Annual Report 2018

Aumann AG, Beelen

Aumann in Figures

Fiscal year	2018	2017	Δ 2018/ 2017
	€k	€k	%
Order backlog	**204.219**	**204.153**	0,0%
Order intake	**290.878**	**282.339**	3,0%
Earnings figures	**€k**	**€k**	**%**
Revenue	**290.815**	**210.377**	**38,2%**
there of E-mobility	104.980	60.827	72,6%
Operating performance	289.706	210.538	37,6%
Total performance	296.522	215.800	37,4%
Cost of materials	-176.333	-130.932	34,7%
Staff costs	-73.677	-51.394	43,4%
EBITDA	32.453	22.582	43,7%
EBITDA margin	11,2%	10,7%	
EBIT	26.652	20.031	33,1%
EBIT margin	9,2%	9,5%	
adjusted EBIT	29.339	20.958	40,0%
adjusted EBIT margin	10,1%	10,0%	
EBT	25.587	19.143	33,7%
EBT margin	8,8%	9,1%	
Consolidated net profit	**18.222**	**13.040**	**39,7%**
Figures from the statement	**31 Dec**	**31 Dec**	
	€k	**€k**	**%**
Non-current assets	87.205	83.000	5,1%
Current assets	248.903	243.789	2,1%
there of cash and equivalents*	116.473	113.195	2,9%
Issued capital (share capital)	15.250	15.250	0,0%
Other equity	180.678	165.403	9,2%
Total equity	195.928	180.653	8,5%
Equity ratio	58,3%	55,3%	
Non-current liabilities	45.420	52.242	-13,1%
Current liabilities	94.761	93.894	0,9%
Total assets	**336.109**	**326.789**	**2,9%**
Net debt (-) or net cash (+) *	93.413	85.809	8,7%
Employees	**31 Dec**	**31 Dec**	**%**
	1.101	981	12,2%

* This figure also includes securities.

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Welcome Note from the Executive Board

Dear Shareholders,

Market developments in 2018 leave no doubt about it: The age of E-mobility has finally begun in the automotive industry. The changeover to electric models this entails is a done deal.

In light of this, we systematically continued to pursue our strategic goals in 2018 and achieved key milestones for Aumann AG. With growth of 38.2%, Aumann AG achieved record revenue of €290.8 million. Revenue in the E-mobility segment rose by 72.6% year-on-year to €105.0 million, increasing its share of revenue by 7.2 percentage points to 36.1%. Adjusted EBIT grew by 40.0% in 2018, outperforming revenue and achieving a record level of €29.3 million. This corresponds to an EBIT margin of 10.1%. Adjusted EBIT in E-mobility climbed by 111.9% to €14.2 million and now accounts for virtually half of total EBIT. The EBIT margin in E-mobility was 13.5% for 2018, 2.5 percentage points higher than the previous year's level. For the first time, more than 20% of incoming orders were generated in Asia, reflecting the greater internationalisation and broadening of Aumann's customer base.

The renaming of USK Karl Utz Sondermaschinen GmbH to Aumann Limbach-Oberfrohna GmbH was the last step in a successful integration. The expansion of the E-mobility segment in line with strategy was given a further boost by a rise in E-mobility projects at the Limbach-Oberfrohna location.

Despite the general growth in political and economic uncertainty, especially in the automotive industry, we are optimistic for the future. In the E-mobility segment, we at Aumann feel that we are excellently equipped for the technological challenges. Moving ahead as well, we will continue to work hard on our strategic goals. In particular, we intend to actively expand our market position in E-mobility, and are aiming for further growth both organically and through targeted acquisitions. As at the end of 2018, the company had cash funds of €116.5 million with a solid equity ratio of 58.3% to help it achieve this purpose.

With our strategic focus on E-mobility, we are following the megatrends of the comprehensive electrification of vehicles and autonomous driving. These two trends, both of which we consider irreversible, are responsible for the growing demand for automated production solutions for E-traction engines and powertrains. Driven by these two megatrends, there is further growth in demand for electric auxiliary engines, vehicle sensors and both battery and fuel cell-based energy solutions. As an equipment manufacturer, one of our core competencies is offering innovative production solutions and efficient processes for the series production of, for example, highly efficient electric engines for these challenging applications. Thus, our customers ultimately benefit from bespoke and economical solutions. One key area of our research and development is therefore still innovative winding technology, both for thin wire and, in particular, thick and rectangular wire applications, including sophisticated upstream and downstream joining, assembly, measuring and testing processes.

Contrary to the operating business, the share price of Aumann AG unfortunately did not perform very well in 2018. It suffered from a generally weak stock market environment characterized by economic concerns towards the end of 2018. In addition, the German automotive industry and its suppliers experienced a weak development due to the diesel crisis, the changeover to the "Worldwide Harmonised Light Vehicle Test Procedure" (WLTP) and a surprisingly weakening of the Chinese automotive market.

Also this year, we are planning for you, our shareholders, to share in the company's excellent performance of the past financial year once again. At our Annual General Meeting for the 2018 financial year on 6 June 2019, we will be proposing a dividend of €0.20 per share.

Our special thanks go to our employees all over the world, who now number around 1,350 for their steadfast commitment and dedication. Our thanks also go to our customers and business partners. With you, we want to keep on shaping the future of E-mobility, and look forward to continuing our trusting cooperation in 2019.

Sincerely,

Rolf Beckhoff
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 Executive Board in accordance with the tasks and responsibilities required of it by law, the Articles of Association and the provisions of the German Corporate Governance Code. This meant that the Supervisory Board was informed about the strategy, business policy and planning, the risk situation and the net assets, financial position and results of operations of Aumann AG at all times.

This was achieved by personal talks between the Chairman of the Supervisory Board and the Executive Board and regular reports on business developments by the Executive Board, and at the meetings of the Supervisory Board on 22 March, 20 June, 20 September and 21 November 2018, which were attended by all members of the Supervisory Board and the Executive Board.

At the individual meetings, the Supervisory Board analysed the company's current business development together with the Executive Board and discussed its strategic focus. 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.

Klaus Seidel resigned as a member of the Supervisory Board from 20 June. Dr Christof Nesemeier was elected as a new member of the Supervisory Board by way of resolution of the Annual General Meeting. Dr Christof Nesemeier was elected as a new member of the Supervisory Board by resolution of the Annual General Meeting. We warmly welcome Dr Christof Nesemeier.

Mr Ludger Martinschledde declared his resignation as a member of the Executive Board, effective immediately, on 20 June 2018. At the Supervisory Board meeting on the same day, the Supervisory Board also resolved to cancel Ludger Martinschledde's Executive Board contract effective 30 June 2019.

At its meeting on 21 November, the Supervisory Board resolved to prematurely terminate the Executive Board contracts of CEO Rolf Beckhoff and CFO Sebastian Roll, which had originally been due to run until 31 December 2021, as at 31 December 2018, and to enter into new Executive Board contracts for the period from 1 January 2019 to 31 December 2023, and to introduce a virtual, long-term stock option programme for the two members of the Executive Board.

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

In addition, the Supervisory Board dealt in the past financial year with the equal participation of women and men in management positions. Both the Supervisory Board (three members) and the Executive Board (two members) of Aumann AG currently consist exclusively of male members and correspond to the target figures for the gender ratio in the Supervisory Board and Executive Board set for the year 2023. The Supervisory Board and Management Board expressly aim to increase the representation of women in management positions. The decisive criterion for the selection of executives, however, remains their professional and personal aptitude.

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 2018 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 2018 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 2018 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 27 March 2019.

The Supervisory Board examined the annual financial statements prepared by the Executive Board, the joint management report for Aumann AG and the Aumann Group, the proposal for the appropriation of net profit and the consolidated financial statements and discussed them with the auditor at the meeting

on 27 March 2019. 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 27 March 2019, and the annual financial statements of Aumann AG have therefore been adopted.

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

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

Beelen, 27 March 2019

The Supervisory Board

Combined Management Report and Group Management Report

Aumann is a world-leading manufacturer of innovative speciality machinery and automated production lines with a focus on E-mobility. With locations in Beelen, Berlin, Espelkamp and Limbach-Oberfrohna in Germany as well as the Chinese company in Changzhou and a team in Clayton in the USA, the company has 6 locations on 3 continents.

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 315a HGB. The reporting on the situation of the Group is consistent with the reporting of Aumann AG. Additional information on the annual financial statements of Aumann AG is included in the section on the results of operations, financial position and net assets.

2018 was a highly successful year for Aumann. Aumann AG achieved record revenue with an increase of 38.2% to €290.8 million. The renaming of USK Karl Utz Sondermaschinen GmbH as Aumann Limbach-Oberfrohna GmbH was the last step in the successful and rapid integration of the automation solution specialist.

At €86.8 million, incoming orders were at their highest in the fourth quarter of 2018, up 21.2% on the previous quarter, though overall incoming orders were only slightly higher than the previous year's level at €290.9 million. Aumann has managed to achieve sustainable advantages for future incoming orders as a result of the systematic ongoing development of the E-mobility segment and the diversification and internationalisation of its customer base. Accordingly, the E-mobility segment is again looking particularly strong, accounting for around 39.0% of incoming orders. Furthermore, the share of incoming orders from Asian customers has increased significantly to 20%.

Adjusted EBIT grew by 40% in the past financial year, outperforming revenue at €29.3 million, which brings the EBIT margin to 10.1%. Significantly, adjusted EBIT in E-mobility climbed by 111.9% year-on-year to €14.2 million and now accounts for virtually half of total EBIT. The EBIT margin in E-mobility was 13.5% for the year as a whole, 2.5 percentage points higher than the previous year's level.

The Supervisory Board and the Executive Board will propose the distribution of a dividend of 20 cents per share, or €3,050,000, for the 2018 financial year at the Annual General Meeting on 6 June 2019.

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 and considerable strengths can be summarised as follows:

- strong growth in E-mobility thanks to the upheaval in the automotive industry;
- 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 consisting of organic growth and strategic corporate acquisitions.

Given the dynamic market growth in E-mobility, Aumann's products in the E-mobility segment focus on the development and production of automated production lines for components of the electric drivetrain. The company has its own technologies, some of which unique, for the automated mass production of both electric motors and energy storage.

Electric traction motor

Winding of stator and/or rotor

Energy storage/conversion

Assembly of modules, packs, fuel cells

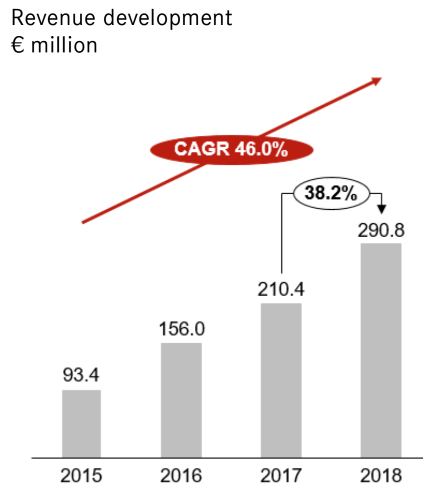
Electrification

Winding/assembly of E-auxiliary systems

In addition to manufacturing solutions for essential parts of electric drivetrains, Aumann uses its winding and assembly expertise to create production solutions for E-auxiliary motors, reflecting the electrification of other automotive functions. For electric motors, Aumann offers manufacturing solutions for highly efficient and technologically advanced engines with superior power-to-weight, in particular through the use of 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. Aumann also offers development services and product-related services such as maintenance, repair and spare parts delivery. In terms of strategy, Aumann is therefore ideally positioned to successfully serve the key mega-trends in the automotive industry, such as E-mobility, autonomous driving, comfort and safety.

The unique combination of three factors allows Aumann its excellent market position: Firstly, the company has excellent expertise in automation and winding technology. The focus is on creating complete production lines configured from individual machinery modules. Secondly, the company has a clear focus on the automotive industry and E-mobility in particular. Decades of experience in this field enable Aumann to be a trustworthy partner, especially in the era of transition to E-mobility for car manufacturers. Thirdly, Aumann has the necessary corporate structure to handle larger, more complex projects as well. With revenue of €290.8 million in 2018 and six locations on three continents, Aumann offers manufacturing solutions with high customer benefit and, in some cases, unique technology.

Aumann's outstanding market position is reflected by its revenue, which has grown by an average rate of 46% since 2015:



To be able to continue its significant growth, Aumann is pursuing a systematic expansion strategy with the following priorities:

- continuing international diversification of the customer base;
- international expansion with a focus on China and the NAFTA region;
- ongoing technological development with a focus on E-mobility;
- expansion of service business with an increased share of services in total revenue;
- identification of strategic M&A options.

Market development

Despite escalating global risks, world economic growth – as in the previous year – was around 3.7%. The International Monetary Fund (IMF) attributes this to the increased probability of further negative shocks. The trade conflict between the US and China, the two biggest economies, and the uncertainty of Brexit weighed on the economy in particular.

Economic growth in the US was an estimated 2.9% in 2018, and thus once again higher than in the previous year. In addition to private consumer spending, the US economy benefited in particular from government measures such as tax cuts and spending increases. At 6.4% in 2018, growth in China was also at a level similar to the previous year.

According to figures from the German Federal Statistical Office, the German economy grew by 1.5% in 2018 and 2.2% in each of the two preceding years. Overall, 2018 was Germany's ninth year of growth in a row. As in the previous year, the German economy was driven by domestic demand. Higher corporate investment and the ongoing construction boom likewise contributed to growth. At the same time, the average number of people in employment again rose to a new high in 2018.

The European Central Bank continued its bond purchase programme in 2018, before suspending it at the end of the year. In addition to this, the key interest rate was unchanged at 0.0% for the year as a whole, though monetary policy developments told a different story in the US. Accordingly, the US Federal Reserve raised the key interest rate in the US four times to 2.25% to 2.50%.

According to figures from the European Automobile Manufacturers' Association (ACEA), car registrations in the EU were more or less stable year-on-year in 2018. Growth for the year as a whole was around 0.1% owing to declining demand in the last four months of 2018. While only moderate, 2018 was the fifth consecutive year of growth, with almost 15.2 million cars registered throughout the European Union. The figures for the five biggest EU markets varied, with increases in Spain (up 7.0%) and France (up 3.0%), a slight decline in Germany (down 0.2%) and a more notable drop in demand in Italy (down 3.1%) and the UK (down 6.8%) in the past year.

The US car market was marginally positive with sales growth of around 0.6%. According to industry experts, the main reasons for this were rising interest rates and a strong market for nearly new cars.

The Chinese automotive market was in decline for the first time in more than two decades in 2018. Sales fell by around 6.0% to 22.7 million cars. In addition to the trade conflict between the US and China, the reasons for this development were primarily domestic, such as high private debt, tight property markets and general downward pressure on the economy.

Aumann anticipates that the growth in E-mobility will continue to gain momentum over the coming months and years. In particular, the following technological trends and political factors are contributing to this by accelerating the transition to E-mobility:

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

Capital measures

There were no capital measures in the 2018 financial year.

Research and development

Innovative product and process development is a top priority at Aumann. In particular, work on development projects serves the following strategic objectives:

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

Much of the technical research and development by the Aumann Group is done in the context of work on customer orders. If the requirements of IAS 38 are met, the development costs are capitalised and amortised over their expected useful life. Development costs of around €2.7 million were capitalised in the 2018 financial year. Furthermore, Aumann AG actively promotes scientific discourse with universities and research institutes. Aumann plays an active part in academic discussions by producing and publishing scientific articles.

Aumann AG pursues a selective strategy to safeguard its technological expertise in specific fields. One means of this is an active patent strategy. Aumann ensures legal protection for new developments at both a product and process level on a case-by-case basis. A number of national and international patent applications were filed in 2018, primarily for the E-mobility segment.

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 2018. In line with the Group's general growth strategy, 2018 saw a clear focus on developing new and existing technologies in the E-mobility segment. The developments for continuous hairpin 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. In addition to continuous hairpin technology, for which we anticipate long-term demand, Aumann has also successfully implemented further projects in hairpin and I-pin technology. Aumann is therefore well positioned, both in terms of technology and patent law, for the trend towards rectangular shaped conductors that is dominating the market. In addition, classic round wire developments are also being advanced in order to cover the entire technological range.

In particular, progress was made in the ongoing development of production systems for the automatic assembly of fuel cells in the past financial year. Initial pilot projects with customers focusing on the industrialisation of stack production have already been successfully implemented.

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, since 2017 Aumann has significantly advanced the development of automatic drizzle winding, which to date can only be done manually, but which is ultimately a very promising winding technology.

In the coming years, Aumann AG technology development strategy will primarily focus on E-mobility areas.

In addition to the electric drivetrain, E-mobility also includes components for energy storage, control electronics and transmissions. Furthermore, hardware and software modules were developed for production lines that enable the production of a wide range of transmissions, including hybrid modules for electric drivertrains in addition to conventional mechanical transmissions.

Even now, Aumann is capable of offering its customers solutions for a variety of individual components of an electric drivetrain, through to fully automated assembly of modules or even 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 2019.

Subsidiaries

Aumann AG had six direct and two indirect subsidiaries as at the end of the 2018 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.

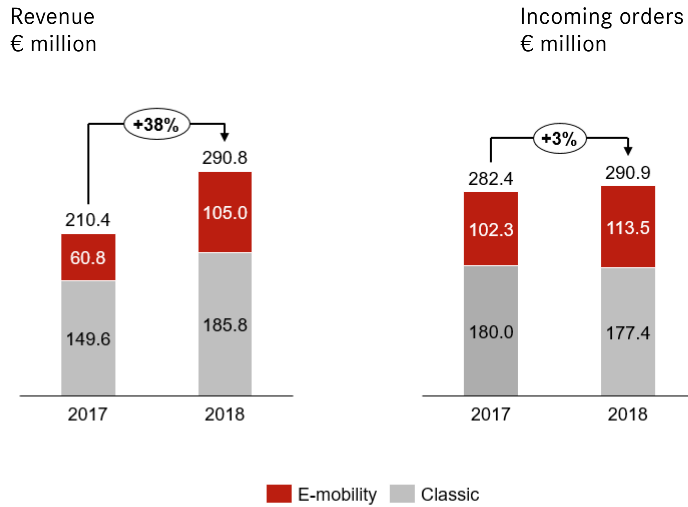
In its E-mobility segment, Aumann predominantly manufactures speciality machinery and automated production lines with a focus on the automotive industry. Aumann's offering enables customers to carry out the highly efficient and technologically advanced mass production of a wide range of electric drivetrain components – from E-traction engines to various energy storage systems, 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 some cases – unique winding and assembly technologies with which copper wire is introduced to electric components. Major customers from the automotive industry use Aumann technology to manufacture the latest generation of electric motors. Aumann's range also comprises product-related services such as E-auxiliary engines, maintenance, repair and spare parts delivery.

Revenue in the E-mobility segment grew by 72.6% year-on-year to €105.0 million in 2018. At €14.2 million, the segment's EBIT was higher than the previous year's level (€6.7 million), as a result of which its EBIT margin rose to 13.5%. Particularly in the E-mobility sector, Aumann generated strong incoming orders towards the end of the year to achieve a cumulative order intake of €113.5 million, an increase of 10.9%.

In the Classic segment, Aumann mainly manufactures specialist machinery and automated production lines for the automotive, consumer electronics, appliances and industry sectors. For example, Aumann's solutions include systems for the production of drive components that reduce CO_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 24.3% year-on-year to €185.8 million in 2018. 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 slightly from €14.5 million in the previous year to €14.9 million. This corresponds to an EBIT margin of 8%. The cumulative order intake in the Classic segment amounted to €177.4 million.

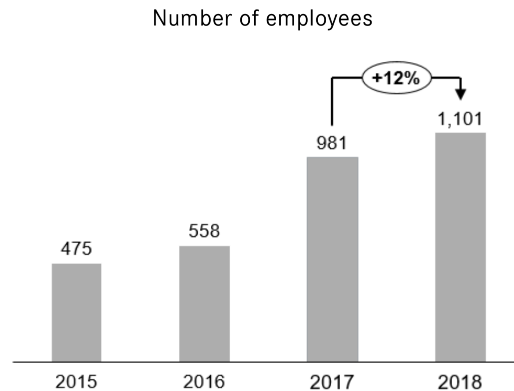
The following figure shows the extremely dynamic development of revenue and Aumann's incoming orders in the segments:



Employees

Not including trainees or temporary employees, headcount increased to 1,101 as at 31 December 2018, an organic rise of c. 12.0% compared to 31 December 2017. In addition, Aumann had 103 trainees and 137 temporary employees as at the end of the year, bringing the total to 1,341.

Number of employees



Results of operations, financial position and net assets

Aumann AG (notes based on HGB figures)

Aumann AG generated revenue of €1.8 million (previous year: €1.2 million) from the rental of land and buildings, the performance of services and the provision of software to Group companies in the 2018 financial year. Other operating income declined by €1.5 million to €0.2 million (previous year: €1.7 million). In the previous year this figure had included income from costs, which did not recur in the 2018 financial year, in connection with the IPO that were passed on to MBB SE as the main shareholder of Aumann AG and another shareholder. Revenue, together with other operating income, resulted in total operating revenue of €2.0 million (previous year: €2.9 million).

This was offset by expenses for purchased services of €0.4 million (previous year: €0.3 million), which essentially include costs for normal business operations and maintenance costs for software. Staff costs

declined by €11.5 million from €13.6 million to €2.1 million, and also include staff costs for employees in addition to Executive Board remuneration. In the previous year, this item had included the remuneration of the Executive 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. Other operating expenses decreased by €6.8 million from €7.8 million to €1.0 million and essentially include consulting and maintenance costs. The reduction in other operating expenses relates to the absence of costs for the IPO and the capital increase.

Earnings after taxes were significantly higher than in the previous year at €5.8 million (€-5.2 million). The negative result in the previous year was essentially on account of the costs of the IPO and the capital increase.

A dividend of €3.0 million (previous year: €4.5 million) was distributed in the 2018 financial year.

Taking the dividend distribution into account, Aumann AG's equity increased to €167.0 million as at the end of the reporting period (previous year: €164.2 million) as a result of earnings performance. The equity ratio rose by 1.9 percentage points to 88.6% (previous year: 86.7%).

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

The cash and cash equivalents of Aumann AG amounted to €31.9 million as at the end of the financial year (previous year: €23.5 million). Receivables from affiliated companies fell by €8.2 million from €73.8 million to €65.6 million, essentially as a result of the repayment of short-term loans. As in the previous year, this item includes current loan receivables and receivables from profit transfers and the profit transfer agreement with Aumann Beelen GmbH.

Aumann Group

Aumann's financial position and financial performance are very positive. The consolidated revenue of the Aumann Group increased by 38.2% year-on-year to €290.8 million in the 2018 financial year (previous year: €210.4 million). In addition to the organic growth of the Aumann Group, this increase in sales is attributable in particular to the first-time consolidation of Aumann Limbach-Oberfrohna GmbH for a full 12 months. Aumann missed its revenue forecast for the 2018 financial year of more than €300 million by around 3.2% as a result of changes in the market situation in the Classic segment. Among other things, revenue was impacted by the postponement by an existing customer of an order for a repeater system in the Classic segment. At the same time, adjusted EBIT was in the middle of the forecast corridor for 2018 at €29.3 million.

Including capitalised development costs and other operating income, total operating performance grew by €80.7 million year-on-year at €296.5 million (€215.8 million).

The ratio of the cost of materials to operating performance fell from 62.2% in the previous year to 61.0%. The staff costs ratio rose from 24.4% in the previous year to 25.4% in the same period. The shift in these ratios is essentially due to the higher headcount in 2018. More temporary workers were used in the previous year to support the company's growth. As the costs of temporary workers are shown in the cost of materials, these were down relative to operating performance, while staff costs were up relative to operating performance.

EBITDA rose by 43.7% to €32.5 million (previous year: €22.6 million) in the financial year. After depreciation and amortisation of €5.8 million, the Aumann Group's EBIT amounted to €26.7 million (previous year: €20.0 million). €2.2 million of this figure relates to hidden reserves that were capitalised as part of the acquisition of Aumann Limbach-Oberfrohna GmbH. Taking into account net finance costs of minus €1.1 million, EBT amounted to €25.6 million (previous year: €19.1 million). The consolidated net profit is €18.2 million (previous year: €13.0 million) or €1.19 per share (previous year: €0.94 per share).

Adjusted EBIT amounts to €29.3 million. It was adjusted for write-downs on hidden reserves at Aumann Limbach-Oberfrohna GmbH in the amount of €2.2 million and costs incurred in connection with the departure of a member of the Executive Board of €0.5 million. €0.4 million of this relates to deferred salary payments and €0.1 million to incentives.

Cumulative incoming orders amounted to €290.9 million as at the end of the financial year. The order backlog amounted to €204.2 million as at the end of the year.

Capital expenditure on property, plant and equipment mainly includes the completion of the expansion of the Beelen site.

Consolidated equity was €195.9 million as at 31 December 2018 (31 December 2017: €180.7 million). Based on total consolidated assets of €336.1 million, the equity ratio was 58.3% after 55.3% as at 31 December 2017.

In light of the growth achieved, working capital has risen by €6.7 million since 31 December 2017, while operating trade working capital has increased by €6.9 million. As a percentage of revenue, trade working capital declined from 36.1% on 31 December 2017 to 28.5% on 31 December 2018.

Financial liabilities amounted to €23.1 million as at 31 December 2018 (31 December 2017: €27.3 million) and cash funds, including securities, to €116.5 million (31 December 2017: €113.2 million). Accordingly, net cash from the above liabilities and cash items amounted to €93.4 million as against €85.9 million on 31 December 2017.

Summary assessment

The Executive Board sees Aumann AG's performance as consistently positive. Incoming orders, revenue and equity once more reached their highest levels in the history of the company in 2018, and profitability was increased in absolute terms despite the further strong growth and the challenges this again entailed. The momentum in the E-mobility segment is still ongoing. The positive market development suggests consistent corporate growth.

Principles and objectives of financial management

The foundations of the Group's financial policy are determined by the Executive Board. The primary objectives of financial management are to safeguard liquidity and limit financial risks. 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 2018 financial year. The management of the credit risks of our contract partners is the responsibility of the individual equity investments. However, monitoring at Group level serves to ensure timely intervention as necessary.

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

Remuneration report

The Executive Board

Each member of the Executive Board is entitled to a fixed and a variable remuneration component. The variable remuneration component consists of a fixed annual amount of €20,000 on 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 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 revenue of 1.5% for the respective financial year, the Executive Board is not entitled to the bonus.

New contracts containing amended remuneration regulations were signed with the members of the Executive Board from the 2019 financial year onwards. The fixed remuneration of Mr. Beckhoff increases to 250 T€, from Mr. Roll to 200 T€. Fixed remuneration is adjusted upwards and downwards if certain revenue targets for the preceding year are exceeded or missed. The variable remuneration component consists of an ROS bonus, to which Executive Board members are entitled on achieving a return on sales of 2.0% in the respective financial year, and a subsidiary dividend bonus, which is paid in the event of a lower return on sales as 2.0%.

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

In addition, the members of the Executive Board each have the use of a company car and are entitled to continued payment of salary for up to three months in the event of illness. Expenses are reimbursed against receipt. Furthermore, the members of the Executive Board are covered by Group D&O insurance with a deductible of 10.0% and Group accident insurance.

The Supervisory Board

The remuneration of the Supervisory Board of Aumann AG was regulated by the Annual General Meeting on 9 February 2017. The members of the Supervisory Board receive fixed annual remuneration in addition to the reimbursement of their expenses. Furthermore, Aumann AG reimburses the members of the Supervisory Board for the VAT due on Supervisory Board remuneration if and to the extent that this is invoiced by a member of the Supervisory Board or shown in a credit note in place of an invoice. Provisions of €60 thousand were recognised for Supervisory Board remuneration in the 2018 financial year. The members of the Supervisory Board were not granted advances on future remuneration or loans. Furthermore, Aumann AG did not enter into contingent liabilities on behalf of members of the Supervisory Board.

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

Controlling system

The Aumann Group's systematic focus on increasing enterprise value is also reflected in its internal controlling system. All relevant developments in the Aumann Group are discussed in the monthly meeting of the Executive Board. The development of various key figures, in particular incoming orders, revenue and EBIT, of the individual Group companies is analysed here. Aumann AG defines consolidated revenue 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/net debt). Another key performance indicator is trade working capital, which consists of inventories, trade and completed contract receivables, advances received and trade payables.

Report on risks and opportunities

Aumann still believes that the E-mobility market has particular potential for growth. This is thanks to drivetrain electrification on the one hand and the general electrification of other vehicle components on the other. Efficiency and environmental friendliness are increasingly becoming the priority when using combustion engines. 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. Political conditions, such as the 37.5% reduction in CO_2 emissions for new cars within the EU by 2030, are accelerating the trend towards E-mobility. The company's growth prospects are also shored up by the comfortable order backlog at the start of the current financial year. In addition to continuing the geographic expansion into Asia and NAFTA, another priority is to consider M&A opportunities.

In particular, market risks lie in a combination of political, economic and automotive uncertainty. A no-deal Brexit could have negative implications for the overall economic situation in general and for the automotive industry specifically. In turn, this can have repercussions on demand for our products. Similarly, an escalating trade conflict can have negative consequences for global car manufacturers and suppliers. Also, global uncertainty and a general slowdown of the economy on the key markets of Europe, Asia and the Americas could negatively influence the economic situation of our customers and, as a result, demand for our products. This can give rise to revenue and earnings risks for Aumann.

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

- Growing political uncertainty and its economic implications (e.g. Brexit)
- Increased trade barriers that hamper access to Aumann's markets
- Deterioration of the general economic situation on Aumann's markets
- Greater volatility in the automotive industry, especially on the E-mobility market
- Waning demand for the classic drivetrains
- Intensification of competition, for example due to market consolidation
- Financial stability among customers as a result of the rapid changes due to E-mobility

Business risks

- 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
- Increased technical risks when entering new areas of technology
- Longer delivery times and the associated loss of orders
- Reduction of state incentives for E-mobility
- 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 Executive Board and the Supervisory Board in accordance with section 161 of the German Stock Corporation Act;
2. the corporate governance report;
3. relevant information on corporate governance practices going beyond the statutory requirements and details of where they are publicly accessible;
4. a description of the procedures of the Executive Board and the Supervisory Board and the composition and procedures of their committees; if this information is publicly available on the company's website, reference can be made to this fact;
5. presentation of targets for the share of women in the Supervisory Board, Executive Board and the two management levels below Executive Board and their achievement;
6. a description of the diversity concept for the composition of the Executive Board and the Supervisory Board.

1. Declaration in accordance with section 161 AktG

The Supervisory Board issued the most recent declaration of compliance in accordance with section 161 AktG on 22 March 2019. It reads as follows:

The Executive Board and the Supervisory Board of Aumann AG dealt with corporate governance issues several times in the 2018 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 Executive Board provides for a deductible of 10% up to a maximum of 1.5 times their fixed annual remuneration.
- Item 4.1.3: Whistleblower system: Aumann AG hired employees for the first time in 2018. Given the small number of employees and the company's flat hierarchical structure, it does not seem appropriate to us to set up a whistleblower system. In the event of indications of legal violations within the company, employees can directly contact the Compliance Officer on the Executive Board in confidence.
- 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 Executive Board. The Supervisory Board considers it possible to present the total remuneration of the Executive 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 Executive Board: When filling positions on the Executive 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 Executive Board of Aumann AG complies with the applicable laws. There are no codified or publicly accessible corporate governance practices going beyond these requirements. The Supervisory Board will consider whether Group-wide regulations should be reasonably codified and published in future.

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

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

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

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

5. Targets for the share of women

The percentage of women on the Supervisory Board and the Executive Board of Aumann AG is 0%. A higher target is not intended in the next few years. This applies accordingly to the management levels below the Executive Board.

6. Diversity concept

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

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

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

Composition of issued capital

The share capital reported in the statement of financial position as at 31 December 2018 of €15,250,000 consists of 15,250,000 no-par value bearer shares and is fully paid in. Each share grants the bearer one vote at the Annual General Meeting.

Restrictions on voting rights or the transfer of shares

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

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

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

Bearers of shares conferring special rights

No shares conferring special rights have been issued.

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

There are no corresponding employee participation schemes.

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

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

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

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

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

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

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

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

There are no such agreements.

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

There are no such compensation agreements.

Disclosures in accordance with section 315b HGB

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

Disclosures in accordance with section 312(3) AktG

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

Events after the end of the reporting period

There were no events after the end of the reporting period.

Report on expected developments

In light of growing political and economic uncertainty, particularly in the automotive industry, Aumann expects its revenue and adjusted EBIT to increase slightly in the 2019 financial year as compared to the previous year.

Beelen, 27 March 2019

Rolf Beckhoff Chief Executive Officer	Sebastian Roll Chief Financial Officer

Aumann AG Condensed Annual Financial Statements for 2018

Income statement (HGB)	2018 €k	2017 €k
Revenue	1.797	1.233
Other operating income	206	1.651
Cost of purchased services	-435	-300
Staff costs	-2.105	-13.564
Depreciation and amortisation of intangible assets	-352	-238
Other operating expenses	-1.091	-7.843
Income from equity investments	3.437	9.706
Income from profit transfer agreement	5.020	4.405
Other interest and similar income	0	3
Interest and similar expenses	-279	-186
Income tax expense / Other taxes	-355	-59
Net profit for the year	**5.843**	**-5.192**
Profit carried forward from the previous year	1.455	9.697
Unappropriated surplus	**7.298**	**4.505**

Statement of financial position (HGB) Assets	31 Dec 2018 €k	31 Dec 2017 €k
Property, plant and equipment	11.925	11.587
Financial assets	77.395	77.395
Noncurrent assets	**89.320**	**88.982**
Receivables and other assets	67.198	77.020
Cash in hand and bank balances	31.851	23.486
Current assets	**99.049**	**100.506**
Total assets	**188.369**	**189.488**

Equity and liabilities	€k	€k
Shareholders' equity	**166.986**	**164.193**
Provisions	**1.767**	**1.118**
Liabilities	**19.616**	**24.177**
Total Equity and liabilities	**188.369**	**189.488**

Appropriation of earnings

The net profit of €5,843,420.84 is reported with the profit carryforward of €1,455,064.32 as net retained profits. As in the previous year, the Executive Board and the Supervisory Board will propose the payment of a dividend at the Annual General Meeting. This dividend is to amount to €3,050,000 or 20 cents per share.

IFRS Consolidated Financial Statements for 2018

IFRS consolidated statement of comprehensive income	Notes	1 Jan - 31 Dec 2018 €k	1 Jan - 31 Dec 2017 €k
Revenue	III.1.	**290.815**	**210.377**
Increase (+)/decrease (-) in finished goods and work in progress		-1.109	161
Operating performance		**289.706**	**210.538**
Capitalised development costs		2.713	3.312
Other operating income	III.2.	4.103	1.950
Total performance		**296.522**	**215.800**
Cost of raw materials and supplies		-151.242	-113.417
Cost of purchased services		-25.091	-17.515
Cost of materials		**-176.333**	**-130.932**
Wages and salaries		-57.692	-38.952
Social security and pension costs		-15.985	-12.442
Staff costs		**-73.677**	**-51.394**
Other operating expenses	III.3.	-14.059	-10.892
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)		**32.453**	**22.582**
Amortisation and depreciation expense	II.1.	-5.801	-2.551
Earnings before interest and taxes (EBIT)		**26.652**	**20.031**
Other interest and similar income	III.4.	231	280
Interest and similar expenses	III.5.	-1.296	-1.168
Net finance costs		**-1.065**	**-888**
Earnings before taxes (EBT)		**25.587**	**19.143**
Income tax expense	III.6.	-7.283	-6.030
Other taxes	III.6.	-82	-73
Consolidated net profit		**18.222**	**13.040**

IFRS consolidated statement of comprehensive income	Notes	1 Jan - 31 Dec 2018 €k	1 Jan - 31 Dec 2017 €k
Consolidated net profit		**18.222**	**13.040**
Items that may be reclassified subsequently to profit and loss			
Currency translation changes		-15	-62
	II.8.3	-296	-111
Items that will not be reclassified to profit and loss			
		10	
Remeasurement of defined benefit obligation	II.9	611	660
Deferred Tax Liabilities		-145	-214
Other comprehensive income after taxes		**165**	**273**
Comprehensive income for the reporting period		**18.387**	**13.313**
		€	€
Result attributtable to the holders of shares		18.221.952	13.039.636
Weighted average number of shares to calculate the earnings per share		15.250.000	13.857.830
Earnings per share (in €)	**III.7**	**1,19**	**0,94**

Statement of financial position Assets (IFRS)	Notes	31 Dec 2018 €k	31 Dec 2017 €k
Non-current assets			
Own produced intanbible assets	II.1.	5.548	3.312
Concessions, industrial property rights			
and similar rights	II.1.	819	3.007
Goodwill	II.2.	38.484	38.484
Intangible assets		**44.851**	**44.803**
Land and buildings			
including buildings on third-party land	II.1.	26.820	25.800
Technical equipment and machinery	II.1.	2.869	3.391
Other equipment, operating and office equipment	II.1.	3.680	3.155
Advance payments and assets under development	II.1.	1.231	1.788
Property, plant and equipment		**34.600**	**34.134**
Financial assets	II.6.	**7.454**	**2.577**
Deferred tax assets	II.7.	**301**	**1.486**
		87.206	**83.000**
Current assets			
Raw materials and supplies	II.3.	3.035	2.556
Work in progress	II.3.	1.996	2.489
Finished goods	II.3.	525	694
Advance payments	II.3.	4.713	3.241
Inventories		**10.269**	**8.980**
Trade receivables	II.4.	25.071	33.635
Receivables from construction contracts	II.4.	99.622	83.091
Other current assets	II.5.	4.921	7.465
Trade receivables			
and other current assets		**129.614**	**124.191**
Securities	II.6.	**2.697**	**3.917**
Cash in hand	V.	8	7
Bank balances	V.	106.315	106.694
Cash in hand, bank balances		**106.323**	**106.701**
		248.903	**243.789**
Total assets		**336.109**	**326.789**

Statement of financial position Equity and liabilities (IFRS)	Notes	31 Dec 2018 €k	31 Dec 2017 €k
Equity			
Issued capital	II.8.	15.250	15.250
Capital reserves	II.8.	131.841	131.841
Retained earnings	II.8.	48.837	33.562
		195.928	**180.653**
Non-current liabilities			
Pension provisions	II.9.	18.267	18.538
Liabilities to banks	II.10.	19.429	23.060
Other provisions	II.12.	933	1.025
Deferred tax liabilities	II.7.	5.610	4.063
Other liabilities	II.11.	1.181	5.556
		45.420	**52.242**
Current liabilities			
Other provisions	II.12.	14.322	20.900
Trade payables	II.10.	30.891	21.959
Contractual obligations	II.10.	21.186	27.771
Provisions with the nature of a liability	II.12.	13.828	10.630
Liabilities to banks	II.10.	3.631	4.260
Tax provisions	II.12.	1.320	852
Other liabilities	II.11.	9.583	7.522
		94.761	**93.894**
Total equity and liabilities		**336.109**	**326.789**

Consolidated statement of cash flows	1 Jan - 31 Dec 2018 €k	1 Jan - 31 Dec 2017 €k
1. Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	**26.652**	**20.031**
Adjustments for non-cash transactions		
Write-downs on non-current assets	5.801	2.551
Increase (+)/decrease (-) in provisions	-6.779	-358
Gains (+)/ Losses (-) from disposal of PPE	-34	-176
Other non-cash expenses/income	0	0
	-1.012	**2.017**
Change in working capital:		
Increase (-)/decrease (+) in inventories, trade receivables and other assets	-9.927	-9.501
Decrease (-)/increase (+) in trade payables and other liabilities	3.268	-12.483
	-6.659	**-21.984**
Income taxes paid	-995	-4.150
Interest received	231	280
	-764	**-3.870**
Cash flow from operating activities	**18.216**	**-3.806**
2. Cash flow from investing activities		
Investments in (-)/divestments of (+) intangible assets	-3.192	-3.671
Investments in (-)/divestments of (+) property, plant and equipment	-3.125	-6.000
Investments in (-)/ divestments of (+) of available-for-sale financial assets and securities	-4.004	1.058
Cash from disposal of assets	35	176
Acquisition of USK (less cash received)	0	-36.508
Cash flow from investing activities	**-10.286**	**-44.945**
3. Cash flow from financing activities		
Proceeds from equity transfers	0	143.000
Disbursements for equity transfers	0	-18.059
Profit distribution to shareholders	-3.050	-4.500
Proceeds from borrowing financial loans	92	9.724
Repayments of financial loans	-4.352	-11.912
Interest payments	-974	-842
Cash flow from financing activities	**-8.284**	**117.411**
Cash and cash equivalents at end of period		
Change in cash and cash equivalents (Subtotal 1-3)	-354	68.660
Effects of changes in foreign exchange rates (no cash effect)	-24	-142
Cash and cash equivalents at start of reporting period	106.701	38.183
Cash and cash equivalents at end of period	**106.323**	**106.701**
Composition of cash and cash equivalents		
Cash in hand	8	7
Bank balances	106.315	106.694

Reconciliation to liquidity reserve on 31 Dec	2018	2017
Cash and cash equivalents at end of period	106.323	106.701
Securities	10.150	6.494
Liquidity reserve on 31 Dec	**116.473**	**113.195**

Statement of changes in consolidated equity

	Issued capital	Capital reserves	Retained earnings: Currency translation difference	Retained earnings: FairValue Reserve	Retained earnings: Pension Reserve	Retained earnings: Generated consolidated equity	Consolidated equity
	€k	€k	€k	€k	€k	€k	€k
1 Jan 2017	**12.500**	**4.188**	**77**	**88**	**-2.417**	**27.001**	**41.437**
Dividends paid	0	0	0	0	0	-4.500	-4.500
Subtotal	**12.500**	**4.188**	**77**	**88**	**-2.417**	**22.501**	**36.937**
Amounts recognised in other comprehensive income	0	0	0	-111	446	0	335
Currency translation difference	0	0	-62	0	0	0	-62
Consolidated net profit	0	0	0	0	0	13.040	13.040
Total comprehensive income	**0**	**0**	**-62**	**-111**	**446**	**13.040**	**13.313**
Capital increase	2.750	127.653	0	0	0	0	130.403
31 Dec 2017	**15.250**	**131.841**	**15**	**-23**	**-1.971**	**35.541**	**180.653**
First adoption IFRS 9	**0**	**0**	**0**	**-14**	**0**	**-20**	**-34**
1 Jan 2018	**15.250**	**131.841**	**15**	**-37**	**-1.971**	**35.521**	**180.619**
Dividends paid	0	0	0	0	0	-3.050	-3.050
Subtotal	**15.250**	**131.841**	**15**	**-37**	**-1.971**	**32.471**	**177.569**
Amounts recognised in other comprehensive income	0	0	0	-314	466	0	152
Currency translation difference	0	0	-15	0	0	0	-15
Consolidated net profit	0	0	0	0	0	18.222	18.222
Total comprehensive income	**0**	**0**	**-15**	**-314**	**466**	**18.222**	**18.359**
Capital increase	0	0	0	0	0	0	0
31 Dec 2018	**15.250**	**131.841**	**0**	**-351**	**-1.505**	**50.693**	**195.928**

Notes to the Consolidated Financial Statements for 2018

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 2018 financial year were approved by the Supervisory Board of Aumann AG on 27 March 2019.

1.2 Accounting policies

The consolidated financial statements for the year ended 31 December 2018 are prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the EU and applicable at the end of the reporting period. The term "IFRS" includes the International Accounting Standards (IAS) still applicable, the International Financial Reporting Standards (IFRS) and the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC).

Application of new and amended standards

The following new or amended standards were effective for the first time in the 2018 financial year:

Regulation	Title	Effects
IAS 40	Investment Property	none
IFRS 2	Share-based Payment	none
IFRS 4	Insurance Contracts	none
IFRS 15	Revenue from Contracts with Customers	minor
IFRS 9	Financial Instruments	minor
	Annual Improvements to IFRSs 2014 - 2016	none

The effects of IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" are described below; the other standards have no significant effect on Aumann's financial statements.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from Contracts with Customers", published by the IASB in May 2014, was applied for the first time in the 2018 financial year. Under the new standard, revenue is recognised to show the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when the customer acquires control of the goods or services. 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 revenue 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. Initial application used the full retrospective method, i.e. any transition effects would have been recognised directly in retained earnings cumulatively at the beginning of the comparative period on 1 January 2017. Aumann AG thus utilised the practical expedients permitted by IFRS 15. The adoption of IFRS 15 has no significant effect on the consolidated financial statements of Aumann AG. There were no changes in the total amount of revenue recognised for a customer contract in the 2017 financial year (the comparative prior-year period). Construction contracts that were previously accounted for using the percentage-of-completion method satisfy the requirements for revenue recognition over time.

IFRS 9 “Financial Instruments”

The effects of the adoption of IFRS 9 “Financial Instruments” on Aumann’s consolidated financial statements are explained below. The differences from the previous accounting treatment as a result of the new IFRS are also presented in detail.

The new standard replaces the previous regulations of IAS 39 “Financial Instruments: Recognition and Measurement” and contains new regulations on hedge accounting. The previous regulations for calculating impairment have been replaced by the expected credit loss (ECL) model.

Aumann is applying IFRS 9 for the first time for the financial year beginning as at 1 January 2018. It has been adopted retrospectively. In accordance with the transitional provisions, Aumann has elected to continue presenting the comparative information in accordance with IAS 39.

Specifically, the adoption of IFRS 9 at Aumann results in the following changes. Overall, the Group considers the effects of the newly adopted standard on its financial position and financial performance to be immaterial. The effects are reported in a separate line in the statement of changes in equity. Aumann will not implement the amendments to IAS 1 (reporting of impairment losses as a separate item in the statement of comprehensive income) resulting from IFRS 9 on account of the small amounts involved. As in the past, these are reported as a net amount under other operating expenses/income.

Financial liabilities

The Group’s financial liabilities include trade payables, financial liabilities, contract liabilities and other financial liabilities. These are still carried at amortised cost. Finance lease liabilities are not assigned to any IFRS 9 category.

Financial assets

IFRS 9 introduces a uniform model for classifying financial assets by assigning them to the following three categories:

- financial assets measured at amortised cost;
- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income.

Financial assets whose cash flows consist solely of payments of principal and interest are classified according to Aumann’s business model. Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows are measured at amortised cost. These business models are largely managed on the basis of the term structure and credit risk. If the objective of the business model is to hold assets, but sales are also made if this is necessary to cover a specific liquidity requirements, for example, these assets are measured at fair value through other comprehensive income. Financial assets that consist solely of payments of principal and interest but that are not held within one of the two above business models are measured at fair value through profit or loss. Aumann holds financial assets in the form of debt instruments, which are reported under securities, were classified as available for sale in accordance with IAS 39 and measured at fair value through other comprehensive income. These securities are held within a business model with the objective of collecting contractual cash flows from these financial assets and selling financial assets. This classification results in measurement at fair value through other comprehensive income. Aumann does not exercise the option to measure these financial assets at fair value. This does not give rise to any changes in measurement.

Investments in listed equity instruments reported under financial assets were classified as available for sale in accordance with IAS 39 and measured at fair value through other comprehensive income. These instruments do not satisfy the criteria for amortised cost measurement in accordance with IFRS 9 as the cash flow criterion is not satisfied. This results in classification as at fair value through profit or loss. For certain equity instruments, Aumann exercises the irrevocable option to recognise the change in fair value through other comprehensive income. The fair value reserve for equity instruments classified as at fair value through profit or loss was transferred to retained earnings as at 1 January 2018. The changes in the fair value of these instruments are recognised through profit or loss.

Trade receivables and loans, contract assets, other current receivables and cash funds were classified as loans and receivables (L&R) in accordance with IAS 39 and measured at amortised cost. Under IFRS 9, all these instruments are measured at amortised cost and are subject to the effective interest method.

Expected credit loss impairment model

IFRS 9 introduces an impairment model based on expected credit losses that applies to all financial assets (debt instruments) measured either at amortised cost or at fair value through other comprehensive income. While only incurred losses were recognised as impairment on financial assets under IAS 39, the new approach also includes expectations for the future. The expected credit loss model uses a three-stage procedure for allocating impairment losses:

Stage 1: Expected credit losses within the next twelve months

This includes all contracts without a significant increase in credit risk since initial recognition and typically includes new contracts and contracts for which payments are not or not significantly past due. The share of the lifetime expected credit losses as a result of a cash shortfall within the next twelve months is recognised.

Stage 2: Lifetime expected credit losses – not credit-impaired

A financial asset that has undergone a significant increase in credit risk but that is not credit-impaired is assigned to this stage. The expected credit losses over the lifetime of the financial asset are recognised as a loss allowance.

Stage 3: Lifetime expected credit losses – credit-impaired

A financial asset that is credit-impaired or in default is assigned to this stage. The expected credit losses over the lifetime of the financial asset are recognised as a loss allowance. In Aumann's opinion, objective evidence that a financial asset is credit-impaired includes, for example, being past due by more than 90 days or other information on material financial difficulty of the debtor.

The determination of whether a financial asset has experienced a significant increase in credit risk is based on a regular assessment of the probabilities of default, taking into account both external rating information and internal information on the credit quality of the financial asset. A significant increase in credit risk is largely determined on the basis of past due information.

A financial asset is transferred to stage 2 if its credit risk has increased significantly since its initial recognition. The credit risk is estimated on the basis of the probability of default. The simplified approach is applied to trade receivables, whereby the lifetime expected losses are calculated. Accordingly, it is not necessary to estimate if there has been a significant increase in credit risk. Aumann applies the simplified impairment model of IFRS 9 to trade receivables and contract assets and thus recognises the lifetime expected losses. Other loans and receivables, other assets and securities are accounted for using the general approach. The Group has no financial assets allocated to stage 3.

A financial instrument is derecognised when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof, e.g. after the end of insolvency proceedings or court decisions.

Material changes (changes in the present value of contractual cash flows of 10%) in financial assets result in their derecognition. It is expected that this will not typically be relevant to Aumann. If the contractual terms of a financial asset are renegotiated or otherwise modified and this does not result in its derecognition, the gross carrying amount of the contract is recalculated and any difference is recognised in profit or loss.

Despite being classified as measured at amortised cost, expected losses are not calculated for cash funds or recognised in the consolidated statement of comprehensive income on grounds of materiality.

Specifically, the following items are affected by impairment:

Trade receivables and contract assets

The Group applies the simplified impairment model to trade receivables and contract assets in accordance with IFRS 9.

As at 1 January 2018, an impairment loss of €59 thousand was recognised on trade receivables and contract assets as a result of the adoption of IFRS 9.

The opening value for the impairment on trade receivables and contract assets as at 1 January 2018 is calculated on the basis of the receivables recognised in the statement of financial position as at 31 December 2017.

Other loans, securities and other assets

The Group estimates the credit risk for the other financial assets as low in principle, hence a loss allowance in the amount of the twelve-month expected credit losses was recognised for these items. A loss allowance of €30 thousand was recognised in connection with the adoption of IFRS 9 as at 1 January 2018. Impairment losses do not reduce the carrying amount of debt instruments measured at fair value in other comprehensive income; their carrying amount is still equal to their fair value. The corresponding loss allowance was recognised in the fair value reserve in equity.

Material estimation uncertainty and judgements

Impairment losses on financial assets are based on estimates of credit losses and expected loss rates. The Group exercises discretion in making these estimates. Even minor deviations in the measurement parameters used in calculation – in particular on account of the amount of trade receivables – can lead to significant deviations in calculation.

Hedge accounting

IFRS 9 contains hedge accounting regulations that establish a stronger link between hedge accounting and risk management in practice. The changes to hedge accounting do not affect the Aumann Group as it does not use hedge accounting.

Effects on the consolidated financial statements

The comparative figures for the previous year should generally be restated on account of changes in accounting policies. As explained below, IFRS 9 was adopted without restating the comparative figures for the previous year. The accounting changes resulting from the new impairment model and the adjusted measurement categories are therefore not reflected in the closing statement of financial position as at 31 December 2017, and are instead taken into account in the opening statement of financial position as at 1 January 2018 by adjusting the opening value of retained earnings.

The following tables show the adjustments made for each individual measurement category. Items not affected by the changes are not shown here. Subtotals and totals therefore cannot be recalculated using the values shown. The remeasurement effect of revenue reserves is shown after taxes. The restatement of the statement of comprehensive income for the previous year was not necessary on account of the adoption of IFRS 9.

Reconcillation of carrying amounts T€	31. Dec 2017	Reclassification effects	Measurement effects	01. Jan 2018
Financial assets at amortised costs				
Trade receivables	33.635		-17	33.618
Contract assets	83.091		-42	83.049
Other assets	1.916		-2	1.914
Available for sale financial assets				
Debt investments	3.917	-3.917		0
Equity investments	2.577	-2.577		0
Financial assets at fair value through other comprehensive income				
Debt investments	0	3.917		3.917
Equity investments	0	2.202		2.202
Financial assets at fair value through profit and loss				
Equity investments	0	375		375
Generated consolidated equity	35.541	42	-62	35.521
Fair value reserve	-23	-42	28	-37

IFRS 9 supersedes the requirements of IAS 39 on accounting for financial assets and liabilities, the derecognition of financial instruments, impairment on financial assets and hedge accounting.

The adoption of IFRS 9 “Financial Instruments” from 1 January 2018 resulted in an adjustment of accounting policies and a change in the carrying amounts recognised in the consolidated financial statements. The new measurement methods are described below. The comparative information has not been restated in accordance with the transitional provisions of IFRS 9 (7.2.15) and (7.2.16).

The total effect on the Group's retained earnings as at 1 January 2018 is as follows:

	€k
Generated consolidated equty as of 31 12 2017	**35.541**
Reclassification of equity instruments from afs to fvtpl	42
Increase in risk provision receivables	-17
Increase in risk provision contract assets	-42
Increase in risk provision debt investments	-28
Increase in risk provision other assets	-2
tax effect	27
Agjusted generated consolidated equty as of 1 01 2018	**35.521**

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 16

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC–15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – for leases for low-value assets and short-term leases with a term of twelve months or less. At the inception of the lease, a liability to make lease payments (the lease liability) and an asset representing the right to use the lease asset are recognised. The interest expense on the lease liability and the depreciation expense on the right-of-use asset must be recognised separately. Lessees must also remeasure the lease liability on the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Lessor accounting under IFRS 16 is substantially unchanged from current accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 is effective for the first time for annual periods beginning on or after 1 January 2019. The disclosures in the notes are more comprehensive with the aim of enabling users of the financial statements to assess the amount, timing and uncertainty associated with leases.

Aumann will adopt the standard from the 2019 financial year using the modified retrospective method in accordance with the transitional provisions of IFRS 16, whereby prior-year amounts will not be restated. Existing finance leases are carried at their carrying amount at the date of transition. Contracts previously classified as operating leases relate to both movable assets (e.g. company cars, office equipment) and property (e.g. offices). The cumulative effect of the adoption of this standard is recognised as an adjustment of the opening balance of retained earnings. As at the adoption date, the standard will be applied to contracts that were previously classified as leases in accordance with IAS 17 and IFRIC 4. The practical expedients for accounting for short-term and low-value leases will be applied. As a result of the adoption of IFRS 16, depreciation and interest expenses will be recognised in the income statement instead of rental and lease expenses in future. An improvement in EBITDA and EBIT is therefore anticipated. Overall, expenses will be brought forward while the total expense remains constant over the full period. In addition, the cash flow from operating activities will improve and the cash flow from financing activities will deteriorate. The Group expects an increase in lease liabilities and non-current assets as at the adoption date, which will reduce the equity ratio. On the basis of the analysis of the effects of the adoption of IFRS 16 on the consolidated financial statements, we are assuming an increase in non-current assets of between €1.5 million and €2.1 million as at 1 January 2019 and a comparable increase in lease liabilities. This information is provisional.

Regulation	Title	Publication	Application	Endorsement	Effect
IFRS 16	Leases	13.01.2016	01.01.2019	31.10.2017	See explanations in this annual report
IFRS 9	Prepayment Features with Negative Compensation	12.10.2017	01.01.2019	22.03.2018	no material effects
IAS 19	Plan Amendment, Curtailment or Settlement	07.02.2018	01.01.2019	13.03.2019	no material effects
	Annual Improvements 2015 - 2017	12.12.2017	01.01.2019	14.03.2019	no material effects

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

1.3 Company law changes and structural changes in 2018

There were no company law or structural changes in the 2018 financial year.

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 Name and registered office of the company	Ownership interest in %
Subsidiaries (fully consolidated)	
Aumann AG, Beelen, Germany	**100,00**
Aumann Beelen GmbH, Germany	100,00
Aumann Technologies (China) Ltd., Changzhou, China	100,00
Aumann Espelkamp GmbH, Espelkamp, Germany	**100,00**
Aumann North America Inc., Fort Wayne, USA	100,00
Aumann Berlin GmbH, Berlin, Germany	**100,00**
Aumann Winding and Automation Inc., Clayton, USA	100,00
Aumann Immobilen GmbH, Espelkamp, Germany *	94,90
Aumann Limbach-Oberfrohna GmbH, Germany (vormals:USK Karl Utz Sondermaschinen GmbH)	100,00

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

3. Principles of consolidation

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

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

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

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

4. Presentation of accounting policies

4.1 General information

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

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

4.2 Reporting currency

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

4.3 Currency translation

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

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

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

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

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

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

	Closing rate 31 Dec 2018	Average rate 2018
Chinese renminbi (CNY)	7,8751	7,8067
US Dollar (USD)	1,1450	1,1816
	Closing rate 31 Dec 2017	Average rate 2017
Chinese renminbi (CNY)	7,8023	7,6829

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 accounts.

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

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

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

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

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

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

4.5 Goodwill

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

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

4.6 Property, plant and equipment

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

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

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

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

Land is not depreciated.

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

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

4.7 Leases

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 instruments – Initial recognition and subsequent measurement

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

I) Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments);

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

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

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

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

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

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

- The financial asset is held within the framework of a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

Gains and losses from these financial assets are not reclassified to profit or loss. Dividends are recognised in profit or loss as other income when the right to receive payment of the dividend is established, unless the dividend represents a recovery of part of the cost of the financial asset, in which case the gains are recognised in other comprehensive income. Equity instruments at fair value through other comprehensive income are not tested for impairment. The Group has irrevocably elected to assign some of its listed equity instruments to this category.

Financial assets at fair value through profit or loss

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

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

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

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

Derecognition

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

II) Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

The measurement of financial liabilities depends on their classification:

Financial liabilities at fair value through profit or loss

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

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

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

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

Loans/liabilities

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

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

Derecognition

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

III) Offsetting of financial instruments

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

4.11 Inventories

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

4.12 Cash and cash equivalents

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

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

4.13 Provisions

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

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

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

4.14 Pensions and other post-employment benefits

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

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

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

4.15 Revenue recognition

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

a) Sale of goods and products, performance of services

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

b) Construction contracts

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

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

c) Interest revenue

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

d) Dividends

Revenue is recognised when the legal right to payment arises.

4.16 Taxes

a) Current income taxes

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

b) Deferred taxes

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

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

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

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

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

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

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

4.17 Contingent liabilities and contingent assets

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

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

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

5. Material judgements, estimates and assumptions

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

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

a) Impairment of non-financial assets

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

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

b) Pensions and other post-employment benefits

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

c) Provisions

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

d) Deferred tax assets

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

e) Recognition of contract revenue

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

II. Notes to the consolidated statement of financial position

1. Non-current assets

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

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

31 Dec 2018	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	3.312	2.713	0	0	0	0	477	5.548	3.312	477	0	0
2. Concessions, industrial property rights and similar rights	5.893	479	0	0	0	-1	5.552	819	3.007	2.666	0	0
3. Goodwill	38.484	0	0	0	0	0	0	38.484	38.484	0	0	0
	47.689	**3.192**	**0**	**0**	**0**	**-2**	**6.029**	**44.851**	**44.803**	**3.143**	**0**	**0**
II. Property, plant and equipment												
1. Land and buildings including buildings on third-party land	27.562	778	0	1.277	47	-1	2.749	26.820	25.800	986	0	1
2. Technical equipment and machinery	3.968	178	0	45	130	0	1.192	2.869	3.391	632	17	0
3. Other equipment, operating and office equipment	4.422	1.423	0	167	51	-2	2.279	3.680	3.155	1.041	31	2
4. Advance payments and assets under development	1.788	1.223	0	-1.489	291	0	0	1.231	1.788	0	0	0
	37.740	**3.602**	**0**	**0**	**519**	**-3**	**6.220**	**34.600**	**34.134**	**2.659**	**48**	**3**
Total	**85.429**	**6.794**	**0**	**0**	**519**	**-4**	**12.249**	**79.451**	**78.937**	**5.802**	**48**	**3**

1.2 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**

2. Intangible assets

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

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

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

Aumann Limbach-Oberfrohna cash-generating unit

The recoverable amount of the Aumann Limbach-Oberfrohna CGU is determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a one-year period. The calculation of the budget figures took into account current and future probabilities, the expected economic development and other circumstances. The conservative pre-tax discount rate applied to the cash flow projections is 16.6% (previous year: n.a.). Cash flows beyond the detailed planning period are first extrapolated using a growth rate of 14.0% over three years and then a long-term growth rate of 1.0%.

Aumann EBI cash-generating unit

The recoverable amount of the cash-generating unit CGU is also determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a one-year period. The calculation of the budget figures took into account current and future probabilities, the expected economic development and other circumstances. The conservative pre-tax discount rate applied to the cash flow projections is 16.8% (previous year: 16.1%). Cash flows beyond the detailed planning period are first extrapolated using a growth rate of 14.0% over three years and then a long-term growth rate of 1.0%.

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

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

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

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

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

Growth rates: The estimated growth rates are based on past experience and growth assumptions for the target markets of the respective CGUs. The Group recognises that possible new competitors or a changing market environment can have a significant impact on growth rate assumptions. Such a development could yield a reasonably possible alternative to the estimated long-term growth rate of 14.0% for the two cash-generating units. A reduction in the growth rate of 5 percentage points would not result in impairment for either the Aumann Limbach-Oberfrohna CGU or the Aumann EBI CGU.

3. Inventories

	31 Dec 2018 €k	31 Dec 2017 €k
Raw materials and supplies	3.035	2.556
Work in progress	1.996	2.489
Finished goods	525	694
Advance payments	4.714	3.241
Carrying amount as at 31 Dec	**10.269**	**8.980**

Impairment losses of €725 thousand were recognised on inventories in the period under review (previous year: €390 thousand). Impairment losses on inventories were reversed in the amount of €0 thousand (previous year: € 20 thousand).

4. Trade receivables

	31 Dec 2018 €k	31 Dec 2017 €k
Trade receivables	25.275	33.759
Less specific valuation allowances	-192	-124
Less excpeted credite loss	-14	0
Carrying amount as at 31 Dec	**25.071**	**33.635**

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

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

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

The following table shows the information required prior to the introduction of IFRS 9 and serves to complete the comparative period:

€k	2017
Neither past due nor impaired	21.151
past due up to 30 days	6.787
past due 31 to 60 days	1.433
past due 61 to 90 days	1.016
past due 91 to 120 days	364
past due more than 90 days	3.008
Gross receivables	**33.759**
Impairment	-124
Net receivables	**33.635**

5. Other current assets

Other assets maturing within one year break down as follows:

	31 Dec 2018 €k	31 Dec 2017 €k
Tax receivables	1.924	5.053
Factoring receivables	1.946	1.527
Prepaid expenses	448	496
Creditors with debit balance	303	141
Personal Receivables	37	43
Life insurance receivables	34	34
Project subsidies	0	0
Miscellaneous other current assets	229	171
Carrying amount as at 31 Dec	**4.921**	**7.465**

Tax receivables consist of corporation tax and trade tax refunds of €1,848 thousand (previous year: €4,750 thousand) and input tax refunds of €76 thousand (previous year: €303 thousand).

6. Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income include securities of €10,150 thousand (previous year: €6,494 thousand), €7,453 thousand (previous year: €2,577 thousand) of which in shares reported as non-current assets and €2,697 thousand (previous year: €3,917 thousand) of which in bonds reported as current assets. Changes in the value of these securities are recognised directly in equity in the reserve from changes in fair value. Details can be found in the statement of changes in equity.

Income from securities amounts to €544 thousand (previous year: €292 thousand) and is reported under other operating income. Losses from the sale of securities amount to €249 thousand (previous year: €224 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 2018 and 31 December 2017 was as follows.

	31 Dec 2018 €k	31 Dec 2017 €k
Deferred tax assets (unoffset)	7.455	9.090
Deferred tax liabilities (unoffset)	-12.764	-11.667
Total	**-5.309**	**-2.577**

	31 Dec 2018 €k	31 Dec 2017 €k
Temporary differences from:		
Loss carryforward	3.045	4.070
Pension provisions	3.346	3.353
Other provisions	730	1.481
Property, plant and equipment	119	118
Liabilities	10	23
Other assets	189	35
Securities	16	10
Deferred tax assets	**7.455**	**9.090**

	31 Dec 2018 €k	31 Dec 2017 €k
Temporary differences from:		
Receivables	10.350	9.407
Intangible assets	1.678	1.013
Other assets	413	780
Property, plant and equipment	317	342
Other provisions	5	125
Other liabilities	1	0
Securities	0	0
Trade payables	0	0
Deferred tax liabilities	**12.764**	**11.667**

After netting deferred tax assets against deferred tax liabilities relating to the same tax authorities, there remain deferred tax assets of €301 thousand (previous year: €1,486 thousand) and deferred tax liabilities of €5,610 thousand (previous year: €4,063 thousand).

8. Equity

Please see the “Statement of changes in consolidated equity for 2018” for information on the development of equity.

8.1 Share capital

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

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

In accordance with section 160(1) no. 8 AktG, the existence of an equity investment reported to the company in accordance with section 20(1) or (4) AktG or in accordance with section 33(1) or (2) of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) must be disclosed. The content of the notification published in accordance with section 20(6) AktG or section 40(1) WpHG must be disclosed. If a reporting entity reaches, exceeds or falls below the thresholds specified in this provision multiple times, the most recent notification resulting in a threshold being reached, exceeded or fallen below is

listed. All voting rights notifications that Aumann AG has received can be viewed on the company's website (www.aumann.com/investor-relations/corporate-governance/).

declarant	location	date threshold contact	Type threshold contact	notification threshold	Attribution according to WpHG	Participation in % [1]
Fidelity Investment Trust	Boston, USA	15.05.2017	overrun	3%	§ 21, 22 WpHG	3,10
MBB SE	Berlin, Deutschland	06.12.2017	underrun	50%	§§ 21, 22 WpHG	49,17*
TRowe Price Group Inc.	Baltimore, Maryland, USA	27.02.2018	overrun	3%	§§ 21, 22 WpHG	3,20
Ingo Wojtynia	Deutschland	28.02.2018	underrun	3%	§§ 21, 22 WpHG	2,87
JP Morgan Asset Management (UK) Ltd.	London, UK	03.04.2018	underrun	3%	§§ 21, 22 WpHG	2,96
Sycomore Asset Management	Paris, France	12.09.2018	underrun	5%	§§ 21, 22 WpHG	4,992
Fidelity Mt. Vernon Street Trust	Boston, USA	15.10.2018	overrun	3%	§§ 21, 22 WpHG	3,43
Oppenheimer Global Opportunities Fund	Wilmington, Delaware, USA	01.11.2018	overrun	5%	§§ 21, 22 WpHG	6,56
FMR LLC	Wilmington, Delaware, USA	21.11.2018	underrun	5%	§§ 21, 22 WpHG	4,86
BlackRock Inc.	Wilmington, Delaware, USA	27.12.2018	overrun	3%	§§ 21, 22 WpHG	3,02

[1] Equity investment at the date of the notification of the most recent threshold change
* MBB SE reduced its interest to 38% over the course of the 2018 financial year.

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

8.2 Capital reserves

The capital reserves amount to €131.84 million (previous year: €131.84 million).

8.3 Retained earnings

Difference in equity due to currency translation

The difference in equity due to currency translation results from translation in line with the modified closing rate method. The difference arises from the translation of items of the income statements of subsidiaries that prepared their accounts in a foreign currency at the average rate and conversion of the

statement of financial position items at the closing rate on the one hand, and the conversion of the equity of the respective subsidiaries at the historical rate on first-time consolidation on the other.

Fair value reserve

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

Reserve for pensions

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

Reserve for generated consolidated equity

This item comprises the gains generated by the Group less distributed profits. There was a profit distribution of €3,050,000 (previous year: €4.500,000) to the shareholders in the financial year.

9. Provisions for pensions and similar obligations

There are pension agreements at Aumann Beelen GmbH and Aumann Limbach-Oberfrohna GmbH. They relate to 351 employees, 155 of whom are active scheme members. 130 persons are retired and 66 persons have left the scheme. The pension agreements are closed, meaning that no further occupational pension agreements are entered into for new appointments.

	31 Dec 2018 €k	31 Dec 2017 €k
Pension provisions at beginning of the financial year	**19.103**	**18.514**
Additions from first time consolidation	0	853
Utilisation	-433	-389
Addition to provisions (service cost)	425	459
Addition to provisions (interest cost)	322	326
Actuarial gains/losses	-611	-660
Pension provisions at end of the financial year	**18.806**	**19.103**
- Plan asset	-539	-565
Pension provision recognised in the balance sheet	**18.267**	**18.538**

€-475 thousand of actuarial gains result from experience adjustments, € -367 thousand from changes in financial assumptions and € 231 thousand from changes in demographic assumptions.

The following actuarial assumptions were applied:

	2018	2017
Actuarial interest rate	1,8%	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 2018 €k	31 Dec 2017 €k
Addition to provisions (service cost)	-425	-459
Addition to provisions (interest cost)	-322	-326
Total	**-747**	**-785**

The expected pension payments from the pension plans for 2018 amount to €441 thousand.

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

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Interest rate	0,50%	- 9,36 %	+ 10,87 %
Pension growth rate	0,50%	+ 6,81 %	- 6,16 %
Life expectancy	+ 1 year	+ 3,57 %	

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 2018	Up to 1 year €k	More than 1 year and up to 5 years €k	Over 5 years €k	Total €k
Trade payables	30.891	0	0	30.891
Liabilities to banks	3.631	13.274	6.155	23.060
Contractual obligations	21.186	0	0	21.186
Provisions with the nature of a liability	13.828	0	0	13.828
Other liabilities	9.583	1.181	0	10.764
As at 31 Dec 2018	**79.119**	**14.455**	**6.155**	**99.729**

31 Dec 2017	Up to 1 year €k	More than 1 year and up to 5 years €k	Over 5 years €k	Total €k
Contractual obligations	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	7.522	5.556	0	13.078
Provisions with the nature of a liability	10.630	0	0	10.630
As at 31 Dec 2017	**72.142**	**20.951**	**7.665**	**100.758**

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

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

11. Other liabilities

Other liabilities are composed as follows:

	31 Dec 2018 €k	31 Dec 2017 €k
Current		
Purchase price USK	4.467	0
Value Added tax	1.332	4.176
Debtors with credit balances	1.334	0
Wages and salaries	811	610
Commissions	586	596
Wage and church tax	435	556
Dividend tax	0	791
Deferred Income	0	397
Miscellaneous	618	396
	9.583	**7.522**
Non-current		
Purchase price USK	0	4.467
Deferred Income	1.180	1.066
Leasing obligations	1	22
	1.181	**5.556**
Total	**10.764**	**13.078**

12. Provisions

12.1 Other provisions

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

	31 Dec 2017 €k	Utili-sation €k	Re-versal €k	Addition €k	31 Dec 2018 €k
Long term Provisions					
Partial retirement	919	520	12	434	821
Anniversaries	106	5	7	18	112
	1.025	**525**	**19**	**452**	**933**
Accruals and short term provisions					
Subsequent cost provision	10.192	6.557	2.996	8.017	8.656
Outstanding invoices	5.358	4.024	5	2.523	3.852
Warranty costs	4.092	1.513	606	2.210	4.183
Variable salary and commission	3.167	2.590	246	2.768	3.099
Staff costs	3.188	3.169	20	4.822	4.821
Provision for onerous contracts	2.541	2.284	0	149	406
Holiday	2.149	1.458	0	1.585	2.276
Reduction in earnings	221	209	0	220	232
Accounting & audit costs	219	219	0	215	215
Employers' liability insurance association	86	84	2	115	115
Penalties	10	0	0	0	10
Miscellaneous	307	50	73	101	285
	31.530	**22.157**	**3.948**	**22.725**	**28.150**
	32.555	**22.682**	**3.967**	**23.177**	**29.083**

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 break down as follows:

	31 Dec 2018 €k	31 Dec 2017 €k
Trade income tax	596	489
Corporate income tax	724	363
Carrying amount as at 31 Dec.	**1.320**	**852**

13. Lease and rental obligations

13.1 Operating leases and rent

	31 Dec 2018 €k	31 Dec 2017 €k
As at the balance sheet date, the Group has outstanding obligations from operating leases that are due as follows:		
Up to one year	617	765
More than one year and up to five years	404	687
Over five years	0	0
	1.021	**1.452**
As at the balance sheet date, the Group has outstanding obligations from rent due as follows:		
Up to one year	705	543
More than one year and up to five years	483	604
Over five years	0	0
	1.188	**1.147**
Expenses during review-period from operating leases and rent	1.485	1.160

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:

	2018 €k	2017 €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	-63	-34
Additions	-15	-29
Write-downs on 31 Dec	**-78**	**-63**
Carrying amount as at 31 Dec	**0**	**15**

	2018 €k	2017 €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	-26	-14
Additions	-5	-12
Write-downs on 31 Dec	**-31**	**-26**
Carrying amount as at 31 Dec	**0**	**5**
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	-45	-25
Additions	-21	-20
Write-downs on 31 Dec	**-66**	**-45**
Carrying amount as at 31 Dec	**20**	**41**

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

	up to 1 year €k	between 1 and 5 years €k	More than 5 years €k
Lease payments	23	1	0
Discounts	2	0	0
Present values	**21**	**1**	**0**

III. Notes to the statement of comprehensive income

1. Revenue

Revenue amounts to €290.8 million in the 2018 financial year (previous year: €210.4 million). €285.2 million (previous year: €200.9 million) of revenue is recognised over time.

The following table shows a breakdown of revenue by region.

	2018 €k	2017 €k
Europe	222.201	185.079
NAFTA	31.088	3.867
China	31.009	16.431
Miscellaneous	6.517	5.000
Total	**290.815**	**210.377**

The NAFTA region comprises the US, Canada and Mexico.

The Aumann Group received incoming orders of €290.9 million in the 2018 financial year, €177.4 million of which relating to the Classic segment and €113.5 million of which to the E-mobility segment.

The Aumann Group has an order backlog of €204.2 million as at 31 December 2018, €125.0 million of which relating to the Classic segment and €79.2 million of which to the E-mobility segment.

2. Other operating income

	2018 €k	2017 €k
Income from		
the reversal of provisions	1.801	862
securities	544	292
susidies	444	114
credit notes and compensation	269	0
reversed write-downs charged on receivables	98	33
own work capitalised	88	69
sale of property, plant and equipment	35	176
miscellaneous	824	404
Total	**4.103**	**1.950**

Income from the release of provisions differs from the release in the statement of changes in provisions (II.12.1). The difference reduces the expense items in which the respective provisions were build.

3. Other operating expenses

	2018 €k	2017 €k
Travel costs/vehicle costs	2.854	2.005
Maintenance expenses	2.511	1.888
Rental agreements and leasing	1.485	1.160
Legal and consulting	1.475	1.669
Other services	1.230	1.090
Advertising costs	640	398
IT cost	533	364
Costs for telephone, post and data communication	442	379
Contributions and fees	343	194
Insurance	340	262
Expenses from securities transactions	249	224
Training	200	103
Office supplies	160	114
Incidental costs for monetary transactions	155	124
Write-downs charged on receivables	135	110
Donations	6	13
Miscellaneous	1.301	795
Total	**14.059**	**10.892**

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

4. Finance income

	2018 €k	2017 €k
Interest income from securities	194	275
Other interest and similar income	37	5
Total	**231**	**280**

5. Finance costs

	2018 €k	2017 €k
Other interest and similar expenses	860	810
Aval interest	436	358
Total	**1.296**	**1.168**

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.

	2018 €k	2017 €k
Corporate income tax	3.070	233
Trade income tax	1.716	281
Deferred taxes	2.497	5.516
Income tax	**7.283**	**6.030**
Other tax expense	82	73
Total	**7.365**	**6.103**

	2018 €k	2017 €k
Consolidated income before taxes	25.587	19.143
Taxes on income	7.283	6.030
Current tax rate	**28,5%**	**31,5%**

The reconciliation of income tax expense and the accounting net profit multiplied by the Group’s applicable tax rate for the 2018 and 2017 financial years is as follows:

	2018 €k	2017 €k
Consolidated income before taxes	25.587	19.143
Other taxes	-82	-73
Applicable (statutory) tax rate	30,3%	30,3%
Expected tax income/expense	**7.715**	**5.769**
Not taxable income		
from the sale of securities	-359	-13
other effects	-73	274
Current tax expenses	**7.283**	**6.030**

7. Earnings per share

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

	2018 €	2017 €
Result attributtable to the holders of shares	18.221.952	13.039.636
Weighted average number of shares to calculate the earnings per share	15.250.000	13.857.830
Earnings per share (in €)	**1,19**	**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 other hybrid processes. Essentially, our solutions enable our customers to produce highly efficient, state-of-the-art electric motors and mechatronic modules for traction and auxiliary drives and sensors in industrial quantities. In addition, we offer special-purpose machinery and production lines for the production of electric and hybrid vehicles, including energy storage systems in particular. Our production solutions are supplemented by services such as maintenance, repair, spare parts and engineering services.

Classic segment

The Classic segment essentially develops, produces and sells special-purpose machinery and automated production lines for the automotive, consumer goods, agricultural and general industry sectors. Our solutions include machinery for the production of Classic drive components in combustion engines (including assembled camshafts, camshaft modules, assembled cylinder activation and deactivation modules and components for valve control systems) and lightweight structural components that enable our automotive customers to reduce the CO_2 emissions of their fleets. We also offer winding machinery, welding systems, assembly solutions, inline measuring machines, general automation solutions and supplementary services such as maintenance, repairs, spare parts, surveying and prototype development in addition to first fabrication and small-batch production.

Segment results

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

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

1 Jan - 31 Dec 2017	Classic	E-mobility	Reconcilia-tion	Group
	€k	€k	€k	€k
Revenue from third parties	149.550	60.827	0	210.377
Other segments	0	0	0	0
Total revenue	**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**
EBIT margin	9,7%	11,0%	0	9,5%
Trade receivables and				
Receivables from construction contracts	**85.740**	**30.986**	**0**	**116.726**
Contractual obligations	**21.620**	**6.151**	**0**	**27.771**

Reconciliation of EBIT to net profit for the year	2018	2017
	€k	€k
Total EBT of the segments	**25.587**	**19.143**
Taxes on income	-7.283	-6.030
Other taxes	-82	-73
PAT (profit after tax)	18.222	13.040
Non Controlling Interests	0	0
Net profit for the period	**18.222**	**13.040**

Reconciliation of segment assets to assets	2018	2017
	€k	€k
Classic segment	85.704	85.740
E-mobility segment	38.989	30.986
Total segment receivables	**124.693**	**116.726**
Intangibles	44.851	44.803
Fixed assets	34.600	34.134
Financial Assets	7.453	2.577
Deferred tax assets	301	1.486
Inventories	10.269	8.980
Current funds	109.020	110.618
Other assets	4.922	7.465
Total assets	**336.109**	**326.789**

Reconciliation of segment Contractual obligations received to equity and liabilities	2018	2017
	€k	€k
Classic segment	16.914	21.620
E-mobility segment	4.272	6.151
Total segment Contractual obligations received	**21.186**	**27.771**
Consolidated equity	195.928	180.653
Pension provisions	18.267	18.538
Other provisions	15.255	21.925
Deferred tax liabilities	5.610	4.063
Trade payables	30.891	21.959
Provisions with the nature of a liability	13.828	10.630
Tax provision	1.320	852
Liabilities to banks	23.060	27.320
Other liabilities	10.764	13.078
Total equity and liabilities	**336.109**	**326.789**

Key customers

Revenue with four customers amounts to €125,757 thousand (2016: €73,194 thousand) of the Group's total revenue. The following table breaks down this revenue by segment.

	Classic		E-mobility		Total	
	2018	2017	2018	2017	2018	2017
Customer	€k	€k	€k	€k	€k	€k
A	6.260	8.633	30.368	15.476	36.628	24.109
B	32.333	17.527	756	65	33.087	17.592
C	28.164	14.246	82	1.873	28.246	16.119
D	19.414	70	8.380	15.301	27.795	15.371
Total	**86.171**	**40.476**	**39.586**	**32.715**	**125.757**	**73.191**

2. Information by region

2.1 Revenue from external customers

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

2.2 Non-current assets

The Aumann Group's non-current assets are predominantly located in Europe. The non-current assets of our subsidiary in China amounted to €444.7 thousand as at the end of the year (previous year: €532.2 thousand).

V. Notes to the consolidated statement of cash flows

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

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

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

Income taxes paid in the 2018 financial year were lower at € 995 thousand (previous year: € 4,150 thousand), as tax refunds were made. These relate primarily to expenses incurred in connection with the IPO in the 2017 financial year and which could be claimed for tax purposes. In the IFRS financial statements, they were recognized directly in equity.

The following table shows the changes in liabilities from financing activities.

	Non-current liabilities to banks	Current liabilities to banks	Total
	€k	€k	€k
Balance sheet as of 01 01 2018	**23.060**	**4.260**	
Borrowing	0	92	92
Redemption	-3.631	-721	-4.352
Redemption cash effective	**-3.631**	**-629**	**-4.260**
Balance sheet as of 31 12 2018	**19.429**	**3.631**	

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 €141,525 thousand in the year under review (previous year: €146,830 thousand). Business relationships are only entered into with partners of good credit standing. Trade receivables relate to a number of customers across various industries and regions. Ongoing credit assessments of the financial level of the receivables are performed. Payment terms of 30 days without deduction are usually granted. Impairment was not recognised for trade receivables that were past due at the end of the reporting period if no material changes in the customer's creditworthiness were observed and it is assumed that the outstanding amount will be paid.

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

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

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

2. Capital risk management

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

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

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

	31 Dec 2018	31 Dec 2017
Equity in € thousand	195.928	180.653
- in % of total capital	58,3%	55,3%
Liabilities in € thousand	140.181	146.136
- in % of total capital	41,7%	44,7%
Current liabilities in € thousand	94.761	93.894
- in % of total capital	28,2%	28,7%
Non-current liabilities in € thousand	45.420	52.242
- in % of total capital	13,5%	16,0%
Net gearing*	0,1	0,2

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

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

3. Financial risk management

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

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

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

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

4. Market risks

Market risks can result from changes in exchange rates (exchange rate risks) or interest rates (interest rate risks). Based on the estimate of exchange rate risks, no foreign exchange contracts were entered into for the Group as at 31 December 2018. 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 Executive Board

- Rolf Beckhoff, engineer
- Ludger Martinschledde, engineer (until 20 June 2018)
- Sebastian Roll, businessman

Ludger Martinschledde was the Managing Director of Aumann Beelen GmbH until 20 June 2018.

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)
- Christof Nesemeier, businessman, (Managing Director of MBB SE, member of the Board of MBB SE, Chairman of the Supervisory Board of Delignit AG) from 20 June 2018
- Klaus Seidel, businessman, (member of the Executive Management of MBB SE, member of the Supervisory Board of DTS IT AG) until 20 June 2018
- Christoph Weigler, businessman, (Head of UBER Deutschland GmbH)

3. Executive body remuneration

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

There is a pension agreement with management. The resulting service cost amounts to €20 thousand (previous year: €21 thousand).

2018 Remuneration [in €k]	Fixed	Variable remunera-tion	Variable inflows	one - time IPO Remunera-tion
Managing Board				
Beckhoff, Rolf	180,0	316,6	196,4	n.a.
Martinschledde, Ludger	90,0	158,3	196,4	n.a.
Roll, Sebastian	156,0	289,9	181,3	n.a.
	426,0	**764,8**	**574,1**	**n.a.**
Supervisory Board				
Freimuth, Gert-Maria	22,5			
Weigler, Christoph	20,0			
Nesemeier, Christof	8,8			
Seidel, Klaus	8,8			
	60,0			

A provision of €0.4 million was recognised in June 2018 in connection with the departure of a member of the Executive Board, €0.3 million of which is still shown in the statement of financial position as at 31 December 2018.

2017 Remuneration [in €k]	Fix	Variable remunera-tion	Variable inflows	one - time IPO Remunera-tion
Managing Board				
Beckhoff, Rolf	165,0	228,2	201,0	4.803,8
Martinschledde, Ludger	165,0	228,2	201,0	4.803,8
Roll, Sebastian	132,5	213,6	201,0	2.882,4
	462,5	**670,0**	**603,0**	**12.490,0**
Aufsichtsrat				
Freimuth, Gert-Maria	22,5			
Weigler, Christoph	20,0			
Seidel, Klaus	17,5			
	60,0			

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.

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, €388 thousand for consulting services in the 2018 financial year (2017: €695 thousand).

5. Employees

The Group employed 1,101 people as at the end of the reporting period (previous year: 981), eight of whom as managing directors or members of the Executive Board (previous year: eight). The Group also employed 103 trainees (previous year: 101) and 137 temporary employees (previous year: 148) in 2018. It employed 1,068 people on average over the year (previous year: 707).

6. Auditor’s fees

	2018 €k	2017 €k
Audit services	152,0	150,0
Total	**152,0**	**150,0**

7. Events after the end of the reporting period

There were no events or developments after the end of the financial year that would have led to a material change in the reporting or measurement of the individual assets or liabilities as at 31 December 2018 or that would be reportable.

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 Executive Board and the Supervisory Board submitted the latest version of this declaration on 22 March 2019. It forms part of the management report and is published online at www.aumann.com.

10. Responsibility statement

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

11. Exemption under section 264(3) HGB

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

Beelen, 27 March 2019

Rolf Beckhoff Chief Executive Officer	Sebastian Roll Chief Financial Officer

Audit opinion

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 2018, 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 2018 to 31 December 2018 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 2018 to 31 December 2018, 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 2018 and its results of operations for the financial year from 1 January 2018 to 31 December 2018 in accordance with these provisions; and
- as a whole, the attached Group management report provides a suitable view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements and with German legal requirements, and accurately presents the risks and opportunities of future development. Our opinion on the Group management report does not extend to the content of the above corporate governance declaration.

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

Basis for audit opinions

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

audit services as defined by Article 5(1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinions on the consolidated financial statements and the Group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those that, based on our professional judgement, were most significant in our audit of the consolidated financial statements for the financial year 1 January 2018 to 31 December 2018. These matters were taken into account in the context of our audit of the consolidated financial statements as a whole and in the formation of our audit opinion; we have not issued a separate opinion on these matters.

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

- Goodwill impairment
- Recognition of contract revenue

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

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

The key audit matters are presented below:

Goodwill impairment

1. Goodwill of €38.5 million (19.6% of consolidated equity) is reported under the statement of financial position item “Intangible assets” in the consolidated financial statements of Aumann AG. The company allocates the goodwill to the relevant groups of cash-generating units. The company tests goodwill for impairment annually as at the end of the reporting period or on an ad hoc basis. This is done by comparing the calculated value in use to the carrying amount of the corresponding group of cash-generating units. These values are usually based on the present value of the future cash flows of the cash-generating unit to which the respective goodwill has been allocated. The values are calculated using forecasts for the individual cash-generating units based on the financial planning approved by management. Discounting is performed using the weighted average cost of capital of the respective cash-generating unit. The result of this is largely dependent on the estimate of future cash inflows by the company’s officers and the discount rate used, and is therefore subject to considerable uncertainty, hence this is a key audit matter.
2. To address this risk, we critically examined the assumptions and estimates by management, and performed audit procedures including the following:
    - We verified the methodological procedure for performing the impairment tests and assessed the calculation of the weighted average cost of capital.

- We satisfied ourselves that the future underlying cash flows and discount rates used in measurement form an appropriate basis for the impairment testing of the individual cash-generating units.
- In our assessment, we used comparisons against general and industry-specific market expectations and extensive information from management on the key value drivers in planning, and we compared this information against the current budget in the planning approved by the Supervisory Board.
- Knowing that even relatively small changes in the discount rate can have a material impact on the value in use calculated thus, we examined the parameters used to determine the discount rate applied, including the weighted average cost of capital, and verified the company's calculation scheme.
- Furthermore, we conducted our own additional sensitivity analysis to be able to estimate a possible impairment risk in the event of a possible change in a key measurement assumption. The selection was based on qualitative aspects and the amount by which the respective carrying amount is exceeded by the value in use.

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

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

Recognition of contract revenue

1. A significant portion of the Group's business activities takes the form of construction contracts. Revenue recognition in accordance with IFRS 15 is dependent on the fulfilment of the performance obligation and must be assessed on the basis of the underlying contracts. Given the complexity of revenue recognition, especially in light of the first-time application of IFRS 15, revenue recognition is an area with a significant risk of material misstatement (including the potential risk of managers bypassing controls) and is therefore a key audit matter.

2. To address this risk, we critically examined the assumptions and estimates by management, and performed audit procedures including the following:
   - In the context of our audit, we reviewed the company's internal methods, procedures and project management control mechanisms in the bidding and performance phase of construction contracts. We also assessed the design and effectiveness of accounting-related internal controls by tracking business transactions specific to contract manufacturing, from the time they arise to their presentation in the consolidated financial statements, and by testing controls.

- Using samples selected on a risk-oriented basis, we assessed the estimates and assumptions made by the company's officers in the context of individual audits. Our audit procedures also included a review of the contractual basis and contractual conditions, including contractually agreed regulations on partial delivery of goods and services, termination rights, default and contractual penalties and damages. For the selected projects, in order to assess the calculation of revenue on an accrual basis, we also examined the revenue billable as at the end of the reporting period and the associated costs of sales recognised in profit or loss in line with the percentage of completion and reviewed the accounting of the related items.
- Furthermore, we questioned project management (both commercial and technical project managers) on the development of projects, the reasons for discrepancies between planned costs and actual costs, the current assessment of the costs expected to be incurred by the time of completion and the assessments of the company's officers of potential contract risks.

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

3. The information provided by the company on the accounting methods used for accounting for construction contracts can be found in note I.4.16 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 matters that can reasonably be assumed to affect our independence, and the precautions taken against this.

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

OTHER STATUTORY AND LEGAL REQUIREMENTS

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

We were elected as the auditor of the consolidated financial statements by the Annual General Meeting on 20 June 2018. We were engaged by the Supervisory Board on 3 December 2018. We have served as the auditor of Aumann AG's consolidated financial statements since the 2017 financial year.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the 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, 27 March 2019

RSM GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Grote	Weyers
Wirtschaftsprüfer (*German Public Auditor*)	Wirtschaftsprüfer (*German Public Auditor*)

Financial calendar

Annual Report 2018

10 April 2019

Quarterly report Q1 2019

16 May 2019

Annual General Meeting 2019

6 June 2019

Quarterly report Q3 2019

15 August 2019

Quarterly Report Q3 2019

14 November 2019

End of the 2019 financial year

31 December 2019

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