in the notes unless the probability of an outflow of resources embodying economic benefits is low. In the year under review, there were no contingent liabilities apart from guarantees and other commitments.

In the context of business combinations, contingent liabilities are recognised in accordance with IFRS 3.23 if their fair value can be reliably determined.

Contingent assets are not reported in the financial statements, and instead are disclosed in the notes when receipt of economic benefits is probable.

## **5. Material judgements, estimates and assumptions**

For the preparation of the consolidated financial statements in accordance with IFRS, estimates and assumptions must occasionally be made. These influence the amounts of assets, liabilities and financial obligations calculated as at the end of the reporting period and the reporting of expenses and income. The actual amounts can differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period resulting in a considerable risk that a major adjustment to the carrying amounts of assets and liabilities will be required within the next financial year are explained below.

### *a) Impairment of non-financial assets*

The Group determines whether there are indications of impairment of non-financial assets at the end of each reporting period.

Goodwill with an indefinite useful life is tested for impairment at least once a year and when there are indications of impairment. Other non-financial assets are tested for impairment when there are indications that the carrying amount is higher than the recoverable amount. To estimate the value in use, management measures the expected future cash flows of the asset or cash-generating unit and selects an appropriate discount rate to determine the present value of these cash flows.

### *b) Pensions and other post-employment benefits*

The expense from defined benefit plans post-employment is determined using actuarial calculations. The actuarial calculation is based on assumptions regarding discount rates, future increases in wages and salaries, mortality and future pension increases. In line with the long-term orientation of these plans, such estimates are subject to significant uncertainty.

### *c) Provisions*

Other provisions are recognised and measured on the basis of an assessment of the probability of a future outflow of benefits, using values based on experience and circumstances known at the end of the reporting period. The actual obligation can differ from the amounts recognised as provisions.



*d) Deferred tax assets*

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available for this. In calculating the amount of deferred tax assets, management must make judgements with regard to the expected timing and amount of future taxable income and the future tax planning strategies.

*e) Recognition of contract revenue*

The majority of the transactions conducted by Aumann AG's subsidiaries are construction contracts over time, for which revenue is recognised by reference to the stage of completion of the transaction. This method requires an estimate of the percentage of completion. Depending on the method applied in determining the percentage of completion, the material estimates comprise the total contract costs, the costs to be incurred until completion, the total contract revenue, the contract risks and other judgements. The estimates are continuously reviewed by the company's management and adjusted as necessary.

## II. Notes to the consolidated statement of financial position

### 1. Non-current assets

The development of intangible assets and property, plant and equipment is shown in the following statement of changes in non-current assets.

#### 1.1 Statement of changes in non-current assets of the Aumann Group as at 31 December 2019

	Total cost	Additions in the financial year	Additions from first adoption IFRS 16	Re-classification	Disposals in the financial year	Exchange differences	Write downs (full amount)	Carrying amount at the end of financial year	Carrying amount at the beginning of financial year	Write downs in the financial year	Disposals of write downs	Exchange differences
31 Dec 2019	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
<b>I. Intangible assets</b>												
1. Own produced intangible assets	6.025	4.011	0	0	0	0	1.222	8.814	5.548	745	0	0
2. Concessions, industrial property rights and similar rights	6.371	151	0	0	837	1	5.152	534	819	437	837	0
3. Goodwill	38.484	0	0	0	0	0	0	38.484	38.484	0	0	0
4. Advance payments	0	134	0	0	0	0	0	134	0	0	0	0
	<b>50.880</b>	<b>4.296</b>	<b>0</b>	<b>0</b>	<b>837</b>	<b>1</b>	<b>6.374</b>	<b>47.966</b>	<b>44.851</b>	<b>1.182</b>	<b>837</b>	<b>0</b>
<b>II. Property, plant and equipment</b>												
1. Land and buildings including buildings on third-party land	29.569	50	731	73	5	-1	4.115	26.302	26.820	1.368	2	0
2. Technical equipment and machinery	4.061	498	0	718	305	0	1.576	3.396	2.869	689	305	0
3. Other equipment, operating and office equipment	5.959	1.425	1.250	0	1.570	-1	2.479	4.584	3.680	1.737	1.536	-1
4. Advance payments and assets under development	1.231	843	0	-791	0	0	0	1.283	1.231	0	0	0
	<b>40.820</b>	<b>2.816</b>	<b>1.981</b>	<b>0</b>	<b>1.880</b>	<b>-2</b>	<b>8.170</b>	<b>35.565</b>	<b>34.600</b>	<b>3.794</b>	<b>1.843</b>	<b>-1</b>
<b>Total</b>	<b>91.700</b>	<b>7.112</b>	<b>1.981</b>	<b>0</b>	<b>2.717</b>	<b>-1</b>	<b>14.544</b>	<b>83.531</b>	<b>79.451</b>	<b>4.976</b>	<b>2.680</b>	<b>-1</b>

## 1.2 Statement of changes in non-current assets of the Aumann Group as at 31 December 2018

	Total cost	Additions in the financial year	Additions from first adoption IFRS 16	Re-classification	Disposals in the financial year	Exchange differences	Write downs (full amount)	Carrying amount at the end of financial year	Carrying amount at the beginning of financial year	Write downs in the financial year	Disposals of write downs	Exchange differences
31 Dec 2018	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
<b>I. Intangible assets</b>												
1. Own produced intangible assets	3.312	2.713	0	0	0	0	477	5.548	3.312	477	0	0
2. Concessions, industrial property rights and similar rights	5.893	479	0	0	0	-1	5.552	819	3.007	2.666	0	0
3. Goodwill	38.484	0	0	0	0	0	0	38.484	38.484	0	0	0
	<b>47.689</b>	<b>3.192</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>6.029</b>	<b>44.851</b>	<b>44.803</b>	<b>3.143</b>	<b>0</b>	<b>0</b>
<b>II. Property, plant and equipment</b>												
1. Land and buildings including buildings on third-party land	27.562	778	0	1.277	47	-1	2.749	26.820	25.800	986	0	1
2. Technical equipment and machinery	3.968	178	0	45	130	0	1.192	2.869	3.391	632	17	0
3. Other equipment, operating and office equipment	4.422	1.423	0	167	51	-2	2.279	3.680	3.155	1.041	31	2
4. Advance payments and assets under development	1.788	1.223	0	-1.489	291	0	0	1.231	1.788	0	0	0
	<b>37.740</b>	<b>3.602</b>	<b>0</b>	<b>0</b>	<b>519</b>	<b>-3</b>	<b>6.220</b>	<b>34.600</b>	<b>34.134</b>	<b>2.659</b>	<b>48</b>	<b>3</b>
<b>Total</b>	<b>85.429</b>	<b>6.794</b>	<b>0</b>	<b>0</b>	<b>519</b>	<b>-4</b>	<b>12.249</b>	<b>79.451</b>	<b>78.937</b>	<b>5.802</b>	<b>48</b>	<b>3</b>

**1.3 Statement of changes in leases of the Aumann Group as at 31 December 2019**

	Total cost	Additions from first adoption	Additions in the financial year	Re-classification	Disposals in the financial year	Exchange differences	Write downs (full amount)	Carrying amount at the end of financial year	Carrying amount at the beginning of financial year	Write downs in the financial year	Disposals of write downs	Exchange differences
31 Dec 2019	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
<b>Leasing</b>												
1. Land and buildings	0	731	11	0	1	-1	364	376	0	365	1	0
2. Other equipment, operating and office equipment	0	1.250	955	0	146	0	595	1.464	0	741	146	0
	<b>0</b>	<b>1.981</b>	<b>966</b>	<b>0</b>	<b>147</b>	<b>-1</b>	<b>959</b>	<b>1.840</b>	<b>0</b>	<b>1.106</b>	<b>147</b>	<b>0</b>

## 2. Intangible assets

Please see the statement of changes in non-current assets for information on the development of intangible assets.

Goodwill is subject to an annual impairment test. As part of the impairment test, goodwill acquired in business combinations was allocated to the cash-generating units Aumann Limbach-Oberfrohna (€28,426.4 thousand) and Aumann EBI [Espelkamp, Berlin, Immobilien] (€10,057.5 thousand).

The impairment test as at 31 December 2018 confirmed the recoverability of all capitalised goodwill.

### Aumann Limbach-Oberfrohna cash-generating unit

The recoverable amount of the Aumann Limbach-Oberfrohna CGU is determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a three-year period. The calculation of the budget figures took into account current and future probabilities, the expected economic development and other circumstances. The pre-tax discount rate applied to the cash flow projections is 8.75% (previous year: 16.6%). Cash flows beyond the detailed planning period are extrapolated using a growth rate of 5.0%. The perpetual annuity is calculated using a long-term growth rate of 1%.

### Aumann EBI cash-generating unit

The recoverable amount of the Aumann EBI CGU is also determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a three-year period. The calculation of the budget figures took into account current and future probabilities, the expected economic development and other circumstances. The pre-tax discount rate applied to the cash flow projections is 8.74% (previous year: 16.8%). Cash flows beyond the detailed planning period are extrapolated using a growth rate of 5.0%. The perpetual annuity is calculated using a long-term growth rate of 1%.

### Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for the two significant cash-generating units, Aumann Limbach-Oberfrohna and Aumann EBI, is most sensitive to the following assumptions:

- EBITDA margins;
- discount rates;
- growth rates used to extrapolate cash flows beyond the detailed forecast period.

*EBITDA margins:* EBITDA margins are based on average values achieved in the three financial years preceding the beginning of the budget period. The values calculated thus are adjusted for the detailed planning period, if necessary, if management receives better information about their amount. The EBITDA margins from the detailed planning period are extrapolated at a constant level. A reduction in the EBITDA margin of 1.0 percentage points would not result in impairment for either the Aumann Limbach-Oberfrohna CGU or the Aumann EBI CGU.

*Discount rates:* Discount rates represent the market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments. Adjustments to the discount rate are made to factor in the specific amount and timing of tax flows in order to reflect a pre-tax discount rate. An increase in the pre-tax discount rate of 0.5 percentage points would not result in impairment for either the Aumann Limbach-Oberfrohna CGU or the Aumann EBI CGU.

*Growth rates:* The estimated growth rates are based on past experience and growth assumptions for the target markets of the respective CGUs. The Group recognises that possible new competitors or a changing market environment can have a significant impact on growth rate assumptions. Such a development could yield a reasonably possible alternative to the estimated long-term growth rate of 5.0% for the two cash-generating units. A reduction in the growth rate of 2 percentage points would not result in impairment for either the Aumann Limbach-Oberfrohna CGU or the Aumann EBI CGU.

### 3. Inventories

	31 Dec 2019	31 Dec 2018
	€k	€k
Raw materials and supplies	2.870	3.035
Work in progress	1.610	1.996
Finished goods	304	525
Advance payments	8.023	4.714
<b>Carrying amount as at 31 Dec</b>	<b>12.807</b>	<b>10.269</b>

Impairment losses of €1,017 thousand were recognised on inventories in the period under review (previous year: €725 thousand). Impairment losses on inventories were reversed in the amount of €0 thousand (previous year: €20 thousand).

### 4. Trade receivables

	31 Dec 2019	31 Dec 2018
	€k	€k
Trade receivables	38.166	25.275
Less specific valuation allowances	-125	-192
Less expected credit loss	-17	-12
<b>Carrying amount as at 31 Dec</b>	<b>38.022</b>	<b>25.071</b>

The trade receivables shown are allocated to the loans and receivables category and measured at amortised cost.

The trade receivables are all due within one year. The trade receivables are impaired as necessary. Indications of impairment include unpaid cash receipts and information on changes in customers' credit rating. Given the broad customer base, there is no significant concentration of credit risk.

Receivables from construction contracts constitute contract assets as defined by IFRS 15.

### 5. Contract assets and contract liabilities

Contract assets comprise claims for remuneration from long-term construction contracts for work already performed as at the end of the reporting period. If the advances received exceed the claim for remuneration, they are reported under contract liabilities.

	31 Dec 2019	31 Dec 2018
	€k	€k
Contractual assets gross	170.024	157.373
thereupon received prepayments	-77.254	-57.751
<b>Contractual assets</b>	<b>92.770</b>	<b>99.622</b>
Contractual liabilities	13.840	21.186

No costs of contract initiation or contract fulfilment were capitalised as separate assets in the financial year.

## 6. Other current assets

Other assets maturing within one year break down as follows:

	31 Dec 2019 €k	31 Dec 2018 €k
Tax receivables	2.173	1.924
Prepaid expenses	451	448
Factoring receivables	270	1.946
Creditors with debit balance	123	303
Personal Receivables	25	37
Life insurance receivables	34	34
Miscellaneous other current assets	511	229
<b>Carrying amount as at 31 Dec</b>	<b>3.587</b>	<b>4.921</b>

Tax receivables consist of corporation tax and trade tax refunds of €1,955 thousand (previous year: €1,848 thousand) and input tax refunds of €217 thousand (previous year: €76 thousand).

## 7. Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income include securities of €16,332 thousand (previous year: €10,150 thousand), €14,824 thousand (previous year: €7,453 thousand) of which in shares reported as non-current assets and €1,508 thousand (previous year: €2,697 thousand) of which in bonds reported as current assets. Changes in the value of these securities are recognised in the fair value reserve in equity. Details can be found in the statement of changes in equity.

Income from securities amounts to €440 thousand (previous year: €544 thousand) and is reported under other operating income. Losses from the sale of securities amount to €362 thousand (previous year: €249 thousand) and are reported under other operating expenses.

## 8. Deferred taxes

The volume of deferred tax assets and liabilities from temporary differences as at 31 December 2019 and 31 December 2018 was as follows.

	31 Dec 2019 €k	31 Dec 2018 €k
Deferred tax assets (unoffset)	8.608	7.455
Deferred tax liabilities (unoffset)	-13.711	-12.764
<b>Total</b>	<b>-5.103</b>	<b>-5.309</b>

	31 Dec 2019 €k	31 Dec 2018 €k
Temporary differences from:		
Loss carryforward	2.587	3.045
Pension provisions	4.437	3.346
Other provisions	537	730
Property, plant and equipment	531	119
Liabilities	335	10
Other assets	181	189
Securities	0	16
<b>Deferred tax assets</b>	<b>8.608</b>	<b>7.455</b>

	31 Dec 2019	31 Dec 2018
	€k	€k
Temporary differences from:		
Receivables	10.122	10.350
Intangible assets	2.671	1.678
Other liabilities	443	1
Property, plant and equipment	293	317
Securities	88	0
Other assets	54	413
Trade payables	41	0
Other provisions	0	5
<b>Deferred tax liabilities</b>	<b>13.711</b>	<b>12.764</b>

After netting deferred tax assets against deferred tax liabilities relating to the same tax authorities, there remain deferred tax assets of €765 thousand (previous year: €301 thousand) and deferred tax liabilities of €5,869 thousand (previous year: €5,610 thousand).



## 9. Equity

Please see the “Statement of changes in consolidated equity for 2019” for information on the development of equity.

### 9.1 Share capital

Aumann’s share capital amounts to €15.25 million (previous year: €15.25 million). It is divided into 15,250,000 registered shares each with a nominal value of €1.00 per share and is fully paid up.

Disclosures in accordance with section 160(1) no. 8 AktG:

In accordance with section 160(1) no. 8 AktG, the existence of an equity investment reported to the company in accordance with section 20(1) or (4) AktG or in accordance with section 33(1) or (2) of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) must be disclosed. The content of the notification published in accordance with section 20(6) AktG or section 40(1) WpHG must be disclosed. If a reporting entity reaches, exceeds or falls below the thresholds specified in this provision multiple times, the most recent notification resulting in a threshold being reached, exceeded or fallen below is listed. All voting rights notifications received by Aumann AG can be viewed on the company’s website (<https://www.aumann.com/investor-relations/corporate-governance/>).

declarant	location	date	Type	notifi-	Attribution	Partici-
		threshold	threshold	cation	according to	pation in
		contact	contact	thres	WpHG	% <sup>1</sup>
				hold		
<b>Fidelity Investment Trust</b>	Boston, USA	15.05.2017	overrun	3%	§ 21, 22	3,10
<b>MBB SE</b>	Berlin, Ger- many	06.12.2017	underrun	50%	§§ 21, 22	49,17*
<b>TRowe Price Group Inc.</b>	Baltimore, Maryland, USA	27.02.2018	overrun	3%	§§ 21, 22	3,20
<b>Ingo Wojtynia</b>	Deutschland	28.02.2018	underrun	3%	§§ 21, 22	2,87
<b>JP Morgan Asset Management (UK) Ltd.</b>	London, UK	03.04.2018	underrun	3%	§§ 21, 22	2,96
<b>Fidelity Mt. Vernon Street Trust</b>	Boston, USA	15.10.2018	overrun	3%	§§ 21, 22	3,43
<b>Invesco Ltd. (vormals: Oppenheimer Global Opportunities Fund)</b>	Wilmington, Delaware, USA	01.11.2018	overrun	5%	§§ 21, 22	6,56
<b>FMR LLC</b>	Wilmington, Delaware, USA	21.11.2018	underrun	5%	§§ 21, 22	4,86
<b>BlackRock Inc.</b>	Wilmington, Delaware, USA	27.12.2018	overrun	3%	§§ 21, 22	3,02
<b>Sycamore Asset Manage- ment</b>	Paris, France	08.08.2019	underrun	3%	§§ 21, 22	2,978

<sup>1</sup> Equity investment at the date of the notification of the most recent threshold change

\* MBB SE reduced its interest to 38% over the course of the 2018 financial year.

The members of the Executive Board of Aumann AG each hold 2,500 shares.

## 9.2 Capital reserves

Capital reserves amount to €140.92 million (previous year: €140.92 million).

## 9.3 Retained earnings

### *Difference in equity due to currency translation*

The difference in equity due to currency translation results from translation in line with the modified closing rate method. The difference arises from the translation of items of the income statements of subsidiaries that prepared their accounts in a foreign currency at the average rate and conversion of the statement of financial position items at the closing rate on the one hand, and the conversion of the equity of the respective subsidiaries at the historical rate on first-time consolidation on the other.

### *Fair value reserve*

The fair value reserve results from cumulative gains or losses on the remeasurement of financial assets at fair value through other comprehensive income (FVOCI). These are recognised in the statement of comprehensive income under other income.

### *Reserve for pensions*

In accordance with IAS 19, actuarial gains/losses (adjusted for the associated deferred tax effect) are recognised in the reserve for pensions and reported in the statement of comprehensive income under other income.

### *Reserve for generated consolidated equity*

This item comprises the gains generated by the Group less distributed profits. There was a profit distribution of €3,050,000 to the shareholders in the financial year (previous year: €3,050,000).

## 10. Provisions for pensions and similar obligations

There are pension agreements at Aumann Beelen GmbH and Aumann Limbach-Oberfrohna GmbH. They relate to 351 employees, 143 of whom are active scheme members. 138 persons are retired and 66 persons have left the scheme. The pension agreements are closed, meaning that no further occupational pension agreements are entered into for new appointments.

	31 Dec 2019	31 Dec 2018
	€k	€k
<b>Pension provisions at beginning of the financial year</b>	<b>18.806</b>	<b>19.103</b>
Utilisation	-466	-433
Addition to provisions (service cost)	378	425
Addition to provisions (interest cost)	327	322
Actuarial gains/losses	3.813	-611
<b>Pension provisions at end of the financial year</b>	<b>22.857</b>	<b>18.806</b>
- Plan asset	-509	-539
<b>Pension provision recognised in the balance sheet</b>	<b>22.348</b>	<b>18.267</b>

€-434 thousand of actuarial gains result from experience adjustments and €4,247 thousand from actuarial adjustments.

The following actuarial assumptions were applied:

	2019	2018
Actuarial interest rate	0,8%	1,8%
Salary trend	3,0%	3,0%
Pension trend	1,8%	1,8%

With exceptions at USK, the post-employment benefit plans are unfunded. The liabilities are equal to the obligation (DBO).

The expenses and income recognised in profit and loss are as follows:

	31 Dec 2019 €k	31 Dec 2018 €k
Addition to provisions (service cost)	-378	-425
Addition to provisions (interest cost)	-327	-322
<b>Total</b>	<b>-705</b>	<b>-747</b>

The expected pension payments from the pension plans for 2020 amount to €502 thousand.

The maximum potential sensitivity of the total pension obligation to changes in the weighted main assumptions is as follows:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Interest rate	0,50%	- 5,23 %	+ 5,66 %
Pension growth rate	0,50%	+ 7,42 %	- 6,68 %
Life expectancy	+ 1 year	+ 4 %	

The sensitivity of the defined benefit obligation to actuarial assumptions was calculated using the same method as the measurement of the pension provision on the statement of financial position. The sensitivity analysis is based on the change in an assumption while all other assumptions remain constant. It is unlikely that this would occur in reality. There could be a correlation between changes in some assumptions.

## 11. Liabilities

Liabilities have the following maturities:

	Up to 1 year €k	More than 1 year and up to 5 years €k	Over 5 years €k	Total €k
31 Dec 2019				
Trade payables	28.596	0	0	28.596
Liabilities to banks	3.719	13.424	2.286	19.429
Liabilities from Leasing	915	932	0	1.847
Contractual obligations	13.840	0	0	13.840
Provisions with the nature of a liability	10.658	0	0	10.658
Other liabilities	6.659	1.112	0	7.771
<b>As at 31 Dec 2019</b>	<b>64.387</b>	<b>15.468</b>	<b>2.286</b>	<b>82.141</b>

	Up to 1 year €k	More than 1 year and up to 5 years €k	Over 5 years €k	Total €k
31 Dec 2018				
Contractual obligations	21.186	0	0	21.186
Liabilities to banks	3.631	13.274	6.155	23.060
Liabilities from Leasing	21	0	0	21
Trade payables	30.891	0	0	30.891
Other liabilities	9.562	1.181	0	10.743
Provisions with the nature of a liability	13.828	0	0	13.828
<b>As at 31 Dec 2018</b>	<b>79.119</b>	<b>14.455</b>	<b>6.155</b>	<b>99.729</b>

Liabilities to banks have fixed interest rates of between 0.83% and 5.60% (previous year: 0.83% and 5.60%). Furthermore, there was an unutilised credit facility of €38.0 million.

A land charge of €19.1 million (previous year: €19.1 million) has been entered on the factory grounds to secure a bank loan.

## 12. Other liabilities

Other liabilities are composed as follows:

	31 Dec 2019	31 Dec 2018
	€k	€k
<b>Current</b>		
Value Added tax	3.417	1.332
Wages and salaries	911	811
Dividend tax	457	0
Wage and church tax	446	435
Commissions	303	586
Debtors with credit balances	64	1.334
Purchase price USK	0	4.467
Miscellaneous	1.061	618
	<b>6.659</b>	<b>9.583</b>
<b>Non-current</b>		
Deferred Income	1.112	1.180
	<b>1.112</b>	<b>1.180</b>
<b>Total</b>	<b>7.772</b>	<b>10.763</b>

## 13. Provisions

### 13.1 Other provisions

Other non-current provisions, current provisions and provisions with the nature of a liability are composed as follows:

	31 Dec 2018	Utili- sation	Re- versal	Addition	31 Dec 2019
	€k	€k	€k	€k	€k
<b>Long term Provisions</b>					
Partial retirement	821	402	0	367	786
Anniversaries	112	9	0	17	120
	<b>933</b>	<b>411</b>	<b>0</b>	<b>384</b>	<b>906</b>
<b>Accruals and short term provisions</b>					
Subsequent cost provision	8.656	7.738	728	7.357	7.547
Staff costs	4.821	4.671	0	4.002	4.152
Outstanding invoices	3.852	2.348	9	994	2.489
Warranty costs	4.183	2.038	1.019	1.196	2.322
Variable salary and commission	3.099	2.801	120	2.012	2.190
Holiday	2.276	1.559	0	1.021	1.738
Provision for onerous contracts	406	303	6	561	658
Accounting & audit costs	215	70	0	64	209
Employers' liability insurance association	115	90	24	107	108
Reduction in earnings	232	232	0	31	31
Penalties	10	10	0	0	0
Miscellaneous	285	26	125	107	241
	<b>28.150</b>	<b>21.886</b>	<b>2.031</b>	<b>17.452</b>	<b>21.685</b>
	<b>29.083</b>	<b>22.297</b>	<b>2.031</b>	<b>17.836</b>	<b>22.591</b>

The provision for subsequent costs relates to various projects at Aumann Group that are already complete and for which the final invoice has been issued, but which are still subject to costs for follow-up work and fault remediation. The provision for partial retirement obligations was recognised in accordance with the "Altersteilzeit FlexÜ" works agreement of 11 June 2014.

The outflow of economic resources for current provisions is expected in the following year.

**13.2 Tax provisions**

Tax provisions break down as follows:

	31 Dec 2019	31 Dec 2018
	€k	€k
Trade income tax	570	596
Corporate income tax	721	724
<b>Carrying amount as at 31 Dec.</b>	<b>1.291</b>	<b>1.320</b>

**14. Leases**

	31 Dec 2019	31 Dec 2018
	€k	€k
Payments from leases are due as follows		
Up to one year	996	1.322
More than one year and up to five years	1.261	887
Over five years	38	0
	<b>2.295</b>	<b>2.209</b>

An interest expense of €13.5 thousand was incurred in the 2019 financial year. Leases that were not capitalised on account of their low value or short term resulted in an expense of €0.4 million.

### III. Notes to the statement of comprehensive income

#### 1. Revenue

Revenue amounted to €259.6 million in the 2019 financial year (previous year: €290.8 million). €247.8 million (previous year: €285.2 million) of revenue is recognised over time.

The following table shows a breakdown of revenue by region.

	2019 €k	2018 €k
Europe	202.228	222.201
NAFTA	14.440	31.088
China	33.102	31.009
Miscellaneous	9.803	6.517
<b>Total</b>	<b>259.573</b>	<b>290.815</b>

The NAFTA region comprises the US, Canada and Mexico.

The Aumann Group received order intake of €189.5 million in the 2019 financial year, €70.5 million of which related to the Classic segment and €119.0 million of which related to the E-mobility segment.

The Aumann Group had an order backlog of €134.2 million as at 31 December 2019, €51.1 million of which related to the Classic segment and €83.1 million of which related to the E-mobility segment.

#### 2. Other operating income

	2019 €k	2018 €k
Income from		
the reversal of provisions	1.220	1.801
credit notes and compensation	588	269
securities	440	544
subsidies	373	444
reversed write-downs charged on receivables	175	98
own work capitalised	18	88
sale of property, plant and equipment	2	35
miscellaneous	1.199	824
<b>Total</b>	<b>4.015</b>	<b>4.103</b>

Income from the reversal of provisions differs from the reversal shown in the statement of changes in provisions (II.12.1). The difference serves to reduce the expense items in which the respective provisions were recognised.

### 3. Other operating expenses

	2019	2018
	€k	€k
Travel costs/vehicle costs	4.260	2.854
Maintenance expenses	2.509	2.511
Legal and consulting	1.353	1.475
Other services	976	1.230
Write-downs charged on receivables	634	135
IT cost	563	533
Costs for telephone, post and data communication	484	442
Advertising costs	460	640
Rental agreements and leasing	398	1.485
Expenses from securities transactions	362	249
Insurance	320	340
Contributions and fees	293	343
Training	197	200
Office supplies	142	160
Incidental costs for monetary transactions	118	155
Donations	9	6
Miscellaneous	1.546	1.301
<b>Total</b>	<b>14.624</b>	<b>14.059</b>

The legal and consulting costs also include consulting services by MBB SE.

### 4. Finance income

	2019	2018
	€k	€k
Interest income from securities	118	194
Other interest and similar income	34	37
<b>Total</b>	<b>152</b>	<b>231</b>

### 5. Finance costs

	2019	2018
	€k	€k
Other interest and similar expenses	702	859
Aval interest	319	436
Leasing interest	14	2
<b>Total</b>	<b>1.034</b>	<b>1.296</b>

### 6. Taxes

Details on deferred tax assets and liabilities can be found under I.4.16 b) "Deferred taxes". In recognising deferred taxes, an income tax rate of 30% is applied as the basis for German subsidiaries, while the future local tax rate is applied for foreign subsidiaries.

	2019	2018
	€k	€k
Corporate income tax	1.748	3.070
Trade income tax	1.092	1.716
Deferred taxes	1.414	2.497
<b>Income tax</b>	<b>4.254</b>	<b>7.283</b>
Other tax expense	125	82
<b>Total</b>	<b>4.379</b>	<b>7.365</b>

	2019	2018
	€k	€k
Consolidated income before taxes	15.373	25.587
Taxes on income	4.254	7.283
<b>Current tax rate</b>	<b>27,7%</b>	<b>28,5%</b>

The reconciliation of income tax expense and the accounting net profit multiplied by the Group's applicable tax rate for the 2019 and 2018 financial years is as follows:

	2019	2018
	€k	€k
Consolidated income before taxes	15.373	25.587
Other taxes	-125	-82
Applicable (statutory) tax rate	30,3%	30,3%
<b>Expected tax income/expense</b>	<b>4.612</b>	<b>7.715</b>
Not taxable income		
from the sale of securities	-294	-359
other effects	-65	-73
<b>Current tax expenses</b>	<b>4.254</b>	<b>7.283</b>

## 7. Earnings per share

Earnings per share are calculated by dividing the net profit attributable to the holders of shares in the parent company by the weighted average number of shares outstanding during the year.

	2019	2017
	€	€
Result attributable to the holders of shares	10.994.368	18.221.952
Weighted average number of shares to calculate the earnings per share	15.250.000	15.250.000
<b>Earnings per share (in €)</b>	<b>0,72</b>	<b>1,19</b>



## IV. Segment reporting

### 1. Information by segment

As in previous years, segment reporting was prepared in accordance with IFRS 8 “Operating Segments”, under which operating segments are defined as the components of an entity for which discrete financial information is available and under which the segment’s operating results are reviewed regularly by the segment’s chief operating decision maker to allocate resources to the segment and assess its performance. Aumann’s management is divided into the business segments E-mobility and Classic.

#### E-mobility segment

In particular, the E-mobility segment develops, produces and sells special-purpose machinery and automated production lines for the electrification of vehicles. This is done using direct winding technologies – such as linear winding, flyer winding, needle winding and continuous hairpin – and complex automation solutions for other hybrid processes. Essentially, our solutions enable our customers to produce highly efficient, state-of-the-art electric motors and mechatronic modules for traction and auxiliary drives and sensors in industrial quantities. In addition, we offer special-purpose machinery and production lines for the production of electric and hybrid vehicles, including energy storage systems in particular. Our production solutions are supplemented by services such as maintenance, repair, spare parts and engineering services.

#### Classic segment

The Classic segment essentially develops, produces and sells special-purpose machinery and automated production lines for the automotive, consumer goods, agricultural and general industry sectors. Our solutions include machinery for the production of classic drive components in combustion engines (including assembled camshafts, camshaft modules, assembled cylinder activation and deactivation modules and components for valve control systems) and lightweight structural components that enable our automotive customers to reduce the CO<sub>2</sub> emissions of their fleets. We also offer winding machinery, welding systems, assembly solutions, inline measuring machines, general automation solutions and supplementary services such as maintenance, repairs, spare parts, surveying and prototype development in addition to first fabrication and small-batch production.

#### Segment results

The accounting policies applied in segment reporting are as described under I. 4. Segment earnings are based on the EBT of the individual segments, as this is the basis on which the segments are managed. Transfer pricing between the operating segments is calculated on an arm’s-length basis. The key statement of financial position items for controlling the segments are receivables and advances received. The reconciliation includes items that cannot be allocated to the operating segments, such as expenses incurred in connection with Aumann’s financial investments.

1 Jan - 31 Dec 2019	Classic €k	E-mobility €k	Reconcilia- tion €k	Group €k
Revenue from third parties	144.474	115.099	0	259.573
Other segments	0	0	0	0
<b>Total revenue</b>	<b>144.474</b>	<b>115.099</b>	<b>0</b>	<b>259.573</b>
<b>EBITDA</b>	<b>11.887</b>	<b>9.160</b>	<b>185</b>	<b>21.232</b>
Amortisation and depreciation	-2.423	-2.493	-60	-4.976
<b>EBIT</b>	<b>9.464</b>	<b>6.667</b>	<b>125</b>	<b>16.256</b>
Net finance cost	-47	-959	122	-882
<b>EBT</b>	<b>9.417</b>	<b>5.708</b>	<b>248</b>	<b>15.373</b>
<i>EBITDA margin</i>	<i>8,2%</i>	<i>8,0%</i>	0	<i>8,2%</i>
<i>EBIT margin</i>	<i>6,6%</i>	<i>5,8%</i>	0	<i>6,3%</i>
<b>Trade receivables and</b>				
<b>Receivables from construction contracts</b>	<b>75.538</b>	<b>55.254</b>	<b>0</b>	<b>130.792</b>
<b>Contractual obligations</b>	<b>3.815</b>	<b>10.025</b>	<b>0</b>	<b>13.840</b>

1 Jan - 31 Dec 2018	Classic €k	E-mobility €k	Reconcilia- tion €k	Group €k
Revenue from third parties	185.835	104.980	0	290.815
Other segments	0	0	0	0
<b>Total revenue</b>	<b>185.835</b>	<b>104.980</b>	<b>0</b>	<b>290.815</b>
<b>EBITDA</b>	<b>17.016</b>	<b>15.736</b>	<b>-299</b>	<b>32.453</b>
Amortisation and depreciation	-2.084	-1.565	-2.152	-5.801
<b>EBIT</b>	<b>14.932</b>	<b>14.170</b>	<b>-2.450</b>	<b>26.652</b>
Net finance cost	-934	-362	231	-1.065
<b>EBT</b>	<b>13.998</b>	<b>13.808</b>	<b>-2.219</b>	<b>25.587</b>
<i>EBITDA margin</i>	<i>9,2%</i>	<i>15,0%</i>	0	11,2%
<i>EBIT margin</i>	<i>8,0%</i>	<i>13,5%</i>	0	9,2%
<b>Trade receivables and</b>				
<b>Receivables from construction contracts</b>	<b>85.704</b>	<b>38.989</b>	<b>0</b>	<b>124.693</b>
<b>Contractual obligations</b>	<b>16.914</b>	<b>4.272</b>	<b>0</b>	<b>21.186</b>

Reconciliation of EBIT to net profit for the year	2019 €k	2018 €k
<b>Total EBT of the segments</b>	<b>15.373</b>	<b>25.587</b>
Taxes on income	-4.254	-7.283
Other taxes	-125	-82
PAT (profit after tax)	10.994	18.222
<b>Net profit for the period</b>	<b>10.994</b>	<b>18.222</b>

Reconciliation of segment assets to assets	2019 €k	2018 €k
Classic segment	75.538	85.704
E-mobility segment	55.254	38.989
<b>Total segment receivables</b>	<b>130.792</b>	<b>124.693</b>
Intangibles	47.966	44.851
Fixed assets	35.565	34.600
Financial Assets	14.824	7.453
Deferred tax assets	765	301
Inventories	12.807	10.269
Current funds	80.440	109.020
Other assets	3.588	4.922
<b>Total assets</b>	<b>326.747</b>	<b>336.109</b>

Reconciliation of segment Contractual obligations received to equity and liabilities	2019	2018
	€k	€k
Classic segment	3.816	16.914
E-mobility segment	10.024	4.272
<b>Total segment Contractual obligations received</b>	<b>13.840</b>	<b>21.186</b>
Consolidated equity	203.164	195.928
Pension provisions	22.348	18.267
Other provisions	11.933	15.255
Deferred tax liabilities	5.869	5.610
Trade payables	28.596	30.891
Provisions with the nature of a liability	10.658	13.828
Tax provision	1.291	1.320
Liabilities to banks	19.429	23.060
Liabilities from Leasing	1.847	21
Other liabilities	7.772	10.743
<b>Total equity and liabilities</b>	<b>326.747</b>	<b>336.109</b>

### Key customers

Revenue with four customers accounts for €98,873 thousand (previous year: €125,757 thousand) of the Group's total revenue. The following table breaks down this revenue by segment.

Customer	Classic		E-mobility		Total	
	2019	2018	2019	2018	2019	2018
	€k	€k	€k	€k	€k	€k
A	7.178	6.260	26.424	30.368	33.602	36.628
B	23.719	32.333	2.351	756	26.070	33.087
C	11.714	28.164	8.505	82	20.219	28.246
D	8.875	19.414	10.108	8.380	18.983	27.795
<b>Total</b>	<b>51.486</b>	<b>86.171</b>	<b>47.388</b>	<b>39.586</b>	<b>98.874</b>	<b>125.757</b>

## 2. Information by region

### 2.1 Revenue from external customers

The breakdown of revenue with external customers by region is shown in the section on revenue.

### 2.2 Non-current assets

The Aumann Group's non-current assets are predominantly located in Europe. The non-current assets of our subsidiary in China amounted to €1,050 thousand as at the end of the year (previous year: €444.7 thousand).

## V. Notes to the consolidated statement of cash flows

The statement of cash flows was prepared in accordance with IAS 7. The cash flows in the statement of cash flows are presented separately as relating to “Operating activities”, “Investing activities” and “Financing activities”, with the total of the cash flows of these three sub-areas being identical to the change in cash and cash equivalents.

The statement of cash flows was prepared using the indirect method.

The reported cash funds are not subject to any third-party restrictions. The Group made no payments for extraordinary transactions. Payments for income taxes and interest are reported separately.

At €3,102 thousand, income taxes paid were higher in the 2019 financial year (previous year: €995 thousand).

	Non-current liabilities to banks €k	Current liabilities to banks €k	Non-current liabilities from leasing €k	Current liabilities from leasing €k	Total €k
<b>Balance sheet as of 01 01 2019</b>	<b>19.429</b>	<b>3.631</b>	<b>0</b>	<b>21</b>	
Borrowing		114			114
Redemption	-2.456	-1.289	-2	-1.120	-4.867
<b>Cash effective</b>	<b>-2.456</b>	<b>-1.175</b>	<b>-2</b>	<b>-1.120</b>	<b>-4.753</b>
Reclassification	-1.263	1.263	-768	768	0
First-time adoption of IFRS 16	0		974	1.007	1.981
New leases			728	239	967
<b>Non cash effective</b>	<b>-1.263</b>	<b>1.263</b>	<b>934</b>	<b>2.014</b>	<b>1.981</b>
<b>Balance sheet as of 31 12 2019</b>	<b>15.710</b>	<b>3.719</b>	<b>932</b>	<b>915</b>	

## VI. Additional disclosures on financial instruments

€k	Evaluation category IFRS 9*	31 Dec 2019	
		Book value	Fair Value
<b>Assets</b>			
Longterm Securities	FVTOCI	14.824	14.824
Trade receivables	AC	38.022	
Securities (debt instruments)	FVTOCI	1.508	1.508
Cash and cash equivalents	AC	78.931	
<b>Equity and liabilities</b>			
Financial liabilities	FLaC	19.429	20.224
Accounts payable	FLaC	28.596	

\* FVTPL: fair value through profit or loss; FVTOCI: fair value through other comprehensive income; AC: amortised cost; FLaC: financial liabilities at amortised cost

The fair value of financial instruments for which the carrying amount is a reasonable approximation of fair value is not disclosed separately.

Cash funds and trade receivables predominantly have short remaining terms. Their carrying amounts as at the end of the reporting period are therefore approximately their fair value. The fair values of securities at fair value are based on the market price quoted on an active market. Investments in equity instruments are predominantly measured at fair value through other comprehensive income. This reporting is based on strategic management decisions.

Trade payables, advances received and other financial liabilities are typically short-term; the amounts recognised are approximately the fair values. The fair values of the financial liabilities are calculated as the present value of the expected future cash flows. Discounting uses standard market interest rates based on the corresponding maturities and credit ratings.

The fair values as at 31 December 2019 for financial instruments reported at fair value in the statement of financial position were calculated as follows:

€k	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Longterm Securities	14.824			14.824
Securities (debt instruments)	1.508			1.508
<b>Total</b>	<b>16.332</b>			<b>16.332</b>

There were no changes between levels in either the current financial year or the past financial year.

The following table shows the measurement methods used to determine fair values.

Financial Instrument	Measurement method	Material, unobservable Input factors
Securities	The fair value is based on the market price of equity and debt instruments as of 31 December 2019.	Not applicable

IFRS 7 also requires a maturity analysis for financial liabilities. The following maturity analysis shows how the undiscounted cash flows in connection with the liabilities as at 31 December 2019 affect the future liquidity situation of the Group.

Nature of the obligation	Carrying amount	Up to	More than	Over
	31 Dec 2019	1 year	1 year and up to 5 years	5 years
	€k	€k	€k	€k
Financial liabilities	19.429	4.003	11.688	4.635
Accounts payable	28.596	28.596		

If the contract partner can call a payment at different points in time, the liability relates to the earliest possible maturity date.

## VII. Objectives and methods of financial risk management

### 1. Financial assets and financial liabilities

The Group's financial liabilities mainly include current and non-current liabilities to banks, current trade payables and other current and non-current liabilities. The Group's financial assets essentially consist of cash, securities and trade receivables. The carrying amount of the financial assets less impairment losses reported in the consolidated financial statements represents the maximum exposure to credit risk; this totalled €133,286 thousand in the year under review (previous year: €141,525 thousand). Business relationships are only entered into with partners of good credit standing. Trade receivables relate to a number of customers across various industries and regions. Ongoing credit assessments of the financial level of the receivables are performed. Payment terms of 30 days without deduction are usually granted. Impairment was not recognised for trade receivables that were past due at the end of the reporting period if no material changes in the customer's creditworthiness were observed and it is assumed that the outstanding amount will be paid.

Please see II.10 "Liabilities" and II.11 "Other liabilities" for details of the maturities of financial liabilities.

The measurement of the financial assets and liabilities of the Aumann Group is shown under I.4.10 "Financial investments and other financial assets" and I.4.13 "Financial liabilities" and in the discussion of the general accounting policies.

The Group uses fair value measurement for securities classified as measured at fair value through other comprehensive income. The Group had no financial liabilities at fair value through profit or loss at either the end of this reporting period or the previous reporting period. Derivatives and hedging transactions were not entered into. There were no reclassifications.

### 2. Capital risk management

The Group manages its capital (equity plus liabilities less cash) with the aim of achieving its financial goals while simultaneously optimising its finance costs by way of financial flexibility. In this respect, the overall strategy is the same as in the previous year.

Management reviews the capital structure at least once every half-year. The cost of capital, the collateral provided, open lines of credit and available credit facilities are reviewed.

The capital structure in the year under review is as follows:

	31 Dec 2019	31 Dec 2018
Equity in € thousand	203.164	195.928
- in % of total capital	62,2%	58,3%
Liabilities in € thousand	123.582	140.181
- in % of total capital	37,8%	41,7%
Current liabilities in € thousand	76.705	94.761
- in % of total capital	23,5%	28,2%
Non-current liabilities in € thousand	46.877	45.420
- in % of total capital	14,3%	13,5%
Net gearing*	0,1	0,1

\* calculated as the ratio of liabilities less cash funds and securities to equity

The agreement of multiple financial covenants when borrowing loans means that the Group and individual equity investments are required to comply with certain equity ratios.

### 3. Financial risk management

Financial risk is monitored centrally by the Executive Board. The individual financial risks are reviewed at least four times per year.

The material Group risks arising from financial instruments include liquidity risks and credit risks. Business relationships are only entered into with partners of good credit standing.

Assessments from independent rating agencies, other financial information and trading records are used to assess credit, especially for major customers. In addition, receivables are monitored on an ongoing basis to ensure that the Aumann Group is not exposed to major credit risks. The maximum default risk is limited to the respective carrying amounts of the assets reported in the statement of financial position.

The Group manages liquidity risks by holding appropriate reserves, monitoring and maintaining loan agreements and planning and coordinating cash inflows and outflows.

### 4. Market risks

Market risks can result from changes in exchange rates (exchange rate risks) or interest rates (interest rate risks). Based on the estimate of exchange rate risks, no foreign exchange contracts were entered into for the Group as at 31 December 2019. The Group's invoices are essentially issued in euro or the respective local currency, thereby largely avoiding exchange rate risks. The Group is not exposed to interest rate risks as a result of borrowing financing at fixed interest rates.

### 5. Fair value risk

The financial instruments of the Aumann Group that are not carried at fair value are primarily cash, trade receivables, other current assets, liabilities to banks, trade payables and other liabilities. The carrying amount of cash is extremely close to its fair value on account of the short terms of these financial instruments. For receivables and liabilities with normal credit conditions, the carrying amount based on historical cost is also extremely close to fair value.

## VIII. Other required information

### 1. The Executive Board

- Rolf Beckhoff, engineer
- Sebastian Roll, businessman

Sebastian Roll is the Managing Director of Aumann Beelen GmbH and Aumann Immobilien GmbH.

### 2. The Supervisory Board

The elected members of the Supervisory Board of Aumann AG are:

- Gert-Maria Freimuth, businessman, Chairman (Chairman of the Board of MBB SE, Chairman of the Supervisory Board of DTS IT AG, Deputy Chairman of the Supervisory Board of Delignit AG)
- Dr. Christof Nesemeier, businessman (Managing Director of MBB SE, member of the Board of MBB SE, Chairman of the Supervisory Board of Delignit AG)
- Christoph Weigler, businessman, (Head of UBER Deutschland GmbH)

### 3. Executive body remuneration

Each member of the Executive Board is entitled to a fixed and a variable remuneration component. For further details, please see the remuneration report in the management report.

There is a pension agreement with management. The resulting service cost amounts to €19 thousand (previous year: €20 thousand).

2019		Variable	Variable
Remuneration [in €k]	Fix	Zuwendungen	Zuflüsse
<b>Managing Board</b>			
Beckhoff, Rolf	250,0	246,0	296,6
Martinschledde, Ludger			148,0
Roll, Sebastian	200,0	230,0	269,9
	<b>450,0</b>	<b>476,0</b>	<b>714,5</b>
<b>Supervisory Board</b>			
Freimuth, Gert-Maria	22,5		
Weigler, Christoph	20,0		
Nesemeier, Christof	17,5		
	<b>60,0</b>		
<b>2018</b>			
Remuneration [in €k]	Fix	Variable	Variable
		Zuwendungen	Zuflüsse
<b>Managing Board</b>			
Beckhoff, Rolf	180,0	316,6	196,4
Martinschledde, Ludger	90,0	158,3	196,4
Roll, Sebastian	156,0	289,9	181,3
	<b>426,0</b>	<b>764,8</b>	<b>574,1</b>
<b>Aufsichtsrat</b>			
Freimuth, Gert-Maria	22,5		
Weigler, Christoph	20,0		
Nesemeier, Christof	8,8		
Seidel, Klaus	8,8		
	<b>60,0</b>		



### 3. Group companies

The companies are included in the consolidated financial statements of MBB SE, Berlin, which prepares the consolidated financial statements for the largest group of companies. The consolidated financial statements are published on the MBB SE website.

### 4. Related party transactions

Parties are considered to be related if they have the ability to control the Aumann Group or exercise significant influence over its financial and operating decisions.

#### 4.1 Related companies

The companies included in the consolidated financial statements are considered to be related companies. Transactions between the company and its subsidiaries are eliminated in consolidation and are not shown in this note, or are of subordinate significance and typical for the industry.

Other related companies include MBB SE, the parent company of Aumann AG, and the companies included in consolidation by MBB SE. Transactions were performed with these companies at market conditions.

Aumann AG, Beelen, paid MBB SE, Berlin, €230 thousand for consulting services in the 2019 financial year (2018: €388 thousand).

### 5. Employees

The Group employed 1,107 people as at the end of the reporting period (previous year: 1,101), nine of whom were managing directors or members of the Executive Board (previous year: eight). The Group also employed 119 trainees (previous year: 103) and 73 temporary employees (previous year: 137) in 2019. It employed 1,115 people on average over the year (previous year: 1,068).

### 6. Auditor's fees

	2019	2018
	€k	€k
Audit services	152,0	152,0
<b>Total</b>	<b>152,0</b>	<b>152,0</b>

### 7. Events after the end of the reporting period

The COVID-19 pandemic has impacted social life all over the world to a degree scarcely imaginable, with unforeseeable consequences for the world economy, business in Germany and the Aumann Group. We have attempted to describe the possible risks and consequences where appropriate in the combined management and group management report, though we cannot claim to be able to provide a full picture at this time.

### 8. Other financial obligations

The Group has numerous rental and lease agreements that are classified as operating leases under IAS 17 as of 31 December 2018 and have not been recognised in the balance sheet.

With the first-time adoption of IFRS 16 as of January 1, 2019, rights of use and lease liabilities were recognized in the balance sheet for a large portion of these agreements. Exceptions to this are short-term leases, leases with low-value underlying assets and variable lease payments.

The off-balance sheet commitments as at 31 December 2019 have therefore decreased by comparison with the previous year and are as follows:

Other financial obligations	31 Dec 2019	31 Dec 2018
	€k	€k
Up to one year	89	1.322
More than one year and up to five years	335	887
Over five years	7	0
	<b>431</b>	<b>2.209</b>

## 9. Declaration in accordance with section 161 AktG

As a listed stock corporation in accordance with section 161 AktG, Aumann AG is required to submit a declaration on the extent to which the recommendations of the Corporate Governance Code of the German Government Commission have been complied with. The Executive Board and the Supervisory Board submitted the latest version of this declaration on 12 March 2020. It forms part of the management report and is published online at [www.aumann.com](http://www.aumann.com).

## 10. Responsibility statement

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

## 11. Exemption under section 264(3) HGB

These consolidated financial statements exempt Aumann Beelen GmbH in accordance with section 264(3) HGB.

Beelen, 26. March 2020



Rolf Beckhoff  
Chief Executive Officer



Sebastian Roll  
Chief Financial Officer

## Audit opinion

To Aumann AG, Beelen

### Audit opinions

We have audited the consolidated financial statements of Aumann AG and its subsidiaries (the Group) – consisting of the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January 2019 to 31 December 2019 and the notes to the consolidated financial statements including a summary of the significant accounting policies. Furthermore, we have audited the Group management report of Aumann AG for the financial year from 1 January 2019 to 31 December 2019, which is combined with the management report of the company. In accordance with the provisions of German law, we have not audited the content of the corporate governance declaration.

In our opinion, based on the findings of our audit:

- the attached consolidated financial statements, in all material respects, comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law in accordance with section 315e(1) HGB, and give a true and fair view of the net assets and financial position of the Group in accordance with these requirements as at 31 December 2019 and its results of operations for the financial year from 1 January 2019 to 31 December 2019 in accordance with these provisions; and
- as a whole, the attached Group management report provides a suitable view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements and with German legal requirements, and accurately presents the risks and opportunities of future development. Our opinion on the Group management report does not extend to the content of the above corporate governance declaration.

In accordance with section 322(3) sentence 1 HGB, we declare that our audit has not led to any objections to the regularity of the consolidated financial statements or the Group management report.

### Basis for audit opinions

We conducted our audit in accordance with section 317 of the *Handelsgesetzbuch* (HGB – German Commercial Code), the EU Audit Regulation (No. 537/2014) and German generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (IDW – German Institute of Public Auditors). Our responsibility under these provisions and policies is described further in the section of our audit report entitled "Auditor's responsibility for the audit of the consolidated financial statements and the Group management report". We are independent from the Group companies in accordance with the commercial and professional regulations of European and German law and have fulfilled our other German professional obligations in accordance with these requirements. Furthermore, in accordance with Article 10(2)(f) of the EU Audit Regulation, we declare that we have not performed any prohibited non-audit services as defined by Article 5(1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinions on the consolidated financial statements and the Group management report.

### Key audit matters in the audit of the consolidated financial statements

Key audit matters are those that, based on our professional judgement, were most significant in our audit of the consolidated financial statements for the financial year 1 January 2019 to 31 December 2019. These matters were taken into account in the context of our audit of the consolidated financial statements as a whole and in the formation of our audit opinion; we have not issued a separate opinion on these matters.

In our opinion, the following key audit matters were most significant:

- Goodwill impairment
- Recognition of contract revenue

Our presentation of these key audit matters is structured as follows:

1. matter and problem
2. audit procedure and findings
3. reference to further information

The key audit matters are presented below:

### Goodwill impairment

1. Goodwill of €38.5 million (18.9% of consolidated equity) is reported under the statement of financial position item "Intangible assets" in the consolidated financial statements of Aumann AG. The company allocates the goodwill to the relevant groups of cash-generating units. The company tests goodwill for impairment annually as at the end of the reporting period or on an ad hoc basis. This is done by comparing the calculated value in use to the carrying amount of the corresponding group of cash-generating units. These values are usually based on the present value of the future cash flows of the cash-generating unit to which the respective goodwill has been allocated. The values are calculated using forecasts for the individual cash-generating units based on the financial planning approved by management. Discounting is performed using the weighted average cost of capital of the respective cash-generating unit. The result of this is largely dependent on the estimate of future cash inflows by the company's officers and the discount rate used, and is therefore subject to considerable uncertainty, hence this is a key audit matter.
2. To address this risk, we critically examined the assumptions and estimates by management, and performed audit procedures including the following:
  - We verified the methodological procedure for performing the impairment tests and assessed the calculation of the weighted average cost of capital.
  - We satisfied ourselves that the future underlying cash flows and discount rates used in measurement form an appropriate basis for the impairment testing of the individual cash-generating units.
  - In our assessment, we used comparisons against general and industry-specific market expectations and extensive information from management on the key value drivers in planning, and we compared this information against the current budget in the planning approved by the Supervisory Board.
  - Knowing that even relatively small changes in the discount rate can have a material impact on the value in use calculated thus, we examined the parameters used to determine the discount rate applied, including the weighted average cost of capital, and verified the company's calculation scheme.
  - Furthermore, we conducted our own additional sensitivity analysis to be able to estimate a possible impairment risk in the event of a possible change in a key measurement assumption. The selection was based on qualitative aspects and the amount by which the respective carrying amount is exceeded by the value in use.

We found that the respective goodwill and, in general, the total carrying amounts of the relevant groups of cash-generating units as at the end of the reporting period are covered by the discounted future cash flows.

3. The information provided by the company on goodwill can be found in note II.2. to the financial statements.

### Recognition of contract revenue

1. A significant portion of the Group's business activities takes the form of construction contracts. Revenue recognition in accordance with IFRS 15 is dependent on the fulfilment of the performance obligation and must be assessed on the basis of the underlying contracts. Given the complexity of revenue recognition, especially in light of the first-time application of IFRS 15, revenue recognition is an area with a significant risk of material misstatement (including the potential risk of managers bypassing controls) and is therefore a key audit matter.
2. To address this risk, we critically examined the assumptions and estimates by management, and performed audit procedures including the following:
  - In the context of our audit, we reviewed the company's internal methods, procedures and project management control mechanisms in the bidding and performance phase of construction contracts. We also assessed the design and effectiveness of accounting-related internal controls by tracking business transactions specific to contract manufacturing, from the time they arise to their presentation in the consolidated financial statements, and by testing controls.
  - Using samples selected on a risk-oriented basis, we assessed the estimates and assumptions made by the company's officers in the context of individual audits. Our audit procedures also included a review of the contractual basis and contractual conditions, including contractually agreed regulations on partial delivery of goods and services, termination rights, default and contractual penalties and damages. For the selected projects, in order to assess the calculation of revenue on an accrual basis, we also examined the revenue billable as at the end of the reporting period and the associated costs of sales recognised in profit or loss in line with the percentage of completion and reviewed the accounting of the related items.

- Furthermore, we questioned project management (both commercial and technical project managers) on the development of projects, the reasons for discrepancies between planned costs and actual costs, the current assessment of the costs expected to be incurred by the time of completion and the assessments of the company's officers of potential contract risks.

Our audit procedures did not give rise to any objections regarding revenue recognition from construction contracts.

3. The information provided by the company on the accounting methods used for accounting for construction contracts can be found in note I.4.15 to the financial statements.

### Other information

The company's officers are responsible for the other information. The other information comprises:

- the Group declaration on corporate governance;
- other parts of the annual report, with the exception of the audited consolidated financial statements, the Group management report and our audit opinion;
- the corporate governance report in accordance with 3.10 of the German Corporate Governance Code; and
- the statement in accordance with section 297(2) sentence 4 HGB on the consolidated financial statements and the statement in accordance with section 315(1) sentence 5 HGB on the Group management report.

Our audit opinions on the consolidated financial statements and the Group management report do not extend to the other information, and accordingly we do not offer any audit opinion or any other form of audit conclusion on it.

In connection with our audit, we have the responsibility to read the other information and to assess whether the other information:

- contains material inconsistencies with the consolidated financial statements, the Group management report or our findings from the audit; or
- is otherwise materially misrepresented.

Responsibility of the company's officers and the Supervisory Board for the consolidated financial statements and the Group management report

The company's officers are responsible for the preparation of the consolidated financial statements that, in all material respects, comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law in accordance with section 315e(1) HGB, and that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group. Furthermore, the company's officers are responsible for the internal controls that they have deemed necessary to enable the preparation of consolidated financial statements that are free from – intentional or unintentional – material misstatement.

In preparing the consolidated financial statements, the company's officers are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing matters in connection with the continuation of business activities, if relevant. Furthermore, they are responsible for the accounting on the basis of the going concern principle, providing there are no actual or legal circumstances to the contrary.

Moreover, the company's officers are responsible for the preparation of the Group management report that, on the whole, provides a suitable view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and with German legal requirements, and accurately presents the risks and opportunities of future development. Also, the company's officers are responsible for the precautions and measures (systems) that they deem necessary to enable the preparation of a Group management report in accordance with the applicable German legal requirements to provide sufficient suitable evidence for the statements in the Group management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's responsibility for the audit of the consolidated financial statements and the Group management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material – intentional or unintentional – misstatement and whether the Group management report as a whole provides a suitable view of the Group's position and, in all material respects, is consistent with the consolidated financial statements, audit findings and German legal requirements, and accurately presents the risks and opportunities of future development, and to issue an audit report containing our audit opinions on the consolidated financial statements and the Group management report.

Reasonable assurance is a high degree of assurance, but not a guarantee that an audit performed in accordance with section 317 HGB, the EU Audit Regulation and the German generally accepted standards for the audit of financial statements promulgated by the IDW will always reveal a material misstatement. Misstatements can result from violations or inaccuracies, and are considered material if they could reasonably be expected, individually or collectively, to influence the economic decisions that users make on the basis of these consolidated financial statements and the Group management report.

We exercise due discretion and maintain a critical approach. Furthermore:

- We identify and assess the risks of – intentional or unintentional – material misstatements in the consolidated financial statements and the Group management report, we plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to form the basis of our audit opinions. The risk that material misstatements are not detected is greater for violations than for inaccuracies, as violations can include fraud, falsification, intentional omissions, misrepresentation or the invalidation of internal controls;
- We gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of the systems relevant to the audit of the Group management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the objective of expressing an opinion on the effectiveness of these systems;
- We assess the appropriateness of the accounting policies applied by the company's officers and the reasonableness of the estimates and related disclosures by the company's officers;
- We draw conclusions about the appropriateness of the going concern principle applied by the company's officers and, on the basis of the audit evidence obtained, whether there is material uncertainty about events or circumstances that can give rise to significant doubts about the Group's ability to continue as a going concern. If we come to the conclusion that material uncertainty exists, we are required to refer to the relevant disclosures in the consolidated financial statements and the Group management report in the auditor's report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our opinion. However, future events or circumstances can lead to the Group being unable to continue its business activities;
- We assess the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements, in accordance with the IFRSs as adopted by the EU and the additional requirements of German commercial law in accordance with section 315e(1) HGB, give a true and fair view of the net assets, financial position and results of operations of the Group;
- We obtain sufficient, suitable audit evidence for the accounting information of the companies or business activities within the Group in order to issue audit opinions on the consolidated financial statements and the Group management report. We are responsible for designing, monitoring and performing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions;
- We assess that the Group management report is consistent with the consolidated financial statements and the law, and the view of the position of the Group that it provides;
- We perform audit procedures on the forward-looking statements made in the Group management report by the company's officers. In particular, on the basis of sufficient and suitable audit evidence, we analyse the significant assumptions on which the forward-looking statements are based, and assess whether the forward-looking statements have been properly derived from these assumptions. We do not issue a separate audit opinion on the forward-looking statements or the underlying assumptions. There is a considerable yet unavoidable risk that future events will deviate materially from the forward-looking statements.

Among other things, we discuss with those responsible for overseeing the audit the planned scope and scheduling of the audit and significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

We declare to those responsible for overseeing the audit that we complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be assumed to affect our independence, and the precautions taken against this.

Of the matters we discussed with those responsible for overseeing the audit, we determine which matters were most significant in the audit of the consolidated financial statements for the current reporting period and that are therefore the key audit matters. We describe these matters in our audit opinion, unless the public disclosure of such matters is prevented by law or other legal provisions.

**OTHER STATUTORY AND LEGAL REQUIREMENTS**

Other disclosures in accordance with Article 10 of the EU Audit Regulation

We were elected as the auditor of the consolidated financial statements by the Annual General Meeting on 6 June 2019. We were engaged by the Supervisory Board on 16 December 2019. We have served as the auditor of Aumann AG's consolidated financial statements since the 2017 financial year.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the Supervisory Board in accordance with Article 11 of the EU Audit Regulation (audit report).

**RESPONSIBLE AUDITOR**

The auditor responsible for the audit is Rainer Grote.

Düsseldorf, 26. March 2020

RSM GmbH

Wirtschaftsprüfungsgesellschaft

Steuerberatungsgesellschaft.

Geller	Grote
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

## **Financial calendar**

### **Annual Report 2019**

09 April 2020

### **Quarterly Report Q1 2020**

27 May 2020

### **Annual General Meeting 2020**

09 June 2020 (postponed due to the COVID-19 pandemic)

### **Quarterly Report Q2 2020**

21 August 2020

### **Quarterly Report Q3 2020**

13 November 2020

### **End of the 2020 financial year**

31 December 2020

## **Contact**

Aumann AG  
Dieselstrasse 6  
48361 Beelen

Tel. +49 2586 888 7800  
[www.aumann.com](http://www.aumann.com)  
[info@aummann.com](mailto:info@aummann.com)

## **Legal notice**

Aumann AG  
Dieselstrasse 6  
48361 Beelen  
Germany



