# Annual Report 2017

Aumann AG, Beelen

# Aumann in Figures

| Fiscal year | 2017 | 2016 | Δ 2017/ 2016 |
|---|---|---|---|
| | **€k** | **€k** | **%** |
| **Order backlog** | **204,153** | **132,192** | 54.4% |
| **Order intake** | **282,339** | **190,110** | 48.5% |
| **Earnings figures** | **€k** | **€k** | **%** |
| **Revenue** | **210,377** | **156,016** | **34.8%** |
| thereof E-mobility | 60,827 | 42,461 | 43.3% |
| Operating performance | 210,538 | 155,803 | 35.1% |
| Total performance | 215,800 | 158,753 | 35.9% |
| Cost of materials | -130,932 | -90,126 | 45.3% |
| Staff costs | -51,394 | -39,936 | 28.7% |
| EBITDA | 22,582 | 20,146 | 12.1% |
| *EBITDA margin* | 10.7% | 12.9% | |
| EBIT | 20,031 | 18,448 | 8.6% |
| *EBIT margin* | 9.5% | 11.8% | |
| adjusted EBIT | 20,958 | 19,323 | 8.5% |
| *adjusted EBIT margin* | 10.0% | 12.4% | |
| EBT | 19,143 | 17,858 | 7.2% |
| *EBT margin* | 9.1% | 11.4% | |
| **Consolidated net profit** | **13,040** | **12,791** | **1.9%** |
| **Figures from the statement** | **31 Dec** | **31 Dec** | |
| | **€k** | **€k** | **%** |
| Non-current assets | 83,000 | 26,715 | 210.7% |
| Current assets | 243,789 | 105,299 | 131.5% |
| there of cash and equivalents* | 113,195 | 45,846 | 146.9% |
| Issued capital (share capital) | 15,250 | 12,500 | 22.0% |
| Other equity | 165,403 | 28,937 | 471.6% |
| Total equity | 180,653 | 41,437 | 336.0% |
| *Equity ratio* | 55.3% | 31.4% | |
| Non-current liabilities | 52,242 | 37,694 | 38.6% |
| Current liabilities | 93,894 | 52,883 | 77.6% |
| **Total assets** | **326,789** | **132,014** | **147.5%** |
| Net debt (-) or net cash (+) * | 85,809 | 26,331 | 225.9% |
| **Employees** | **31 Dec** | **31 Dec** | **%** |
| | 981 | 558 | 75.8% |

* This figure also includes securities.

# Contents


| | |
|---|---|
| Aumann in Figures | 1 |
| Contents | 2 |
| Welcome Note from the Managing Board | 3 |
| Report of the Supervisory Board | 4 |
| Combined Management Report and Group Management Report | 6 |
| Results of operations, financial position and net assets | 11 |
| Remuneration report | 12 |
| Controlling system | 13 |
| Report on risks and opportunities | 13 |
| Principles of the risk management system and the accounting-related internal control system | 14 |
| Declaration on corporate governance | 14 |
| Disclosures in accordance with section 289a and section 315a HGB | 17 |
| Disclosures in accordance with section 315b HGB | 18 |
| Events after the end of the reporting period | 18 |
| Report on expected developments | 18 |
| IFRS Consolidated Financial Statements for 2017 | 19 |
| Notes to the Consolidated Financial Statements for 2017 | 25 |
| I. Methods and principles | 25 |
| II. Notes to the consolidated statement of financial position | 36 |
| III. Notes to the statement of comprehensive income | 47 |
| IV. Segment reporting | 50 |
| V. Notes to the consolidated statement of cash flows | 53 |
| VI. Objectives and methods of financial risk management | 53 |
| VII. Other required information | 55 |
| Auditor’s Report | 58 |
| Financial Calendar | 63 |
| Contact | 63 |
| Legal Notice | 63 |

# Welcome Note from the Managing Board

Dear Shareholders,

2017 was probably the most eventful and by far the most successful year in Aumann's history. With revenues growth of 34.8% to €210.4 million, we clearly continued our company's progress, particularly in the field of manufacturing solutions for E-mobility. Despite strong growth and the associated challenges, we increased our adjusted EBIT to €21.0 million. With a cumulative volume of €282.3 million, order intake particularly reflected market momentum.

Aumann achieved its strongest growth rates in the E-mobility segment, where revenuess rose by 43.3% to €60.8 million. Incoming orders in the segment more than doubled to €102.3 million. Furthermore, inquiries from our customers are higher than ever before. In the E-mobility segment in particular, we are currently receiving far more inquiries for production lines than we ever anticipated. To meet this demand, we are currently expanding our capacity throughout the company.

The reason for the rise in demand is presumably the biggest shake-up in the history of the automotive industry: the change from cars with internal combustion engines to electric and hybrid cars. This trend accelerated further over the course of 2017. Car manufacturers used key industry events such as the IAA in September 2017 to present their ambitious plans for new vehicle models with electric or hybrid drivetrains. These new plans require car manufacturers to investment in corresponding production lines and Aumann is ideally positioned to benefit from this increasing demand.

To keep up with strong market growth, we ventured onto the capital market and had a very successful IPO on 24 March 2017. Aumann's IPO marked the start of a new chapter in the company's evolution. Thanks to the financial flexibility we have gained, we are even better equipped to capitalise on the growth of the E-mobility market. Our stock market listing also brings us significantly more attention from customers, from potential new employees and from you as shareholders. In that way, we want that our customers associate Aumann even more with E-mobility, that potential employees will see us as an even more attractive employer, and that the attention of the capital market will lead to continuous improvement in our transparency, quality of decision-making and operative excellence.

Another major strategic step was the acquisition of USK Karl Utz Sondermaschinen GmbH on 18 October 2017. In USK we acquired a company that we have known for many years, and of whose technological capabilities we are just as convinced as the renowned automotive customers that have trusted in USK for decades. The increase in our capacity of more than 300 highly qualified employees and additional production areas of more than 10,000 m² allowed us to significantly improve our market position. In addition to organic investment, we continue to see acquisitions as a suitable way of expanding our capacity. We are therefore delighted that the capital increase on 5 December 2017 ensured that we still have the utmost financial flexibility to continue our growth trajectory.

We would like to thank you for your confidence, and we look forward to shaping the future of E-mobility together with you.

Rolf Beckhoff
Chief Executive Officer

Ludger Martinschledde
Chief Executive Officer

Sebastian Roll
Chief Financial Officer

# Report of the Supervisory Board

In the year under review, 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 Managing 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 Aumann AG at all times.

This was achieved by personal talks between the Chairman of the Supervisory Board and the Managing Board and regular reports on business developments by the Managing Board, and at the meetings of the Supervisory Board on 9 February, 5 July, 15 September and 16 November 2017, which were attended by all members of the Supervisory Board and the Managing Board.

At the individual meetings, the Supervisory Board analysed the company's current business development together with the Managing Board and discussed its strategic focus. In particular, in 2017 the Supervisory Board intensively monitored the IPO of Aumann AG on 24 March, the acquisition of USK on 18 October and the capital increase by Aumann AG on 5 December. To the extent that individual transactions 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.

The Supervisory Board also discussed corporate governance and the German Corporate Governance Code. The Supervisory Board and the Managing 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 Managing Board. This declaration has been published in the annual report and on the company's website www.aumann-ag.com.

Mr Christoph Weigler was elected as a new, independent member of the Supervisory Board to replace Mr Anton Breitkopf on 9 February 2017. As the head of Uber in Germany, he is a superb addition to the Supervisory Board and will contribute his expertise on state-of-the-art mobility concepts and his excellent connections within the automotive industry, the political realm and Silicon Valley. The other members of the Supervisory Board were delighted to welcome Mr Weigler to the Supervisory Board at an inaugural meeting on 4 April 2017. The Supervisory Board therefore still consists of three persons in total. The Supervisory Board feels this number of Supervisory Board members to be appropriate to the size of the company. The Supervisory Board does not feel it necessary to form committees, and hence there were none in 2017. Also on 9 February 2017, Mr Sebastian Roll was appointed to the Managing Board, which means that the Managing Board also consists of three members in total.

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 2017 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 2017 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 2017 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 22 March 2018.

The Supervisory Board examined the annual financial statements prepared by the Managing 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 22 March 2018. 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 annual and consolidated financial statements were approved by the Supervisory Board on 22 March 2018, and the annual financial statements of Aumann AG have therefore been adopted.

The Supervisory Board concurs with the opinion of the Managing Board as expressed in the joint management and Group management report, and approves the proposal by the Managing Board on the appropriation of net profit.

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

Beelen, 22 March 2018

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.

The separate 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 315e 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.

2017 was a highly successful year for Aumann. With revenues rising by 34.8% to €210.4 million, the company convincingly continued its strong growth. Furthermore, two major strategic steps were successfully taken with the company's IPO in March and the acquisition of USK in October. Aumann stands to benefit from the increased attention and financial flexibility afforded by its capital market presence and the rapid expansion of its capacity as a result of the acquisition of USK – not just in the short term, but for many years to come.

The momentum of the E-mobility market is also reflected in order intake, which rose by 48.5% to €282.3 million. The E-mobility segment accounted for 36.2% of order intake. Order intake includes the order backlog of USK of €43.0 million, which was first consolidated in October 2017. The order backlog was 54.4% higher year-on-year at €204.2 million as at the end of 2017. The E-mobility share of the order backlog was 34.6%.

Adjusted EBIT amounted to €21.0 million in 2017, or an adjusted EBIT margin of 10.0%. These figures include adjustments of €1.0 million for purchase price allocation (PPA) and costs related to the acquisition of USK. The E-mobility segment accounted for EBIT of €6.7 million, corresponding to an EBIT margin of 11.0%.

The Supervisory Board and the Managing Board will propose the distribution of a dividend of 20 cents per share, or €3.05 million, for the 2017 financial year at the Annual General Meeting on 20 June 2018.

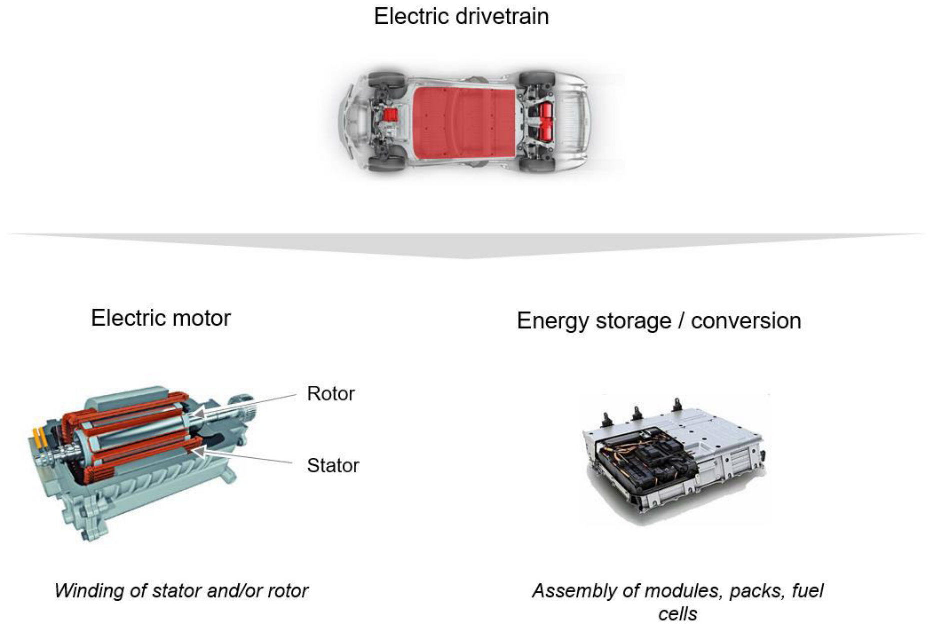
## Business and economic conditions

Aumann combines unique winding technology for the highly efficient production of electric motors with decades of automation experience, particularly in the automotive industry. Leading companies around the world rely on Aumann solutions for the series production of purely electric and hybrid vehicle drives and for production automation.

Aumann's key strengths can be summarised as follows:

- strong growth due to the upheaval in the automotive industry in favour of E-mobility;
- unique winding technologies combined with sophisticated automation processes;
- decades of automotive experience and customer relationships with automotive manufacturers;
- profitable growth with an asset-light business model;
- expansion strategy consisting of organic growth and corporate acquisitions.

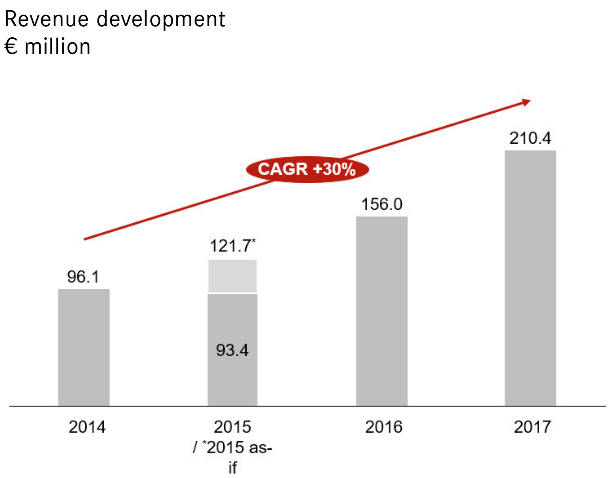
Given the dynamic market growth in E-mobility, Aumann's products in the E-mobility segment focus on the development and manufacturing of automated production lines for components of the electric drivetrain. The company has its own and in parts unique technologies for the automated mass production of both electric motors and energy storage. As the following graphic shows, Aumann's manufacturing solutions thus cover the most essential technologies for key components of the electric drivetrain.




Aumann offers manufacturing solutions for highly efficient and technologically advanced motors with superior power-to-weight, in particular by using direct winding technologies. For the production of energy storage and fuel cells, the company's offering comprises highly automated production lines for sophisticated assembly processes. To ensure optimum customer support, Aumann also offers development services and product-related services such as maintenance, repair and spare parts delivery.

The unique combination of three factors allows Aumann its excellent market position: Firstly, the company has excellent expertise in automation and winding technology and focuses on complete production lines configured from individual machinery modules. Secondly, the company has a clear technological focus on the automotive industry, and E-mobility in particular. Decades of experience in this field enable Aumann to be a trustworthy partner for car manufacturers, especially in the era of transition to E-mobility. Thirdly, Aumann has the necessary corporate structure to handle larger and more complex orders. With revenues of €210.4 million in 2017 and six locations on three continents, Aumann can today offer manufacturing solutions that are potentially beyond its competitors' capabilities.

Aumann's outstanding market position is reflected by its revenues, which has grown by an average rate of 30% since 2014:



In order to continue its significant growth, Aumann is pursuing a systematic expansion strategy with the following priorities:

- capacity expansion, particularly with regard to qualified employees;
- international expansion with a focus on China and the US;
- expansion of service business with an increased share of services in total revenues;
- ongoing technological development with a focus on E-mobility.

## Market development

The global economy grew significantly in 2017 despite considerable geopolitical uncertainty. Global economic growth amounted to 3.7%, according to figures from the International Monetary Fund. It is encouraging that economic performance increased in 120 countries in total, indicating broad global growth.

Economic growth in the US was 2.6% in 2017, and thus significantly higher than in the previous year. In addition to the weak dollar, which aided American exports, the tax plans announced by the US government have sparked growth that is likely to continue in the coming year as well. The Chinese economy, which is also relevant for Aumann, grew strongly by 6.9% in 2017, even outperforming the Chinese government's growth target of 6.5%.

According to figures from the German Federal Statistical Office, the German economy grew by 2.2% in 2017, with domestic demand in particular driving this growth. For example, the average number of people in employment rose to a new high in 2017.

Monetary policy in 2017 was dominated by further measures by the European Central Bank, resulting in consistently low interest rates. The European Central Bank's programme of quantitative easing, which has been the subject of some controversy, is intended in particular to limit the risk of deflation and to help move the rate of inflation in the euro area back towards 2.0%. Despite the announcement of several interest rate hikes in the US, market observers do not currently expect the ECB to raise interest rates over the course of 2018.

According to figures from European Automobile Manufacturers' Association (ACEA), 3.4% more vehicles were registered in Europe in 2017 than in the previous year, including in particular Italy (up 7.9%), Spain (up 7.7%), France (up 2.7%) and Germany (up 2.7%). Growth in registrations of electric and hybrid vehicles was extremely strong at 39.0% and 54.8% respectively, and is still being shored up by the announcement of significant investment programmes by all major automotive manufacturers.

Aumann anticipates that the prevalence of hybrid and electric vehicles will continue to gain momentum over the months and years ahead. In particular, the following technological trends are contributing to this by accelerating the transition to E-mobility:

- improved vehicle range thanks to more efficient engines and batteries;
- infrastructure investment in a larger network of charging stations;
- regulations on emissions reductions up to banning combustion engines, in addition to government measures to promote E-mobility;
- rising demand among consumers as a result of the growing attractiveness of vehicles with electric and hybrid drives;
- falling prices for vehicles with electric and hybrid drives, both in absolute terms and compared to vehicles with combustion engines.

## Capital measures

On 24 March 2017 Aumann AG completed a highly successful IPO, issuing 1,500,000 new shares from a capital increase. At the same time, there was a secondary offering of 4,188,800 shares by MBB SE, as the majority shareholder in Aumann, and of 291,200 shares by a non-controlling shareholder, as a result of which 5,980,000 shares were offered in total in the IPO (including greenshoes).

Aumann received gross issue proceeds of €63.0 million from the capital increase. The costs directly attributable to the IPO of €15.5 million were recognised in equity, including deferred taxes.

Aumann AG issued 1,250,000 new shares under a capital increase on 7 December 2017. The gross issue proceeds amounted to €80.0 million. The costs directly attributable to the capital increase of €2.6 million were recognised in equity, including deferred taxes.

## Research and development

Most of the technical research and development by the Aumann Group continues to take place in the context of work on customer orders. To a lesser extent, however, the company also carries out research and development not related to specific orders. Aumann likewise works with universities and research institutes to further the sharing of knowledge within the scientific world. If the requirements of IAS 38 are met, the development costs are capitalised and amortised over their expected useful life. Development costs of €3.3 million were capitalised in the 2017 financial year.

Through all the channels described above, significant advances were made in existing solutions and completely new production technologies for key growth and future markets in 2017. In line with the Group's general growth strategy, 2017 saw a clear focus on developing new and existing technologies in the E-mobility segment. The developments for continuous hairpin and multi-wire distributed needle winding for internally grooved traction motor stators, which were brought to series in 2016, have been improved substantially and a second generation is now already being offered to customers. In particular, these improvements include reduced copper consumption while maintaining the same engine characteristics and a smaller engine space. The development of new assembled hairpin stators for traction motors that began in 2016 was brought to production maturity. USK, the subsidiary that joined the Group in October 2017, brought another state-of-the-art solution for the automated manufacture of mounted stators, one based on I-pins, to production maturity during the year. The first customer already decided to use this technology in the production of its traction motors in early 2018.

Thus, even today, Aumann offers its customers a probably unparalleled range of state-of-the-art manufacturing solutions for traction motors tailored to the different requirements of a variety of engine concepts. But its developments go well beyond that. As part of a joint research project, in 2017 Aumann significantly advanced the development of automatic drizzle winding, which to date can only be done manually, but which represents a very promising winding technology.

However, E-mobility demands more than just engine production. An electric powertrain also needs components for energy storage, control electronics and transmissions. In USK, the company has acquired key technological expertise for the production of fuel cells and electrical components for electric powertrains, the ongoing development of which is a high priority. Furthermore, hardware and software modules were developed for production lines in 2017 that enable the production of a wide range of transmissions, including hybrid modules for electric powertrains in addition to conventional mechanical transmissions.

Aumann is today capable of offering its customers solutions for a variety of individual components of an electric drivetrain, up to the fully automated assembly of modules or full assembly. The momentum of the E-mobility market, which is currently defined by short product lifecycles and an immense range of models, will also require a strong focus on research and development from Aumann in 2018. In addition to the development of manufacturing solutions described, the development of productivity tools for generative module design is also being planned for the first time. Contact has been made with a multinational software company in Silicon Valley to pursue joint development activities.

## Subsidiaries

Aumann AG had six direct and two indirect subsidiaries as at the end of the 2017 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.

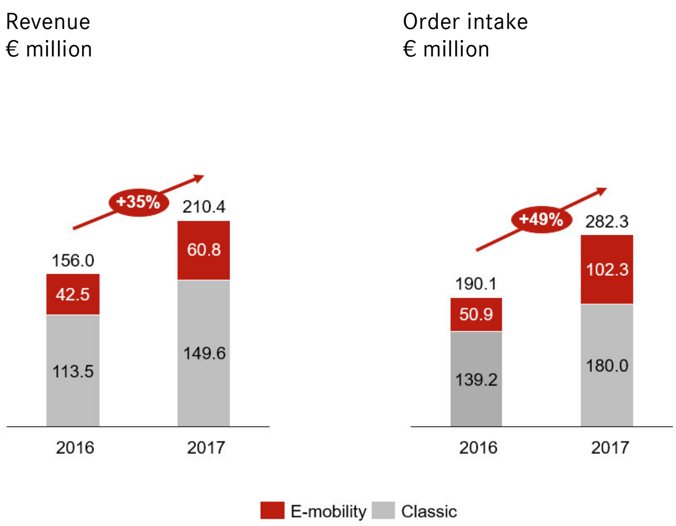
In its E-mobility segment, Aumann predominantly manufactures speciality machinery and automated production lines with a focus on the automotive industry. Aumann's offering enables customers to carry out the highly efficient and technologically advanced mass production of a wide range of electric drivetrain components – from various energy storage systems, to drive and transmission components, power-on-demand units and electronic components. However, Aumann's particular strategic focus is on production lines for electric motor components and their assembly, using highly specialised and in parts unique winding and assembly technologies with which copper wire is wound on electric components. Major customers from the automotive and e-bike industries use Aumann technology to manufacture the latest generation of electric motors. Aumann's range also comprises product-related services such as maintenance, repair and spare parts delivery.

Revenues in the E-mobility segment grew by 43.3% year-on-year to €60.8 million in 2017. At €6.7 million, the segment's EBIT was slightly below the previous year's level (€7.2 million), as a result of which its EBIT margin fell to 11.0%. Particularly in the E-mobility sector, Aumann generated strong order intake towards the end of the year to achieve a cumulative order intake of €102.3 million – more than double the figure for the previous year.

In the Classic segment, Aumann mainly manufactures specialised machinery and automated production lines for the automotive, consumer electronics, appliances and aerospace industries. For example, Aumann's solutions include systems for the production of drive components that reduce $CO_2$ 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.

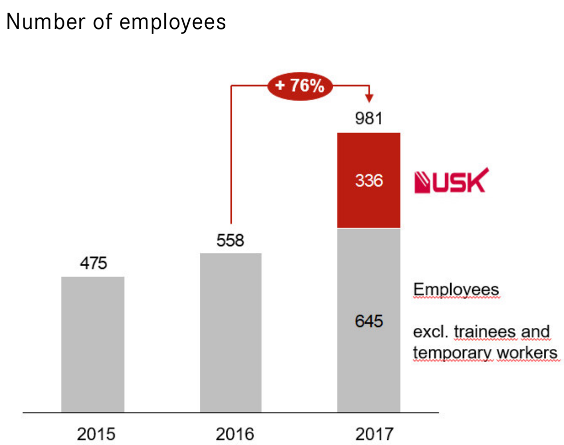
Revenue in the Classic segment increased by 31.7% year-on-year to €149.6 million in 2017. One of the main reasons for the growth in the Classic segment is still the trend towards emission-reduction components in vehicles with combustion engines. But outside the automotive industry as well, the segment is benefiting from growth trends such as rising efficiency requirements for industrial engines and household appliances, or the growing drive for automation in the production of consumer electronics. Segment EBIT increased significantly from €10.5 million in the previous year to €14.5 million. This corresponds to an EBIT margin of 9.7%. Cumulative order intake in the Classic segment amount to €180.0 million, an increase of 29.3% compared to the previous year.

The following figure shows the extremely dynamic development of revenues and order intake in the segments:




## Employees

Not including trainees or temporary employees, headcount increased to 981 as at 31 December 2017, a rise of 75.8% compared to 31 December 2016. At the end of 2017, 336 of these employees were employed by USK Karl Utz Sondermaschinen GmbH, which was acquired in October. In addition, Aumann had 101 trainees and 148 temporary employees as at the end of the year, bringing the total to 1,230. Aumann has almost doubled the number of its employees in the last two years, as the following figure shows:



## Results of operations, financial position and net assets

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

Aumann AG generated revenues of €1.2 million (previous year: €1.3 million) from the rental of land and buildings and the provision of software to Group companies in the 2017 financial year. Together with other operating income of €1.7 million (previous year: €0 million), this resulted in a total operating performance of €2.9 million (previous year: €1.3 million). Other operating income included income from costs in connection with the IPO passed on to MBB SE as the parent company of Aumann AG and another shareholder.

This was offset by expenses for purchased services of €0.3 million (previous year: €0.2 million), which essentially include costs for normal business operations and maintenance costs for software. Staff costs of €13.6 million included the remuneration of the Managing Board and one-time remuneration for the IPO, 50% of which (net) was reinvested in Aumann AG shares. A detailed description of the one-time IPO remuneration can be found in the securities prospectus. The remuneration of the Managing Board was paid by Aumann Beelen GmbH in the previous year. Other operating expenses of €7.8 million (previous year: €0.3 million) include costs for the IPO and the capital increase. Expenses for services provided by the parent company MBB SE are also reported here.

Earnings after taxes were significantly lower than in the previous year at €-5.2 million (€9.2 million). However, this was essentially as a result of the costs of the IPO and the capital increase.

As in the previous year, a dividend of €4.5 million was distributed in the 2017 financial year.

The IPO and the capital increase caused the equity of Aumann AG to rise to €164.2 million as at the end of the reporting period (previous year: €30.8 million). With a simultaneous increase in total assets, the equity ratio therefore rose to 86.7% (previous year: 59.4%).

Financial assets increased to €77.4 million (previous year: €32.3 million). This resulted from the acquisition of USK Karl Utz Sondermaschinen GmbH, Limbach-Oberfrohna.

The cash and cash equivalents of Aumann AG amounted to €23.5 million as at the end of the financial year (previous year: €0.1 million). Receivables from affiliated companies rose from €11.5 million to €73.8 million and include current loan receivables and receivables from profit transfers and the profit transfer agreement with Aumann Beelen GmbH.

### Aumann Group

Aumann's results of operations, financial position and net assets are very positive. The consolidated revenues of the Aumann Group increased by 34.8% year-on-year to €210.4 million in the 2017 financial year (previous year: €156.0 million).

Including capitalised development costs and other operating income, total operating performance grew by €57.0 million year-on-year at €215.8 million (€158.8 million).

The ratio of the cost of materials to operating performance rose from 57.8% in the previous year to 62.2%. The staff costs ratio fell from 25.6% in the previous year to 24.4% in the same period. There are essentially two reasons for the changes in these ratios: Firstly, more temporary workers were used in recent months to support the company's growth. As the costs of temporary workers are shown in our cost of materials, these were up relative to operating performance, while staff costs were down relative to operating performance. Secondly, on account of the high capacity utilisation, services have increasingly been purchased from suppliers that were typically performed in-house when capacity utilisation was lower.

EBITDA rose by 12.1% to €22.6 million (previous year: €20.1 million) in the financial year. After depreciation and amortisation of €2.6 million, the Aumann Group's EBIT amounted to €20.0 million (previous year: €18.4 million). Adjusted for net finance costs of €0.9 million, EBT was €19.1 million (previous year: €17.9 million). The consolidated net profit is €13.0 million (previous year: €12.8 million) or €0.94 per share.

Adjusted EBIT amounts to €21 million (adjusted for expenses of €1.0 million in connection with purchase price allocation (€0.5 million) and acquisition costs for USK (€0.5 million).

Cumulative order intake amounted to €282.3 million as at the end of the financial year. The unusually high volume of potential orders that we are currently discussing with customers is a positive factor. The order backlog amounted to €204.2 million as at the end of the year.

The company's consolidated statement of financial position and equity situation were essentially defined by the IPO on 24 March 2017 and the associated capital increase, the capital increase on 7 December 2017 and the acquisition of USK Karl Utz Sondermaschinen GmbH. A detailed description of the respective effects on the statement of financial position can be found under "Capital measures" in the management report and in the comments on the acquisition of USK in the notes to the consolidated financial statements. Consolidated equity was €180.7 million as at 31 December 2017 (31 December 2016: €41.4 million). Based on total consolidated assets of €326.8 million, the equity ratio was 55.3% after 31.4% as at 31 December 2016.

In light of the growth achieved and multiple overlapping orders, working capital has risen by €22.0 million since 31 December 2016, while operating trade working capital has increased by €41.9 million. However, €14.6 million of this relates to the first-time consolidation of USK. As a percentage of revenues, trade working capital rose from 21.8% on 31 December 2016 to 36.1% on 31 December 2017. This ratio would be 32.4% adjusted for USK.

Financial liabilities amounted to €27.3 million as at 31 December 2017 (31 December 2016: €19.4 million) and cash and cash equivalents, including securities, to €113.2 million (31 December 2016: €45.8 million). Accordingly, net cash from the above liabilities and cash items amounted to €85.8 million as against €26.3 million as at 31 December 2016.

### Summary assessment

The Managing Board views the development of Aumann AG very positively. Incoming orders, revenues and equity reached their highest levels in the history of the company in 2017, and profitability increased in absolute terms despite the strong growth and the challenges this entailed. The positive market development suggests continuing corporate growth, which Aumann will aid by further expanding its capacity.

### Principles and objectives of financial management

The foundations of the Group's financial policy are determined by the Managing Board. The primary objectives of financial management are to safeguard liquidity and limit financial risks. Furthermore, our goal is to generate a return from the free liquidity of the Group despite the current low interest rates. 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 2017 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 Managing Board

Prior to the IPO on 24 March 2017, the members of the Managing Board received their remuneration from Aumann Beelen GmbH (formerly: MBB Fertigungstechnik GmbH), a subsidiary of the company. This remuneration consisted of fixed and variable, performance-based components. The contracts of the Managing Board members, which stipulated remuneration by MBB Fertigungstechnik, ended with the IPO on 24 March 2017. They underwent general adjustments and were replaced by contracts in effect since then that regulate the payment of remuneration directly by the company.

Under their new contracts, each member of the Managing Board is entitled to a fixed and a variable remuneration component. The variable remuneration component consists of a fixed annual amount of €20,000 upon reaching or exceeding a dividend yield of at least 1.0% for the respective financial year, plus a performance-based bonus capped at €400,000 for Mr Beckhoff and Mr Martinschledde, and at €300,000 for Mr Roll. This bonus is based on the Group's IFRS return on sales, calculated as the ratio of consolidated EBT to the Group's total operating performance. Below a return on revenues of 1.5% for the respective financial year, the Managing Board is not entitled to the bonus.

In addition, the members of the Managing 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 Managing Board are covered by Group D&O insurance with a deductible of 10.0% and Group accident insurance.

Furthermore, non-recurring IPO remuneration was paid in 2017, 50% of which (net) the members of the Managing Board each reinvested in Aumann AG shares in the IPO, and which is described in detail in the securities prospectus.

### The Supervisory Board

The remuneration of the Supervisory Board of Aumann AG is regulated in the Articles of Association. The Annual General Meeting on 9 February 2017 resolved new regulations for Supervisory Board remuneration for the activities of the members of the Supervisory Board. In accordance with this, 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 2017 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 Managing 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 Managing Board. The development of various key figures, in particular order intake, revenues and EBIT, of the individual Group companies is analysed here. Aumann AG defines consolidated revenues and earnings per share as its key financial performance indicators relevant to forecasts. EBIT is adjusted for effects not attributable to operating activities. Examples of adjustments are write-downs on hidden reserves from a business acquisition or incidental acquisition costs. 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 or net debt). Another key performance indicator is trade working capital, which consists of inventories, trade and PoC receivables, prepayments received and trade payables.

## Report on risks and opportunities

Aumann continues to see the E-mobility market as a future market with great growth potential. In addition to the increasing electrification of vehicle drives, other vehicle components will also be electrified. Where combustion engines are still in use, there is a focus on their efficiency and environmental friendliness. These market trends mean good opportunities for Aumann.

Aumann feels it is well positioned to participate in the positive market development, particularly in the area of E-mobility. It will be aided in this not least by the proceeds that Aumann received from its IPO on 24 March 2017, which will be used to finance the growth strategy in particular.

The company's growth prospects are also shored up by a high order backlog at the start of the current financial year. In addition to increasing capacity, the new financial year will also continue to focus on the marketing of new technologies, especially in the field of E-mobility.

Market risks are anticipated in overall economic development in particular. If global financial market uncertainty flares up again and the economy weakens as a result, this could negatively influence the economic situation of our customers and demand for our products. This can give rise to revenues and earnings risks for Aumann.

However, the forthcoming Brexit and its potential impact on the economy in Europe is not a significant risk for Aumann. UK revenue is of minor significance to the company.

Operating risks are also rising as the company continues its rapid growth. In view of this growth, inefficiencies and capacity bottlenecks cannot necessarily be ruled out.

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. Currency forwards are usually agreed for significant transactions in foreign currencies.

Other than this, management anticipates the following risks:

*Market risks*

- deterioration of the general economic situation on Aumann's markets
- increased trade barriers that hamper access to Aumann's markets
- greater volatility in the automotive industry, especially on the E-mobility market
- intensification of competition, for example due to market consolidation

*Business risks*

- dependence on the growth of the automotive market, especially the E-mobility market
- challenges in the planned internationalisation strategy
- unavailability of sufficient qualified employees
- efficiency losses due to rapid rate of growth
- longer delivery times and the associated loss of orders
- reduction of state incentives for E-mobility
- risks from the acquisition of new companies
- rising prices and delivery times among suppliers and service providers

*Legal, regulatory and tax risks*

- violation of property rights by third parties or Aumann
- antitrust violations
- violation of anti-corruption provisions

## 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 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 Managing 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 Managing 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, Managing Board and the two management levels below Managing Board and their achievement;
6. a description of the diversity concept for the composition of the Managing Board and the Supervisory Board.

*1. Declaration in accordance with section 161 AktG*

The Supervisory Board issued the most recent declaration of compliance in accordance with section 161 AktG on 22 March 2018. It reads as follows:

In accordance with section 161 AktG, the management board and the supervisory board of a listed German stock corporation are required to declare at least annually whether the recommendations of the "Government Commission on the German Corporate Governance Code" published by the Federal Ministry of Justice in the official section of the Federal Gazette have been and will be complied with, or which recommendations of the Code have not been or will not be applied and for what reason.

The Managing Board and the Supervisory Board of Aumann AG dealt with corporate governance issues several times in the 2017 financial year and, in accordance with section 161 AktG, declare that the recommendations of the "Government Commission on the German Corporate Governance Code" as amended on 7 February 2017 and published on 24 April 2017 have been and will be complied with, with the exception of the following recommendations for the reasons given:

Departures

- Item 3.8: D&O insurance: The D&O insurance policy for the members of the Supervisory Board does not provide for a deductible. We are confident that our executive bodies and employees exercise their duties with the greatest care and diligence. In light of the relatively low level of fixed remuneration paid to the members of the Supervisory Board, we do not consider a deductible appropriate. The D&O insurance for members of the Managing Board provides for a deductible of 10% up to a maximum of 1.5 times their fixed annual remuneration.
- Item 4.1.5: To date, the company has no management levels below the Managing Board, hence it does not consider it necessary to set a target in accordance with the German Act to Promote Equal Participation of Women and Men in Management Positions in the Private and Public Sector. Were it to implement such a management level as has been considered, it is important to the Managing Board of Aumann AG that candidates have the requisite skills, knowledge and experience required for such activity. Nonetheless, there will be a stronger focus on diversity for new appointments moving ahead.
- Item 4.2.1: Composition of the Managing Board: The current Managing Board has no chairman or president. The current members of the Managing Board have all been with the company for many years and have managed it together. Efficient decision-making and mutual cross-departmental support are established practice within the three-person executive body. In light of this, the Supervisory Board does not consider is necessary to appoint a chairman or president.
- Item 4.2.3: The variable elements of the remuneration of Managing Board members in the Managing Board contracts in place do not have a long-term and essentially forward-looking assessment basis. Instead, the variable remuneration components of the members of the Managing Board is assessed on the basis of net income and the capacity to pay dividends. In the opinion of the Supervisory Board, it is still possible to align the remuneration structure with sustainable corporate development and to take long-term corporate success into account in this way. However, the Supervisory Board intends to offer the Managing Board an additional long-term incentive model.
- Calculation of the severance cap: The calculation of the severance cap for members of the Managing Board is not based on total remuneration for the past financial year or anticipated total remuneration for the current financial year, but rather only on fixed remuneration and the bonus for the current financial year dependent on the dividend payment. Furthermore, the total remuneration of the members of the Managing Board includes an entitlement to a share of the profit generated in the financial year. In the event of severance, the Supervisory Board does not consider it reasonable to use remuneration components that can no longer be influenced by the Managing Board.
- Item 4.2.5: Use of model tables: The company does not use the model tables appended to the Code to disclose the total remuneration of the Managing Board. The Supervisory Board considers it possible to present the total remuneration of the Managing Board in a fully and generally understandable manner that differs from the model tables requested by the Code.
- Item 5.1.2: Appointment of the Managing Board: When filling positions on the Managing Board of Aumann AG, the Supervisory Board complies with the requirements of German stock corporation law by ensuring that candidates have the requisite skills, knowledge and experience for the work of the executive body. Nonetheless, there will be a stronger focus on diversity for new appointments moving ahead.
- Item 5.3: Supervisory Board committees: The Supervisory Board has three members; the formation of committees would therefore not increase efficiency. We consider the number of Supervisory Board members to be adequate in light of the size of the company.

- Items 5.4.1, 5.4.2 and 5.4.3: Limits on Supervisory Board membership: An age limit and a time limit have not been set for Supervisory Board members. Given the age of Supervisory Board 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 on the Supervisory Board has not been specified, and we do not believe such a limit to be reasonable given the shareholder structure.
- Accordingly, nominations are exclusively based on the knowledge, skills and professional experience of the respective candidates. It is intended to maintain this practice in future to ensure experience and competence. The Supervisory Board is of the opinion that decisions on proposals for its composition should be made individually in line with the specific respective situation and without creating or publishing a requirements profile.
- Regarding the disclosure of the personal and business relations of each candidate with the company, the executive bodies of the company and a significant shareholder (i.e. with more than 10% of the voting shares) in the company, higher priority is given to the legal certainty of elections to the Supervisory Board than to efforts and a recommendation to disclose information not required by law in nominations.
- Item 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 rapidly growing group of companies, Aumann AG must both consolidate a large number of individual companies and perform first-time consolidation on a regular basis. As such, compliance with the periods proposed by the German Corporate Governance Code would lead to disproportionate expense for 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 Managing Board of Aumann AG complies with the applicable laws. There are no codified and publicly accessible corporate governance practices above and 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 Managing Board and the Supervisory Board*

As a listed German stock corporation, Aumann AG has a dual management system: The Managing Board manages the company, while the Supervisory Board appoints, monitors and advises the Managing Board. All members of the Managing Board are appointed until 31 December 2021.

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 Managing Board of Aumann AG is 0%. A higher target is not intended in the next few years. This applies accordingly to the management levels below the Managing Board.

*6. Diversity concept*

The composition of the Managing 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 Managing 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 Managing 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 2017 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 Managing Board and amendments to the Articles of Association*

Members of the Managing 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 Managing Board with particular reference to the ability to issue or buy back shares*

In accordance with Article 4 of the Articles of Association, the Managing 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 Managing 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.

*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 Managing 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 the submission of the non-financial statements in accordance with section 315b (1) HGB due to its inclusion in the consolidated financial statements of MBB SE pursuant to section 315b (2). The consolidated financial statements of MBB SE can be viewed at www.mbb.com.

## Events after the end of the reporting period

Aumann AG has been included in the TecDAX from 19 March 2018.

## Report on expected developments

Aumann is planning to increase its revenues to more than €300 million in the 2018 financial year. In view of the continued dynamic growth and the ongoing integration of USK, adjusted EBIT is forecast at between €28 million and €31 million.

Beelen, 22 March 2018

| | | |
|---|---|---|
| Rolf Beckhoff<br>Chief Executive Officer | Ludger Martinschledde<br>Chief Executive Officer | Sebastian Roll<br>Chief Financial Officer |

# IFRS Consolidated Financial Statements for 2017

| IFRS consolidated statement of comprehensive income | Notes | 1 Jan - 31 Dec 2017 €k | 1 Jan - 31 Dec 2016 €k |
|---|---|---|---|
| **Revenue** | III.1. | **210,377** | **156,016** |
| Increase (+)/decrease (-) in finished goods and work in progress | | 161 | -213 |
| **Operating performance** | | **210,538** | **155,803** |
| Capitalised development costs | | 3,312 | 0 |
| Other operating income | III.2. | 1,950 | 2,950 |
| **Total performance** | | **215,800** | **158,753** |
| Cost of raw materials and supplies | | -113,417 | -80,806 |
| Cost of purchased services | | -17,515 | -9,320 |
| **Cost of materials** | | **-130,932** | **-90,126** |
| Wages and salaries | | -38,952 | -29,949 |
| Social security and pension costs | | -12,442 | -9,987 |
| **Staff costs** | | **-51,394** | **-39,936** |
| Other operating expenses | III.3. | -10,892 | -8,545 |
| **Earnings before interest, taxes, depreciation, and amortisation (EBITDA)** | | **22,582** | **20,146** |
| Amortisation and depreciation expense | II.1. | -2,551 | -1,698 |
| **Earnings before interest and taxes (EBIT)** | | **20,031** | **18,448** |
| Other interest and similar income | III.4. | 280 | 655 |
| Interest and similar expenses | III.5. | -1,168 | -1,245 |
| **Net finance costs** | | **-888** | **-590** |
| **Earnings before taxes (EBT)** | | **19,143** | **17,858** |
| Income tax expense | III.6. | -6,030 | -4,920 |
| Other taxes | III.6. | -73 | -147 |
| **Consolidated net profit** | | **13,040** | **12,791** |

| IFRS consolidated statement of comprehensive income | Notes | 1 Jan - 31 Dec 2017 €k | 1 Jan - 31 Dec 2016 €k |
|---|---|---|---|
| **Consolidated net profit** | | **13,040** | **12,791** |
| Items that may be reclassified subsequently to profit and loss | | | |
| Currency translation changes | | -62 | -15 |
| available-for-sale financial assets | II.8.3 | -111 | -31 |
| Items that will not be reclassified to profit and loss | | | |
| Remeasurement of defined benefit obligation | II.9. | 660 | -1,418 |
| Deferred Tax Liabilities | | -214 | 428 |
| **Other comprehensive income after taxes** | | **273** | **-1,036** |
| **Comprehensive income for the reporting period** | | **13,313** | **11,755** |

| Statement of financial position Assets (IFRS) | Notes | 31 Dec 2017 €k | 31 Dec 2016 €k |
|---|---|---|---|
| **Non-current assets** | | | |
| Own produced intanbible assets | II.1. | 3,312 | 0 |
| Concessions, industrial property rights and similar rights | II.1. | 3,007 | 840 |
| Goodwill | II.2. | 38,484 | 10,057 |
| **Intangible assets** | | **44,803** | **10,897** |
| Land and buildings including buildings on third-party land | II.1. | 25,800 | 11,868 |
| Technical equipment and machinery | II.1. | 3,391 | 1,179 |
| Other equipment, operating and office equipment | II.1. | 3,155 | 1,444 |
| Advance payments and assets under development | II.1. | 1,788 | 947 |
| **Property, plant and equipment** | | **34,134** | **15,438** |
| **Financial assets** | II.6. | **2,577** | **0** |
| **Deferred tax assets** | II.7. | **1,486** | **380** |
| | | **83,000** | **26,715** |
| **Current assets** | | | |
| Raw materials and supplies | II.3. | 2,556 | 1,414 |
| Work in progress | II.3. | 2,489 | 34 |
| Finished goods | II.3. | 694 | 454 |
| Advance payments | II.3. | 3,241 | 2,137 |
| **Inventories** | | **8,980** | **4,039** |
| Trade receivables | II.4. | 33,635 | 13,969 |
| Receivables from construction contracts | II.4. | 83,091 | 39,660 |
| Other current assets | II.5. | 7,465 | 1,785 |
| **Trade receivables and other current assets** | | **124,191** | **55,414** |
| Securities | II.6. | 3,917 | 7,663 |
| **Available-for-sale financial assets** | | **3,917** | **7,663** |
| Cash in hand | V. | 7 | 6 |
| Bank balances | V. | 106,694 | 38,177 |
| **Cash in hand, bank balances** | | **106,701** | **38,183** |
| | | **243,789** | **105,299** |

| Statement of financial position<br>Equity and liabilities (IFRS) | Notes | 31 Dec 2017<br>€k | 31 Dec 2016<br>€k |
|---|---|---|---|
| **Equity** | | | |
| Issued capital | II.8. | 15,250 | 12,500 |
| Capital reserves | II.8. | 131,841 | 4,188 |
| Retained earnings | II.8. | 33,562 | 24,749 |
| | | **180,653** | **41,437** |
| **Non-current liabilities** | | | |
| Pension provisions | II.9. | 18,538 | 18,514 |
| Liabilities to banks | II.10. | 23,060 | 16,666 |
| Other provisions | II.12. | 1,025 | 1,235 |
| Deferred tax liabilities | II.7. | 4,063 | 1,213 |
| Other liabilities | II.11. | 5,556 | 66 |
| | | **52,242** | **37,694** |
| **Current liabilities** | | | |
| Other provisions | II.12. | 20,900 | 15,651 |
| Trade payables | II.10. | 21,959 | 11,475 |
| Advance payments received | II.10. | 27,771 | 12,157 |
| Provisions with the nature of a liability | II.12. | 10,630 | 6,780 |
| Liabilities to banks | II.10. | 4,260 | 2,717 |
| Tax provisions | II.12. | 852 | 991 |
| Other liabilities | II.11. | 7,522 | 3,112 |
| | | **93,894** | **52,883** |
| **Total equity and liabilities** | | **326,789** | **132,014** |

| Consolidated statement of cash flows | 1 Jan - 31 Dec 2017 €k | 1 Jan - 31 Dec 2016 €k |
|---|---|---|
| **1. Cash flow from operating activities** | | |
| **Earnings before interest and taxes (EBIT)** | **20,031** | **18,448** |
| **Adjustments for non-cash transactions** | | |
| Write-downs on non-current assets | 2,551 | 1,698 |
| Increase (+)/decrease (-) in provisions | -358 | 1,230 |
| Gains (+)/ Losses (-) from disposal of PPE | -176 | -158 |
| Other non-cash expenses/income | 0 | -3 |
| | **2,017** | **2,767** |
| **Change in working capital:** | | |
| Increase (-)/decrease (+) in inventories, trade receivables and other assets | -9,501 | -10,788 |
| Decrease (-)/increase (+) in trade payables and other liabilities | -12,483 | 9,198 |
| | **-21,984** | **-1,590** |
| Income taxes paid | -4,150 | -4,251 |
| Interest received | 280 | 655 |
| | **-3,870** | **-3,596** |
| **Cash flow from operating activities** | **-3,806** | **16,029** |
| **2. Cash flow from investing activities** | | |
| Investments in (-)/divestments of (+) intangible assets | -3,671 | -210 |
| Investments in (-)/divestments of (+) property, plant and equipment | -6,000 | -3,057 |
| Investments in (-)/ divestments of (+) of available-for-sale financial assets and securities | 1,058 | 11,490 |
| Cash from disposal of assets | 176 | 158 |
| Acquisition of USK (less cash received) | -36,508 | 0 |
| **Cash flow from investing activities** | **-44,945** | **8,381** |
| **3. Cash flow from financing activities** | | |
| Proceeds from equity transfers | 143,000 | 0 |
| Disbursements for equity transfers | -18,059 | 0 |
| Profit distribution to shareholders | -4,500 | -4,500 |
| Proceeds from borrowing financial loans | 9,724 | 8,617 |
| Repayments of financial loans | -11,912 | -2,065 |
| Interest payments | -842 | -865 |
| **Cash flow from financing activities** | **117,411** | **1,187** |
| **Cash and cash equivalents at end of period** | | |
| Change in cash and cash equivalents (Subtotal 1-3) | 68,660 | 25,597 |
| Effects of changes in foreign exchange rates (no cash effect) | -142 | -12 |
| Cash and cash equivalents at start of reporting period | 38,183 | 12,598 |
| **Cash and cash equivalents at end of period** | **106,701** | **38,183** |
| **Composition of cash and cash equivalents** | | |
| Cash in hand | 7 | 6 |
| Bank balances | 106,694 | 38,177 |

| Reconciliation to liquidity reserve on 31 Dec | 2017 | 2016 |
|---|---|---|
| Cash and cash equivalents at end of period | 106,701 | 38,183 |
| Securities | 6,494 | 7,663 |
| **Liquidity reserve on 31 Dec** | **113,195** | **45,846** |

| Statement of changes in consolidated equity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Retained earnings | | | | | |
| | Issued capital | Capital reserves | Currency translation difference | Available for sale financial assets | Pension Re-serve | Generated consoli-dated equity | Non-control-ling interests | Consolidated equity |
| | €k | €k | €k | €k | €k | €k | €k | €k |
| **1 Jan 2016** | **25** | **8,500** | **92** | **119** | **-1,427** | **24,978** | **1,895** | **34,182** |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | -4,500 | 0 | -4,500 |
| **Subtotal** | **25** | **8,500** | **92** | **119** | **-1,427** | **20,478** | **1,895** | **29,682** |
| Amounts recognised in other comprehensive income | 0 | 0 | 0 | -31 | -990 | 0 | 0 | -1,021 |
| Currency translation difference | 0 | 0 | -15 | 0 | 0 | 0 | 0 | -15 |
| Consolidated net profit | 0 | 0 | 0 | 0 | 0 | 12,791 | 0 | 12,791 |
| **Total comprehensive income** | **0** | **0** | **-15** | **-31** | **-990** | **12,791** | **0** | **11,755** |
| Capital increase from company ressources | **11,663** | **-8,500** | **0** | **0** | **0** | **-3,163** | **0** | **0** |
| Non-cash contribution | **812** | **4,188** | **0** | **0** | **0** | **-3,105** | **-1,895** | **0** |
| **31 Dec 2016** | **12,500** | **4,188** | **77** | **88** | **-2,417** | **27,001** | **0** | **41,437** |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | -4,500 | 0 | -4,500 |
| **Subtotal** | **12,500** | **4,188** | **77** | **88** | **-2,417** | **22,501** | **0** | **36,937** |
| Amounts recognised in other comprehensive income | 0 | 0 | 0 | -111 | 446 | 0 | 0 | 335 |
| Currency translation difference | 0 | 0 | -62 | 0 | 0 | 0 | 0 | -62 |
| Consolidated net profit | 0 | 0 | 0 | 0 | 0 | 13,040 | 0 | 13,040 |
| **Total comprehensive income** | **0** | **0** | **-62** | **-111** | **446** | **13,040** | **0** | **13,313** |
| Capital increase | 2,750 | 127,653 | 0 | 0 | 0 | 0 | 0 | 130,403 |
| **31 Dec 2017** | **15,250** | **131,841** | **15** | **-23** | **-1,971** | **35,541** | **0** | **180,653** |

# Notes to the Consolidated Financial Statements for 2017

## 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 2017 financial year were approved by the Supervisory Board of Aumann AG on 22 March 2018.

#### 1.2 Accounting policies

The consolidated financial statements for the year ended 31 December 2017 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 company did not apply any accounting standards for the first time or in amended form in the 2017 financial year.

The following newly issued standards, standards endorsed in the year under review or amended standards or interpretations that were not yet effective were not applied early in these consolidated financial statements. Where amendments affect Aumann, their future effect on the consolidated financial statements is still being examined or is not material.

*Effects of IFRS 15*

The IASB published IFRS 15 "Revenue from Contracts with Customers" in May 2014. Under the new standard, revenues is recognised to depict 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. IFRS 15 also contains requirements for the reporting of excess performance or performance obligations at contract level. This refers to assets and liabilities arising from customer contracts dependent on the ratio of the service provided by the company to payment by the customer. In addition, the new standard requires the disclosure of quantitative and qualitative information to enable users of the consolidated financial statements to understand the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. IFRS 15 replaces IAS 11 "Construction Contracts" and IAS 18 "Revenue" in addition to the associated interpretations. The standard is effective for accounting periods beginning on or after 1 January 2018. Earlier application is permitted. It was endorsed by the EU in September 2016. In April 2016, several clarifications to IFRS 15 were published that primarily concern the identification of separate performance obligations and the distinction between the principal and agent. The amendments were endorsed by the EU in October 2017. Aumann AG has not exercised the option of early initial application of IFRS 15, and will instead apply IFRS 15 for the first time for the accounting period beginning on 1 January 2018 (IFRS 15 transition year). Initial application will use the full retrospective method, i.e. any transition effects will be recognised directly in retained earnings cumulatively at the beginning of the comparative period on 1 January 2017. Aumann AG is thus utilising the practical expedients permitted by IFRS 15. In this context, it is intended in particular that there will be no remeasurement as at 1 January 2017 of such contracts that began and were completed within the same financial year or that were completed on 1 January 2017. Aumann AG is currently examining the possible future impact on the consolidated financial statements. The findings to date as part of the implementation of IFRS 15 have confirmed that there will be no significant impact on the consolidated financial statements of Aumann AG. The total amount of revenues recognised for a customer contract will change to only a very limited extent in the 2017 financial year (the comparative prior-year period). By far the majority of construction contracts that are currently accounted for using the percentage-of-completion method satisfy the requirements for revenues recognition over time.

| Regulation | Title | Publication | Application | Endorsement | Effect |
|---|---|---|---|---|---|
| IFRS 9 | Financial Instruments | 24/09/2014 | 01/01/2018 | 22/11/2016 | no material effects |
| IFRS 15 | Revenue from Contracts with Customers | 28/05/2014 | 01/01/2018 | 22/09/2016 | no material effects |
| IFRS 15 | Amendments to IFRS 15: Effective date | 11/09/2015 | 01/01/2018 | 22/12/2016 | no material effects |
| IFRS 15 | Clarifications | 12/04/2016 | 01/01/2018 | 31/10/2017 | no material effects |
| IFRS 16 | Leases | 13/01/2016 | 01/01/2019 | 31/10/2017 | is being reviewed |
| IFRS 2 | Classification and Measurement of Share-based Payment Transactions | 20/06/2016 | 01/01/2018 | 26/02/2018 | is being reviewed |
| IFRIC 22 | Foreign Currency Transactions and Advance Consideration | 08/12/2016 | 01/01/2018 | 24/11/2015 | no material effects |
| IFRIC 23 | Uncertainty over Income Tax Treatments | 07/06/2017 | 01/01/2019 | 06/11/2017 | is being reviewed |
| | Annual Improvements 2014 - 2016 | 08/12/2016 | 01/01/2018 | 07/02/2018 | no material effects |

Standards not listed here are of minor significance to the Aumann Group.

### 1.3 Company law changes and structural changes in 2017

Aumann AG has been listed on the Frankfurt Stock Exchange since 24 March 2017. 5.98 million shares in total were placed as part of the IPO. 1.5 million of these shares relate to the capital increase approved by the Annual General Meeting on 15 March 2017 and a further 3.7 million to the shares held by the selling shareholders. In addition, 780,000 shares were made available by the selling shareholders for the purpose of a greenshoe option.

Furthermore, with the approval of the Supervisory Board, the Managing Board of Aumann AG resolved on 4 December 2017 to increase the share capital by €1,250,000. The capital increase was implemented against cash contributions with the partial utilisation of the authorised capital of €6,250,000 in accordance with Article 4(5) of the company's Articles of Association. The share capital of the company was increased from €14,000,000 to €15,250,000 by issuing new bearer shares.

Aumann AG acquired 100% of shares in USK Karl Utz Sondermaschinen GmbH, Limbach-Oberfrohna, on 18 October 2017. A residual price liability from the purchase of €4,467 thousand is included in other liabilities.

USK is a renowned specialist in automation solutions. The company has years of experience in manufacturing automation solutions for leading automotive OEMs and tier 1 suppliers. The company also offers sophisticated special-purpose machinery and production lines in the fields of electronics, renewable energies and medical technology.

The following assets and liabilities were assumed at fair value for a purchase price of €44,673 thousand:

| Assets and liabilities<br>USK Karl Utz Sondermaschinen GmbH | €k |
|---|---|
| **Current asstes** | |
| Cash and bank balances | 2,025 |
| Receivables and other assets | 57,046 |
| Inventories | 5,685 |
| Deferred Tax Assets | 0 |
| **Non-current assets** | |
| Intangible Assets | 2,832 |
| Property, plant and equipment | 14,243 |
| **Current Liabilities** | |
| Trade payables | 4,246 |
| Advance payments received | 39,877 |
| Interest bearing liabilities | 5,000 |
| Other Liabilities | 685 |
| Provisions | 7,420 |
| Deferred tax assets | 1,845 |
| **Non-current liabilities** | |
| Liabilities to banks | 5,125 |
| Pension provisions | 295 |
| Other liabilities | 1,092 |
| **Total assets** | **16,246** |
| **Acquisition cost** | **44,673** |
| **Goodwill** | **28,427** |

The transaction costs of €0.5 million incurred by Aumann AG were recognised as an expense and are reported under other operating expenses in the income statement and under cash flow from operating activities in the statement of cash flows.

The goodwill of €28.4 million arising from purchase price allocation includes expected benefits from synergies and future revenues prospects that do not satisfy the criteria for recognition as intangible assets.

Furthermore, there were fair value adjustments from the realisation of hidden reserves of €4.6 million in the context of purchase price allocation. €1.8 million of this relates to land and buildings, €0.2 million to technical equipment and machinery and €2.6 million to intangible assets. The acquired cover in the order backlog was capitalised under intangible assets.

Hidden reserves with a definite useful life are written down in accordance with the Group's uniform accounting policies. Earnings were reduced by write-downs on hidden reserves of €538 thousand in the 2017 financial year.

USK has contributed €20.8 million to revenues and €1.9 million to the Group's EBIT since the date of its acquisition. If the business combination had taken place as at 1 January 2017, consolidated revenues would have amounted to €266.5 million and EBIT to €19.8 million. No further effects of purchase price allocation were taken into account.

The Group's uniform accounting policies were applied in determining the Group's pro forma revenues and EBIT.

## 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<br>Name and registered office of the company | Ownership<br>interest in % |
|---|---|
| **Subsidiaries (fully consolidated)** | |
| **Aumann AG, Beelen, Germany** | **100.00** |
| Aumann Beelen GmbH (formerly: MBB Fertigungstechnik GmbH) | 100.00 |
| Aumann Technologies (China) Ltd., Changzhou, China (formertly: MBB Technologies (China) Ltd.) | 100.00 |
| **Aumann Espelkamp GmbH, Espelkamp, Deutschland (formerly: Aumann GmbH)** | **100.00** |
| Aumann North America Inc., Fort Wayne, USA | 100.00 |
| **Aumann Berlin GmbH, Berlin, Germany** | **100.00** |
| Aumann Winding and Automation Inc., Kansas City, USA* | 100.00 |
| Aumann Immobilen GmbH, Espelkamp, Germany | 94.90 |
| USK Karl Utz Sondermaschinen GmbH | 100.00 |

* Company founded in 2017 but not yet active

** 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. A company controls another when 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 acquisition cost exceeds the fair value of the net assets attributable to the Group, the difference is capitalised as goodwill.

The proportion 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 revenues, 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 2017 | Average rate 2017 |
|---|---|---|
| Chinese renminbi (CNY) | 7.8023 | 7.6829 |
| | Closing rate 31 Dec 2016 | Average rate 2016 |
| Chinese renminbi (CNY) | 7.3068 | 7.3545 |

### 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 accumulated amortisation and accumulated 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 accumulated depreciation and accumulated 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 outside 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 acquisition cost and the accumulated depreciation is 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

Determining whether an arrangement is or contains a lease is based on the economic content of the arrangement and requires an assessment of whether the fulfilment of the contractual arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Assets under finance leases, most of which transfer to the Group all risks and rewards of ownership of the transferred asset, are capitalised at the beginning of the lease term at the fair value of the lease asset or, if lower, at the present value of the minimum lease payments. The assets are depreciated.

Lease payments are divided into their components of finance costs and repayment of the lease liability in that the residual carrying amount of the lease liability bears a constant rate of interest. The remaining lease payment obligations as at the end of the reporting period are reported separately in the statement of financial position according to their maturities. Lease payments for operating leases are expensed in the income statement over the term of the lease.

The Group does not act as a lessor.

**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 investments and other financial assets**

Financial assets as defined in IAS 39 are classified either as financial assets at fair value through profit or loss, as loans and receivables, as held-to-maturity investments or as available-for-sale investments. Financial assets are measured at fair value on initial recognition.

The designation of financial assets to the measurement categories depends on their nature and intended use and takes place on initial recognition. Where permitted and necessary, reclassifications are made at the end of the financial year.

As at 31 December 2017, the Group had extended loans and receivables and available-for-sale financial assets.

All purchases or sales of financial assets under market conditions are recognised on the day of trading, i.e. the day on which the Group entered into a commitment to purchase or sell the asset. Purchases and sales under market conditions are such transactions in financial assets that stipulate the delivery of the assets within a period determined by market regulations or market conventions.

Extended loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired and through the amortisation process.

Available-for-sale financial assets are non-derivative financial assets that are classified as available for sale and do not belong in one of the other three categories. Available-for-sale securities are reported under non-current assets if they are not expected to be sold within a year of addition.

After initial recognition, held-for-sale financial assets are measured at fair value, with gains or losses recognised in a separate item of equity. On the date when the financial investment is derecognised or impairment on the financial investment is ascertained, the accumulated gain or loss previously recognised in equity is recognised in the income statement. The fair value of investments traded on organised markets is calculated by reference to the buying rate quoted on the stock exchange at the end of the reporting period. Market values were available for the available-for-sale financial assets reported by the Group as at 31 December 2017 and 31 December 2016.

Financial assets are tested for impairment at the end of each reporting period. If, for financial assets recognised at amortised cost, it is likely that the company will not be able to recover all amounts of loans, receivables or held-to-maturity investments due to it under the terms of the contract, an impairment loss is recognised on the receivables in profit or loss. The impairment loss is defined as the difference between the carrying amount of the asset and the present value of the expected future cash flows measured using the effective interest method. The carrying amount of the asset is reduced using an allowance account. The impairment loss is recognised in profit or loss. Impairment losses previously recognised as expenses are adjusted in profit or loss if the subsequent partial reversal (or reduction) of the impairment can objectively be attributed to an event occurring after the original impairment. However, reversals are only recognised to the extent that they do not exceed the amount of the amortised cost that would have resulted if no impairment loss had been recognised. The financial asset is derecognised if it is classified as uncollectible.

As in the previous year, the carrying amounts of the financial assets and liabilities are essentially their fair values.

### 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 valuation allowances 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 Financial liabilities

Loans are measured at fair value on initial recognition, including the transaction costs directly associated with taking out the loans. They are not designated as at fair value through profit or loss.

After initial recognition, interest-bearing loans are measured at amortised cost using the effective interest method, with interest expense recognised in profit or loss in line with the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised and where such gains and losses result from amortisation.

Liabilities from finance leases are expensed at the present value of the minimum lease payments.

Current financial liabilities are recognised at their repayment or settlement amount.

Financial liabilities are derecognised when the Group's corresponding obligations have been settled, cancelled or have expired.

### 4.14 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 if the related interest effect 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.

### 4.15 Pensions and other post-employment benefits

The pension obligations calculated at Aumann Beelen GmbH and USK Karl Utz Sondermaschinen 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 USK are netted against the pension obligation. Any obligation in excess of plan assets is recognised as a provision.

### 4.16 Revenue recognition

Revenue is recognised when it is probable that Group will obtain the economic benefits and the amount of the revenues can be reliably determined. Revenue is measured at the fair value of the consideration received or to be received less discounts and rebates granted and value-added tax or other levies. In addition, revenues recognition also requires fulfilment of the recognition criteria listed below.

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

Revenue is recognised when the significant risks and rewards of ownership of the goods and products sold have been transferred to the buyer. This generally takes place when the goods and products are delivered or accepted by the end customer. 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.

*b) Construction Contracts*

In the Aumann Group, the percentage-of-completion method described in IAS 11 is used at Aumann Beelen GmbH, Aumann Technologies China Ltd., Aumann Espelkamp GmbH, Aumann Berlin GmbH and USK Sondermaschinen GmbH. Under this method, when the outcome of a construction contract can be estimated reliably, the contract revenues 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 using the PoC method are recognised as receivables from construction contracts 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 revenues 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 revenues, the expected losses are expensed immediately.

*c) Interest revenues*

Interest revenues 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.

### 4.17 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.

### 4.18 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, the 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 revenues*

The majority of the transactions conducted by Aumann AG's subsidiaries take the form of construction contracts that are recognised using the percentage-of-completion method, meaning that revenues is recognised in accordance with the degree of completion of the respective contract. This method requires an estimate of the percentage of completion. Depending on the method applied in determining the degree of completion, the material estimates comprise the total contract costs, the costs to be incurred until completion, the total contract revenues, 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 2017

| 31 Dec 2017 | Total cost €k | Additions in the financial year €k | Additions from first time consolidation €k | Reclassification €k | Disposals in the financial year €k | Exchange differences €k | Write downs (full amount) €k | Carrying amount at the end of financial year €k | Carrying amount at the beginning of financial year €k | Write downs in the financial year €k | Disposals of write downs €k | Exchange differences €k |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **I. Intangible assets** | | | | | | | | | | | | |
| 1. Own produced intanbible assets | 0 | 3,312 | 0 | 0 | 0 | 0 | 0 | 3,312 | 0 | 0 | 0 | 0 |
| 2. Concessions, industrial property rights and similar rights | 2,710 | 358 | 2,832 | 0 | 1 | -6 | 2,886 | 3,007 | 840 | 1,019 | 1 | -2 |
| 3. Goodwill | 10,057 | 0 | 28,427 | 0 | 0 | 0 | 0 | 38,484 | 10,057 | 0 | 0 | 0 |
| | **12,767** | **3,670** | **31,259** | **0** | **1** | **-6** | **2,886** | **44,803** | **10,897** | **1,019** | **1** | **-2** |
| **II. Property, plant and equipment** | | | | | | | | | | | | |
| 1. Land and buildings including buildings on third-party land | 13,094 | 791 | 10,796 | 2,994 | 97 | -16 | 1,762 | 25,800 | 11,868 | 576 | 34 | -6 |
| 2. Technical equipment and machinery | 1,463 | 272 | 2,354 | 0 | 116 | -5 | 577 | 3,391 | 1,179 | 313 | 19 | -1 |
| 3. Other equipment, operating and office equipment | 2,202 | 1,126 | 920 | 374 | 188 | -12 | 1,267 | 3,155 | 1,444 | 643 | 126 | -8 |
| 4. Advance payments and assets under development | 947 | 4,036 | 173 | -3,368 | 0 | 0 | 0 | 1,788 | 947 | 0 | 0 | 0 |
| | **17,706** | **6,225** | **14,243** | **0** | **401** | **-33** | **3,606** | **34,134** | **15,438** | **1,532** | **179** | **-16** |
| **Total** | **30,473** | **9,895** | **45,502** | **0** | **402** | **-39** | **6,492** | **78,937** | **26,335** | **2,551** | **180** | **-18** |

**1.2 Statement of changes in non-current assets of the Aumann Group as at 31 December 2016**

| | 31 Dec 2016 | Total cost €k | Additions in the financial year €k | Additions from first time consolidation €k | Reclassification €k | Disposals in the financial year €k | Exchange differences €k | Write downs (full amount) €k | Carrying amount at the end of financial year €k | Carrying amount at the beginning of financial year €k | Write downs in the financial year €k | Disposals of write downs €k | Exchange differences €k |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **I.** | **Intangible assets** | | | | | | | | | | | | |
| 1. | Own produced intanbible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. | Concessions, industrial property rights and similar rights | 2,502 | 213 | 0 | 0 | 2 | -3 | 1,870 | 840 | 1,186 | 556 | 2 | 0 |
| 3. | Goodwill | 10,057 | 0 | 0 | 0 | 0 | 0 | 0 | 10,057 | 10,057 | 0 | 0 | 0 |
| | | **12,559** | **213** | **0** | **0** | **2** | **-3** | **1,870** | **10,897** | **11,243** | **556** | **2** | **0** |
| **II.** | **Property, plant and equipment** | | | | | | | | | | | | |
| 1. | Land and buildings including buildings on third-party land | 11,508 | 1,347 | 0 | 238 | 0 | 1 | 1,226 | 11,868 | 10,738 | 455 | 0 | 1 |
| 2. | Technical equipment and machinery | 1,299 | 327 | 0 | -159 | 0 | -4 | 284 | 1,179 | 1,144 | 189 | 58 | -2 |
| 3. | Other equipment, operating and office equipment | 2,193 | 451 | 0 | 159 | 600 | -1 | 758 | 1,444 | 1,396 | 498 | 538 | 1 |
| 4. | Advance payments and assets under development | 245 | 947 | 0 | -238 | 0 | -7 | 0 | 947 | 245 | 0 | 0 | 0 |
| | | **15,245** | **3,072** | **0** | **0** | **600** | **-11** | **2,268** | **15,438** | **13,523** | **1,142** | **596** | **0** |
| | **Total** | **27,804** | **3,285** | **0** | **0** | **602** | **-14** | **4,138** | **26,335** | **24,766** | **1,698** | **598** | **0** |

## 2. Intangible assets

Please see the statement of changes in non-current assets for information on the development of intangible assets. The goodwill reported as at the end of the reporting period of €10,057 thousand results from the acquisition of Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH (also referred to below as the Aumann companies) in 2015. The Aumann companies were the cash-generating units (CGUs) for impairment testing in 2017. The addition to goodwill results from the acquisition of USK Karl Utz Sondermaschinen GmbH, Limbach-Oberfrohna, in 2017.

The impairment test to determine the recoverable amount was based on the value in use of the CGUs, which was calculated using forecast revenues based on a five-year plan. The calculation of the budget figures took into account current and future probabilities, the expected economic development and other circumstances.

For the standard year (perpetuals), the budget figures from the previous planning year were used for the CGU. An interest rate of 12% was used as the discount rate. Possible growth in the standard year was not taken into account for reasons of prudence.

The impairment test did not identify any impairment requirements. In the opinion of the Managing Board, the changes in the basic assumptions that are reasonably conceivable would not result in the respective carrying amount exceeding the recoverable amount of the CGU.

## 3. Inventories

| | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| | €k | €k |
| Raw materials and supplies | 2,556 | 1,414 |
| Work in progress | 2,489 | 34 |
| Finished goods | 694 | 454 |
| Advance payments | 3,241 | 2,137 |
| **Carrying amount as at 31 Dec** | **8,979** | **4,039** |

Impairment losses of €390 thousand were recognised on inventories in the period under review (previous year: €329 thousand). Impairment losses on inventories were reversed in the amount of €20 thousand (previous year: €87 thousand).

## 4. Trade receivables

| | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| | €k | €k |
| Trade receivables | 33,759 | 14,102 |
| Less specific valuation allowances | -124 | -133 |
| **Carrying amount as at 31 Dec** | **33,635** | **13,969** |

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 subject to specific valuation allowances where required. 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 recognised in accordance with the PoC method break down as follows:

| | 31 Dec 2017<br>€k | 31 Dec 2016<br>€k |
|---|---|---|
| Construction costs incurred<br>plus (less) recognised profits (losses) | 351,632 | 102,545 |
| Progress billings | 268,541 | 62,885 |
| **Net total** | | |
| Amounts due from customers from construction contracts | 83,091 | 39,660 |
| Amounts due to customers from construction contracts | 0 | 0 |

## 5. Other current assets

Other assets maturing within one year break down as follows:

| | 31 Dec 2017<br>€k | 31 Dec 2016<br>€k |
|---|---|---|
| Tax receivables | 5,053 | 201 |
| Factoring receivables | 1,527 | 1,006 |
| Prepaid expenses | 496 | 323 |
| Creditors with debit balance | 141 | 61 |
| Personal Receivables | 43 | 48 |
| Life insurance receivables | 34 | 34 |
| Project subsidies | 0 | 32 |
| Miscellaneous other current assets | 171 | 80 |
| **Carrying amount as at 31 Dec** | **7,465** | **1,785** |

Tax receivables consist of corporation tax and trade tax refunds of €4,750 thousand (previous year: €148 thousand) and input tax refunds of €303 thousand (previous year: €53 thousand).

## 6. Available-for-sale financial assets

The available-for-sale financial assets of the Aumann Group include securities of €6,494 thousand (previous year: €7,663 thousand), €2,577 thousand (previous year: €0 thousand) of which in shares reported as non-current assets and €3,917 thousand (previous year: €7,663 thousand) of which in bonds reported as current assets.

There were no write-downs on shares or bonds in the reporting year or the previous year. Income from securities amounts to €292 thousand (previous year: €2,101 thousand) and is reported under other operating income. Losses from the sale of securities amount to €224 thousand (previous year: €507 thousand) and are reported under other operating expenses.

## 7. Deferred taxes

The volume of deferred tax assets and liabilities from temporary differences as at 31 December 2017 and 31 December 2016 was as follows.

| | 31 Dec 2017<br>€k | 31 Dec 2016<br>€k |
|---|---:|---:|
| Deferred tax assets (unoffset) | 9,090 | 4,156 |
| Deferred tax liabilities (unoffset) | -11,667 | -4,989 |
| **Total** | **-2,577** | **-833** |

| | 31 Dec 2017<br>€k | 31 Dec 2016<br>€k |
|---|---:|---:|
| Temporary differences from: | | |
| Loss carryforward | 4,070 | 0 |
| Pension provisions | 3,353 | 3,449 |
| Other provisions | 1,481 | 622 |
| Property, plant and equipment | 118 | 46 |
| Liabilities | 23 | 39 |
| Other assets | 35 | 0 |
| Securities | 10 | 0 |
| **Deferred tax assets** | **9,090** | **4,156** |

| | 31 Dec 2017<br>€k | 31 Dec 2016<br>€k |
|---|---:|---:|
| Temporary differences from: | | |
| Receivables | 9,407 | 4,502 |
| Intangible assets | 1,013 | 0 |
| Other assets | 780 | 10 |
| Property, plant and equipment | 342 | 24 |
| Other provisions | 125 | 0 |
| Other liabilities | 0 | 393 |
| Securities | 0 | 37 |
| Trade payables | 0 | 23 |
| **Deferred tax liabilities** | **11,667** | **4,989** |


| | 31 Dec 2017<br>€k | 31 Dec 2016<br>€k |
|---|---:|---:|
| Temporary differences from: | | |
| Loss carryforward | 4,070 | 0 |
| Pension provisions | 3,353 | 3,449 |
| Other provisions | 1,481 | 622 |
| Property, plant and equipment | 118 | 46 |
| Liabilities | 23 | 39 |
| Other assets | 35 | 0 |
| Securities | 10 | 0 |
| **Deferred tax assets** | **9,090** | **4,156** |


After netting deferred tax assets against deferred tax liabilities relating to the same tax authorities, there remain deferred tax assets of €1,486 thousand (previous year: €380 thousand) and deferred tax liabilities of €4,063 thousand (previous year: €1,213 thousand).

## 8. Equity

Please see the "Statement of changes in consolidated equity for 2017" for information on the development of equity.

### 8.1 Share capital

Aumann's share capital amounts to €15.25 million (previous year: €12.5 million) and is divided into 15,250,000 registered shares with a nominal value of €1.00 per share and is fully paid up.

Aumann AG has been listed on the Frankfurt Stock Exchange since 24 March 2017. 5.98 million shares in total were placed as part of the IPO. 1.5 million of these shares relate to the capital increase approved by the Annual General Meeting on 15 March 2017 and a further 3.7 million to the shares held by the selling shareholders. In addition, 780,000 shares were made available by the selling shareholders for the purpose of a greenshoe option.

Furthermore, with the approval of the Supervisory Board, the Managing Board of Aumann AG resolved on 4 December 2017 to increase the share capital by €1,250,000. The capital increase was implemented against cash contributions with the partial utilisation of the authorised capital of €6,250,000 in accordance with Article 4(5) of the company's Articles of Association.

The shareholder structure of Aumann AG is as follows:

| Shareholder* | in % |
|---|---|
| | |
| MBB SE | 49.17% |
| FMR LLC | 9.84% |
| JP Morgan Asset Management (UK) Ltd. | 4.25% |
| Black Rock Inc. | 4.24% |
| Sycomore Asset Management | 3.63% |
| Wojtynia, Ingo | 3.42% |
| Other | 25.45% |
| | **100.00%** |

As at 31 December 2017, according to the last available voting right notifications

In the context of the IPO, the Managing Board received one-time remuneration, 50% of which (net) was reinvested in Aumann AG shares.

### 8.2 Capital reserves

The capital reserves amount to €131.84 million (previous year: €4.19 million). The addition results from the IPO on 24 March 2017 and the associated capital increase on 23 March 2017. The gross proceeds amounted to €63.0 million, €61.5 million of which was transferred to the capital reserves. In the context of the IPO, costs of €15.5 million, including deferred taxes, were offset against capital reserves in accordance with IAS 32. This reduced capital reserves by €10.8 million. The gross proceeds from the capital increase on 4 December 2017 amounted to €80.0 million, €78.8 million of which was transferred to the capital reserves. Transaction costs of €2.6 million, including deferred taxes, were offset against capital reserves, reducing them by €1.8 million.

### 8.3 Retained earnings

*Difference in equity due to currency conversion*

The difference in equity due to currency conversion results from conversion in line with the modified closing rate method. The difference arises from the conversion 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.

*Reserve for available-for-sale financial assets*

The reserves for available-for-sale financial assets result from cumulative gains or losses from the remeasurement of available-for-sale financial assets. 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 €4,500,000 (previous year: €4,500,000) to shareholders in the financial year.

## 9. Provisions for pensions and similar obligations

There are pension agreements at Aumann Beelen GmbH and USK Karl Utz Sondermaschinen GmbH. They relate to 353 employees, 164 of whom are active scheme members. 125 persons are retired and 64 persons have left the scheme. The pension agreements are closed, meaning that no further occupational pension agreements are concluded for new appointments.

| | 31 Dec 2017<br>€k | 31 Dec 2016<br>€k |
|---|---|---|
| **Pension provisions at beginning of the financial year** | **18,514** | **16,701** |
| Additions from first time consolidation | 853 | 0 |
| Utilisation | -389 | -401 |
| Addition to provisions (service cost) | 459 | 416 |
| Addition to provisions (interest cost) | 326 | 380 |
| Actuarial gains/losses | -660 | 1,418 |
| **Pension provisions at end of the financial year** | **19,103** | **18,514** |
| - Plan asset | -565 | 0 |
| **Pension provision recognised in the balance sheet** | **18,538** | **18,514** |

€660 thousand of actuarial gains result from experience adjustments.

The additions from first-time consolidation result from the acquisition of USK Karl Utz Sondermaschinen GmbH. The plan assets deducted for the first time also relate to this pension agreement.

The following actuarial assumptions were applied:

| | 2017 | 2016 |
|---|---|---|
| Actuarial interest rate | 1.7% | 1.7% |
| 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 2017<br>€k | 31 Dec 2016<br>€k |
|---|---|---|
| Addition to provisions (service cost) | -459 | -416 |
| Addition to provisions (interest cost) | -326 | -380 |
| **Total** | **-785** | **-796** |

The expected pension payments from the pension plans for 2017 amount to €391 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 | Impact on defined benefit obligation: Decrease in assumption |
|---|---|---|---|
| Interest rate | 0.50% | - 9.6 % | + 11.19 % |
| Pension growth rate | 0.50% | + 6.85 % | - 6.19 % |
| Life expectancy | + 1 year | + 3.54 % | |

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.

## 10. Liabilities

Liabilities have the following maturities:

| 31 Dec 2017 | Up to 1 year €k | More than 1 year and up to 5 years €k | Over 5 years €k | Total €k |
|---|---|---|---|---|
| Advance payments received | 27,771 | 0 | 0 | 27,771 |
| Liabilities to banks | 4,260 | 15,395 | 7,665 | 27,320 |
| Trade payables | 21,959 | 0 | 0 | 21,959 |
| Other liabilities | 7,521 | 5,557 | 0 | 13,078 |
| Provisions with the nature of a liability | 10,630 | 0 | 0 | 10,630 |
| **As at 31 Dec 2017** | **72,141** | **20,952** | **7,665** | **100,758** |

| 31 Dec 2016 | Up to 1 year €k | More than 1 year and up to 5 years €k | Over 5 years €k | Total €k |
|---|---|---|---|---|
| Liabilities to banks | 2,717 | 9,802 | 6,864 | 19,383 |
| Trade payables | 12,157 | 0 | 0 | 12,157 |
| Provisions with the nature of a liability | 11,475 | 0 | 0 | 11,475 |
| Advance payments received | 6,780 | 0 | 0 | 6,780 |
| Other liabilities | 3,112 | 66 | 0 | 3,178 |
| **As at 31 Dec 2016** | **36,241** | **9,868** | **6,864** | **52,973** |

Liabilities to banks have both fixed and floating interest rates of between 0.83% and 5.60% (previous year: 0.83% and 5.90%). The interest rate of 5.60% was exclusively incurred for brief overdrafts in China.

A land charge of €19.1 million (previous year: €13.9 million) has been entered on the factory grounds to secure a bank loan.

## 11. Other liabilities

Other liabilities are composed as follows:

| | 31 Dec 2017 €k | 31 Dec 2016 €k |
|---|---|---|
| **Current** | | |
| Value Added tax | 4,176 | 1,378 |
| Dividend tax | 791 | 0 |
| Commissions | 596 | 665 |
| Wage and church tax | 556 | 615 |
| Deferred Income | 397 | 226 |
| Wages and salaries | 610 | 65 |
| Miscellaneous | 396 | 163 |
| | **7,522** | **3,112** |
| **Non-current** | | |
| Purchase price USK | 4,467 | 0 |
| Deferred Income | 1,066 | 0 |
| Leasing obligations | 23 | 66 |
| | **5,556** | **66** |
| **Total** | **13,078** | **3,178** |

## 12. Provisions

### 12.1 Other provisions

Other non-current and current provisions as well as provisions with the nature of a liability are com posed as follows:

| | 31 Dec 2016 €k | Additions from first time con-solidation €k | Utili-sation €k | Re-versal €k | Addition €k | 31 Dec 2017 €k |
|---|---|---|---|---|---|---|
| **Long term Provisions** | | | | | | |
| Partial retirement | 1,039 | 0 | 400 | 0 | 280 | 919 |
| Anniversaries | 196 | 0 | 10 | 86 | 6 | 106 |
| | **1,235** | **0** | **410** | **86** | **286** | **1,025** |
| **Accruals and short term provi-sions** | | | | | | |
| Subsequent cost provision | 8,720 | 1,926 | 5,090 | 3,587 | 8,223 | 10,192 |
| Outstanding invoices | 3,918 | 0 | 3,360 | 23 | 4,823 | 5,358 |
| Warranty costs | 2,706 | 434 | 811 | 1,333 | 3,096 | 4,092 |
| Variable salary and commission | 2,034 | 1,110 | 2,522 | 88 | 2,633 | 3,167 |
| Staff costs | 2,170 | 1,059 | 2,512 | 0 | 2,471 | 3,188 |
| Provision for onerous contracts | 862 | 2,314 | 1,419 | 0 | 784 | 2,541 |
| Holiday | 1,476 | 228 | 914 | 0 | 1,359 | 2,149 |
| Reduction in earnings | 178 | 0 | 168 | 9 | 220 | 221 |
| Accounting & audit costs | 151 | 32 | 151 | 0 | 187 | 219 |
| Employers' liability insurance association | 59 | 53 | 88 | 2 | 64 | 86 |
| Penalties | 83 | 0 | 73 | 0 | 0 | 10 |
| Miscellaneous | 74 | 264 | 64 | 0 | 33 | 307 |
| | **22,431** | **7,420** | **17,172** | **5,042** | **23,893** | **31,530** |
| | **23,666** | **7,420** | **17,582** | **5,128** | **24,179** | **32,555** |

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.

### 12.2 Tax provisions

Tax provisions are broken down as follows:

| | 31 Dec 2017<br>€k | 31 Dec 2016<br>€k |
|---|---|---|
| Trade income tax | 489 | 406 |
| Corporate income tax | 363 | 585 |
| **Carrying amount as at 31 Dec.** | **852** | **991** |

## 13. Lease and rental obligations

### 13.1 Operating leases and rent

| | 31 Dec 2017<br>€k | 31 Dec 2016<br>€k |
|---|---|---|
| As at the balance sheet date, the Group has outstanding obligations from operating leases that are due as follows: | | |
| Up to one year | 765 | 518 |
| More than one year and up to five years | 687 | 1,014 |
| Over five years | 0 | 0 |
| | **1,452** | **1,532** |

| | | |
|---|---|---|
| As at the balance sheet date, the Group has outstanding obligations from rent due as follows: | | |
| Up to one year | 543 | 554 |
| More than one year and up to five years | 604 | 468 |
| Over five years | 0 | 0 |
| | **1,148** | **1,022** |
| Expenses during review-period from operating leases and rent | 1,160 | 843 |

The minimum lease payments from operating leases essentially relate to the use of cars. The leases are entered into with an average term of 36 months.

### 13.2 Finance leases

The following assets are used under finance leases:

| | 2017<br>€k | 2016<br>€k |
|---|---|---|
| **Intangible Assets** | | |
| Cost on 1 Jan | 78 | 78 |
| Additions due to Acquisition | 0 | 0 |
| **Cost on 31 Dec** | **78** | **78** |
| Write-downs on 1 Jan | -34 | -5 |
| Additions | -29 | -29 |
| **Write-downs on 31 Dec** | **-63** | **-34** |
| **Carrying amount as at 31 Dec** | **15** | **44** |

| | 2017<br>€k | 2016<br>€k |
|---|---|---|
| **Technical equipment and machinery** | | |
| Cost on 1 Jan | 31 | 31 |
| Additions due to Acquisition | 0 | 0 |
| **Cost on 31 Dec** | **31** | **31** |
| Write-downs on 1 Jan | -14 | -2 |
| Additions | -12 | -12 |
| **Write-downs on 31 Dec** | **-26** | -14 |
| **Carrying amount as at 31 Dec** | **5** | **17** |
| **Operating and office equipment** | | |
| Cost on 1 Jan | 86 | 86 |
| Additions due to Acquisition | 0 | 0 |
| **Cost on 31 Dec** | **86** | **86** |
| Write-downs on 1 Jan | -25 | -4 |
| Additions | -20 | -21 |
| **Write-downs on 31 Dec** | **-45** | -25 |
| **Carrying amount as at 31 Dec** | **41** | **61** |

The future minimum lease payments for the finance leases described above are broken down as follows:

| | up to 1 year<br>€k | between 1 and 5 years<br>€k | More than 5 years<br>€k |
|---|---|---|---|
| Lease payments | 45 | 23 | 0 |
| Discounts | 2 | 0 | 0 |
| **Present values** | **43** | **22** | **0** |

## III. Notes to the statement of comprehensive income

### 1. Revenue

Revenue amounts to €210.4 million in the 2017 financial year (previous year: €156.0 million). €200.9 million (previous year: €154.4 million) of revenues relates to the use of the PoC method.

The following table shows a breakdown of revenues by region.

| | 2017<br>€k | 2016<br>€k |
|---|---|---|
| Europe | 185,079 | 140,681 |
| NAFTA | 3,867 | 7,730 |
| China | 16,431 | 6,431 |
| Miscellaneous | 5,000 | 1,174 |
| **Total** | **210,377** | **156,016** |

The NAFTA region comprises the US, Canada and Mexico.

The Aumann Group received order intake of €282.3 million in the 2017 financial year, €180.0 million of which relating to the Classic segment and €102.3 million of which to the E-mobility segment.

The Aumann Group has an order backlog of €204.2 million as at 31 December 2017, €133.4 million of which relating to the Classic segment and €70.7 million of which to the E-mobility segment.

### 2. Other operating income

| | 2017<br>€k | 2016<br>€k |
|---|---|---|
| Income from | | |
| the reversal of provisions | 862 | 415 |
| securities | 292 | 2,101 |
| sale of property, plant and equipment | 176 | 158 |
| susidies | 114 | 49 |
| own work capitalised | 69 | 97 |
| reversed write-downs charged on receivables | 33 | 8 |
| miscellaneous | 404 | 122 |
| **Total** | **1,951** | **2,950** |

## 3. Other operating expenses

| | 2017<br>€k | 2016<br>€k |
|---|---|---|
| Travel costs/vehicle costs | 2,005 | 1,175 |
| Maintenance expenses | 1,888 | 1,058 |
| Legal and consulting | 1,669 | 1,668 |
| Rental agreements and leasing | 1,160 | 843 |
| Other services | 1,090 | 776 |
| Advertising costs | 398 | 297 |
| Costs for telephone, post and data communication | 379 | 342 |
| IT cost | 364 | 329 |
| Insurance | 262 | 327 |
| Expenses from securities transactions | 224 | 507 |
| Contributions and fees | 194 | 159 |
| Incidental costs for monetary transactions | 124 | 106 |
| Office supplies | 114 | 124 |
| Write-downs charged on receivables | 110 | 75 |
| Training | 103 | 79 |
| Canteen | 54 | 49 |
| Donations | 13 | 8 |
| Miscellaneous | 742 | 623 |
| **Total** | **10,892** | **8,545** |

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

## 4. Finance income

| | 2017<br>€k | 2016<br>€k |
|---|---|---|
| Interest income from securities | 275 | 642 |
| Other interest and similar income | 5 | 13 |
| **Total** | **280** | **655** |

## 5. Finance costs

| | 2017<br>€k | 2016<br>€k |
|---|---|---|
| Other interest and similar expenses | 810 | 957 |
| Aval interest | 358 | 288 |
| **Total** | **1,168** | **1,245** |

## 6. Taxes

Details on deferred tax assets and liabilities can be found under I.4.17 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.

| | 2017<br>€k | 2016<br>€k |
|---|---|---|
| Corporate income tax | 233 | 1,916 |
| Trade income tax | 281 | 1,641 |
| Deferred taxes | 5,516 | 1,363 |
| Other tax expense | 73 | 147 |
| **Total** | **6,103** | **5,067** |

| | 2017<br>€k | 2016<br>€k |
|---|---|---|
| Consolidated income before taxes | 19,143 | 17,858 |
| Taxes on income | 6,030 | 4,920 |
| **Current tax rate** | **31.5%** | **27.6%** |

The reconciliation of income tax expense to accounting net profit multiplied by the Group’s applicable tax rate for the 2017 and 2016 financial years is as follows:

| | 2017<br>€k | 2016<br>€k |
|---|---|---|
| Consolidated income before taxes | 19,143 | 17,858 |
| Other taxes | -73 | -147 |
| Applicable (statutory) tax rate | 30.3% | 30.3% |
| **Expected tax income/expense** | **5,769** | **5,358** |
| Not taxable income | | |
| from the sale of securities | -13 | -535 |
| other effects | 274 | 97 |
| **Current tax expenses** | **6,030** | **4,920** |

## 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 in circulation during the year.

| | 2017<br>€k | |
|---|---|---|
| Result attributtable to the holders of shares | 13,039,636 | |
| Weighted average number of shares to calculate the earnings per share | 13,857,830 | |
| **Earnings per share (in €)** | **0.94** | |

# 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 related processes. Essentially, our solutions enable our customers to produce highly efficient, state-of-the-art electric motors for traction drives in industrial quantities. In addition, we offer special-purpose machinery and production lines for the production of electric 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, aviation, rail, consumer goods, agricultural and cleantech industries. Our solutions include machinery for the production of 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 $CO_2$ emissions of their fleets. We also offer assembly and logistics solutions, transport equipment 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 prepayments received.

| 1 Jan - 31 Dec 2017 | Classic | E-mobility | Reconciliation | Group |
|---|---|---|---|---|
| | €k | €k | €k | €k |
| Revenue from third parties | 149,550 | 60,827 | 0 | 210,377 |
| Other segments | 0 | 0 | 0 | 0 |
| **Total revenues** | **149,550** | **60,827** | **0** | **210,377** |
| **EBITDA** | **15,720** | **7,413** | **-551** | **22,582** |
| Amortisation and depreciation | -1,267 | -747 | -537 | -2,551 |
| **EBIT** | **14,453** | **6,666** | **-1,088** | **20,031** |
| Net finance cost | -972 | -195 | 279 | -888 |
| **EBT** | **13,481** | **6,471** | **-809** | **19,143** |
| *EBT margin* | *9.0%* | *10.6%* | 0 | 9.1% |
| **Trade receivables and Receivables from construction contracts** | **85,740** | **30,986** | **0** | **116,726** |
| **Advance payments received** | **21,620** | **6,151** | **0** | **27,771** |

| 1 Jan - 31 Dec 2016 | Classic | E-mobility | Reconcilia-tion | Group |
|---|---|---|---|---|
| | €k | €k | €k | €k |
| Revenue from third parties | 113,555 | 42,461 | 0 | 156,016 |
| Other segments | 0 | 0 | 0 | 0 |
| **Total revenues** | **113,555** | **42,461** | **0** | **156,016** |
| **EBITDA** | **11,659** | **7,774** | **713** | **20,146** |
| Amortisation and depreciation | -1,173 | -525 | 0 | -1,698 |
| **EBIT** | **10,486** | **7,249** | **713** | **18,448** |
| Net finance cost | -1,065 | -180 | 655 | -590 |
| **EBT** | **9,421** | **7,069** | **1,368** | **17,858** |
| EBT margin | 8.3% | 16.6% | 0 | 11.4% |
| **Trade receivables and** | | | | |
| **Receivables from construction contracts** | **43,859** | **9,770** | **0** | **53,629** |
| **Advance payments received** | **7,530** | **4,627** | **0** | **12,157** |

| Reconciliation of EBIT to net profit for the year | 2017 | 2016 |
|---|---|---|
| | €k | €k |
| **Total EBT of the segments** | **19,143** | **17,858** |
| Taxes on income | -6,030 | -4,920 |
| Other taxes | -73 | -147 |
| PAT (profit after tax) | 13,040 | 12,791 |
| Non Controlling Interests | 0 | 0 |
| **Net profit for the period** | **13,040** | **12,791** |

| Reconciliation of segment assets to assets | 2017 | 2016 |
|---|---|---|
| | €k | €k |
| Classic segment | 85,740 | 43,859 |
| E-mobility segment | 30,986 | 9,770 |
| **Total segment receivables** | **116,726** | **53,629** |
| Intangibles | 44,803 | 10,897 |
| Fixed assets | 34,134 | 15,438 |
| Financial Assets | 2,577 | 0 |
| Deferred tax assets | 1,486 | 380 |
| Inventories | 8,980 | 4,039 |
| Current funds | 110,618 | 45,846 |
| Other assets | 7,465 | 1,785 |
| **Total assets** | **326,789** | **132,014** |

| Reconciliation of segment advanced payments received to equity and liabilities | 2017 | 2016 |
|---|---|---|
| | €k | €k |
| Classic segment | 21,620 | 7,530 |
| E-mobility segment | 6,151 | 4,627 |
| **Total segment advanced payments received** | **27,771** | **12,157** |
| Consolidated equity | 180,653 | 41,437 |
| Pension provisions | 18,538 | 18,514 |
| Other provisions | 21,925 | 16,886 |
| Deferred tax liabilities | 4,063 | 1,213 |
| Trade payables | 21,959 | 11,475 |
| Provisions with the nature of a liability | 10,630 | 6,780 |
| Tax provision | 852 | 991 |
| Liabilities to banks | 27,320 | 19,383 |
| Other liabilities | 13,078 | 3,178 |
| **Total equity and liabilities** | **326,789** | **132,014** |

### Key customers

Revenue with four customers amounts to €73,192 thousand (2016: €69,068 thousand) of the Group's total revenues. The following table breaks down this revenues by segment.

| | Classic | | E-mobility | | Total | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Customer | €k | €k | €k | €k | €k | €k |
| A | 8,633 | 19,496 | 15,476 | 285 | 24,109 | 19,781 |
| B | 17,527 | 17,788 | 65 | 0 | 17,592 | 17,788 |
| C | 14,246 | 7,188 | 1,873 | 8,751 | 16,119 | 15,939 |
| D | 70 | 15,546 | 15,301 | 14 | 15,371 | 15,560 |
| **Total** | **40,476** | **60,018** | **32,715** | **9,050** | **73,191** | **69,068** |

## 2. Information by region

### 2.1 Revenue from external customers

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

### 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 €532.2 thousand as at the end of the year (previous year: €305.9 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 and cash equivalents 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.

## VI. 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 €146,830 thousand in the year under review (previous year: €59,815 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 available for sale. 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.

The 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 2017 | 31 Dec 2016 |
|---|---|---|
| Equity in € thousand | 180,653 | 41,437 |
| *- in % of total capital* | 55.3% | 31.4% |
| Liabilities in € thousand | 146,136 | 90,577 |
| *- in % of total capital* | 44.7% | 68.6% |
| Current liabilities in € thousand | 93,894 | 52,883 |
| *- in % of total capital* | 28.7% | 40.1% |
| Non-current liabilities in € thousand | 52,242 | 37,694 |
| *- in % of total capital* | 16.0% | 28.6% |
| Net gearing* | 0.2 | 1.1 |

* calculated as the ratio of liabilities less cash and cash equivalents 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 Managing 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 2017. 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.

## VII. Other required information

### 1. The Managing Board

- Rolf Beckhoff, Verl, engineer
- Ludger Martinschledde, Rietberg, engineer
- Sebastian Roll, businessman (from 9 February 2017)

Ludger Martinschledde is the Managing Director of Aumann Beelen GmbH.

Rolf Beckhoff is the Managing Director of Aumann Beelen GmbH.

Sebastian Roll is the Managing Director of Aumann Beelen GmbH, Aumann Berlin 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)
- Anton Breitkopf, businessman, (member of the Executive Management of MBB SE, member of the Supervisory Board of Delignit AG, member of the Supervisory Board of DTS IT AG) (until 9 February 2017)
- Klaus Seidel, businessman, (member of the Executive Management of MBB SE, member of the Supervisory Board of DTS IT AG)
- Christoph Weigler, businessman, (Head of UBER Deutschland GmbH) (from 9 February 2017)

### 3. Executive body remuneration

Each member of the Managing 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 €21 thousand (previous year: €18 thousand).

| 2017<br>Remuneration [in €k] | Fixed | Variable | one - time IPO Remuneration |
|---|---|---|---|
| **Managing Board** | | | |
| Beckhoff, Rolf | 165.0 | 228.2 | 4,803.8 |
| Martinschledde, Ludger | 165.0 | 228.2 | 4,803.8 |
| Roll, Sebastian | 132.5 | 213.6 | 2,882.4 |
| | **462.5** | **670.0** | **12,490.0** |
| **Supervisory Board** | | | |
| Freimuth, Gert-Maria | 22.5 | | |
| Seidel, Klaus | 17.5 | | |
| Weigler, Christoph | 20.0 | | |
| | **60.0** | | |

* 50% of which (net) was reinvested in Aumann AG shares. A detailed description of the one-time IPO remuneration can be found in the securities prospectus.

| 2016<br>Remuneration [in €k] | Fixed | Variable | one - time IPO Remu-neration |
|---|---|---|---|
| **Managing Board** | | | |
| Beckhoff, Rolf | 120.0 | 158.8 | n.a. |
| Martinschledde, Ludger | 120.0 | 158.8 | n.a. |
| Roll, Sebastian | n.a. | n.a. | n.a. |
| | **240.0** | **317.5** | **n.a.** |
| **Supervisory Board** | | | |
| Breitkopf, Anton | 0.0 | | |
| Freimuth, Gert-Maria | 0.0 | | |
| Seidel, Klaus | 0.0 | | |
| Weigler, Christoph | n.a. | | |
| | **0.0** | | |

## 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 persons

Mr. Ingo Wojtynia is also considered a related person. He is a minority shareholder of Aumann AG. Mr Wojtynia was billed for costs of €107 thousand for the IPO of Aumann AG in the 2017 financial year.

### 4.2 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, €695 thousand for consulting services in the 2017 financial year (2016: €765 thousand).

Aumann AG billed MBB SE €1,544 million for the IPO in the 2017 financial year.

## 5. Employees

The Group employed 981 people as at the end of the reporting period (previous year: 558), eight of whom as managing directors or members of the Managing Board (previous year: six). The Group also employed 101 trainees (previous year: 46) and 148 temporary employees (previous year: 71) in 2017. It employed 707 people on average over the year (previous year: 514).

## 6. Auditor's fees

| | 2017<br>€k |
|---|---|
| Audit services | 162.0 |
| **Total** | **162.0** |

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

Aumann AG was included in the TecDAX from 19 March 2018.

## 8. Other financial obligations

Please see note II.13.1 "Operating leases and rent" for information on other financial obligations.

## 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 Managing Board and the Supervisory Board submitted the latest version of this declaration on 22 March 2018. This is part of the management report and is published online at www.aumann-ag.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. Utilization of section 264 (3) HGB

This consolidated financial statement has a § 264 Abs. 3 HGB liberating for the Aumann Beelen GmbH.

Beelen, 22 March 2018

Rolf Beckhoff
Chief Executive Officer

Ludger Martinschledde
Chief Executive Officer

Sebastian Roll
Chief Financial Officer

# Auditor's Report

To Aumann AG, Beelen

## Report on the audit of the consolidated financial statements and the group management report

### 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 2017, 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 2017 to 31 December 2017 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 2017 to 31 December 2017, 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 2017 and its results of operations for the financial year from 1 January 2017 to 31 December 2017 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 issues in the audit of the consolidated financial statements

Key issues pertaining to the audit 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 2017 to 31 December 2017. These issues 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 issues.
In our opinion, the following issues were most significant in our audit:

- goodwill impairment
- acquisition of shares in USK Karl Utz Sondermaschinen GmbH
- recognition of contract revenue

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

1. issue and problem

2. audit procedure and findings
3. reference to further information

The key audit issues are presented below:

## Goodwill impairment

1. Goodwill of €38.5 million (21.3% 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 issue in our audit.
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.

## Acquisition of shares in USK Karl Utz Sondermaschinen GmbH

1. Aumann AG acquired 100% of shares in USK Karl Utz Sondermaschinen GmbH, Limbach-Oberfrohna (USK), by way of contract dated 18 October 2017. The transaction was closed and first-time consolidation in the context of purchase price allocation in accordance with IFRS 3 occurred on 18 October 2017. The cash purchase price was €44.7 million. Taking into account the net assets acquired as at the date of first-time consolidation, this resulted in goodwill of €28.4 million. Given the significant overall impact of the acquisition on the net assets, financial position and results of operations of the Group, and given the complexity of measuring the acquisition, this was a key issue in our audit.
2. To address this risk, we critically examined the assumptions and estimates by management, and performed audit procedures including the following:
   - inspection of the contractual agreements, obtaining an understanding of the acquisition and checking the purchase price paid in return for the shares received against the evidence provided to us for the payments made;
   - assessment of the reliability of the remeasurement of the assets of USK by an external expert in the context of purchase price allocation;
   - assessment of the company’s measurement of certain intangible assets;
   - obtaining an understanding of the input data on which measurement was based and the assumptions made or used;

- assessment of opening statement of financial position values and review of the first-time consolidation of USK as at the date of first-time consolidation on the basis of purchase price allocation.

Our analysis did not give rise to any restrictions regarding the reliability of the expert opinions. Overall, we satisfied ourselves by means of the audit procedures described and others that the acquisition of the operations of USK has been sufficiently documented and accurately presented.

3. The information provided by the company on the business combination can be found in note I.1.3 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 for long-term contract manufacturing is recognised in accordance with IAS 11 "Construction Contracts" based on the percentage of completion. In our opinion, accounting for construction contracts is an area with a significant risk of material misrepresentation (including the potential risk of management bypassing controls), and thus a key audit issue as estimates by the company's officers have a material impact on the calculation of the percentage of completion. This applies in particular with regard to the necessary scope of goods and services, the total contract costs, the costs to be incurred until completion, total contract revenue and contract risks including technical and legal risks. Revenue, contract costs and the percentage of completion can deviate significantly in some cases from the original estimates due to new findings on cost overruns and changes in the scope of a project during the term of a construction contract.
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.4.16 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 the continuation of business activities, if relevant. Furthermore, they are responsible for the accounting on the basis of the going concern principle, unless there is the intention to liquidate or discontinue the Group, or there is no realistic alternative.
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 issues that can reasonably be assumed to affect our independence, and the precautions taken against this.
Of the issues we discussed with those responsible for overseeing the audit, we determine which issues were most significant in the audit of the consolidated financial statements for the current reporting period and that are therefore the key audit issues. We describe these issues in our audit opinion, unless the public disclosure of such issues 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 9 February 2017. We were engaged by the Supervisory Board on 1 August 2017. As the auditor of the consolidated financial statements, we have audited the consolidated financial statements as at 31 December 2017 and the Group management report for the 2017 financial year that had to be prepared and audited for the first time on account of the stock market listing.
We declare that the audit opinions contained in this audit report are consistent with the additional report to the Audit Committee in accordance with Article 11 of the EU Audit Regulation (audit report).

### Responsible auditor

The auditor responsible for the audit is Christian Weyers.

Düsseldorf, 22 March 2018
RSM GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

| | |
|---|---|
| Grote | Weyers |
| *Wirtschaftsprüfer* | *Wirtschaftsprüfer* |
| German Public Auditor | German Public Auditor |

# Financial Calendar

**Annual financial report 2017**

25 April 2018

**Quarterly report Q1 2018**

14 May 2018

**Annual General Meeting 2018**

20 June 2018

**Quarterly report Q3 2018**

16 August 2018

**Quarterly Report Q3 2018**

16 November 2018

**End of the 2018 financial year**

31 December 2017

# Contact

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# Legal Notice

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