Prospectus

for the public offering of

1,500,000 newly issued ordinary bearer shares with no-par value from a capital increase against contributions in cash to be resolved by an extraordinary general shareholders' meeting of the Company presumably on 15 March 2017

and of

3,700,000 existing ordinary bearer shares with no-par value from the holdings of the Selling Shareholders

and of

780,000 existing ordinary bearer shares with no-par value from the holdings of the Selling Shareholders for purposes of a potential over-allotment

and at the same time

for the admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange

of

up to 1,500,000 newly issued ordinary bearer shares with no-par value from a capital increase against contributions in cash to be resolved by an extraordinary general shareholders' meeting of the Company presumably on 15 March 2017

and of

12,500,000 existing ordinary bearer shares with no-par value (existing share capital)

– each such share with no-par value and a notional interest in the share capital of EUR 1.00 and full dividend rights from 1 January 2017 –

of

Aumann AG

Beelen, Germany

Price Range: EUR 35.00 – EUR 43.00

International Securities Identification Number (ISIN): DE000A2DAM03
German Securities Identification Number (WKN): A2DAM0
Trading Symbol: AAG

Joint Global Coordinators and Joint Bookrunners

Berenberg **Citigroup**

Joint Bookrunner

Hauck & Aufhäuser

The date of this prospectus is 10 March 2017

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1. Summary of the Prospectus

Summaries are made up of disclosure requirements known as elements ("Elements"). These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In such cases, the summary includes a short description of the Element with the words "not applicable".

SECTION A – INTRODUCTION AND WARNINGS

A.1	**Warnings**	This summary should be read as an introduction to this prospectus (the "**Prospectus**"). Any decision to invest in the respective securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Aumann AG, with its registered office at Dieselstraße 6, 48361 Beelen, Federal Republic of Germany ("**Germany**"), a German stock corporation (*Aktiengesellschaft*) registered with the commercial register maintained by the local court (*Amtsgericht*) in Münster, Germany, under HRB 16399 (hereinafter the "**Company**" and, collectively with its consolidated subsidiaries, the "**Aumann Group**", the "**Group**", "**we**", "**us**" or "**our**"), together with Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany ("**Berenberg**") and Citigroup Global Markets Limited, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom ("**Citi**", together with Berenberg, the "**Joint Global Coordinators**"), and Hauck & Aufhäuser Privatbankiers KGaA, Kaiserstraße 24, 60311 Frankfurt/Main, Germany ("**Hauck & Aufhäuser**" and, together with the Joint Global Coordinators, the "**Joint Bookrunners**" or the "**Underwriters**"), assume responsibility for the contents of this summary, including any translation thereof, pursuant to Section 5(2b) No. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz* – "**WpPG**"*)*. With regard to the content of this summary, including any translation thereof, civil liability attaches to the persons who have assumed responsibility for the contents of this summary or who have arranged for the issuance, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of this Prospectus, all necessary key information.
A.2	**Information regarding the subsequent use of the Prospectus**	Not applicable. Consent regarding the use of the prospectus for a subsequent resale or placement of the shares has not been granted.

SECTION B – ISSUER

B.1	**Legal and commercial**	The legal name of the Company is “Aumann AG” and the commercial name of the Aumann Group is Aumann.

	name	
B.2	**Domicile, legal form, legislation under which the issuer operates, country of incorporation**	The Company has its registered office at Dieselstraße 6, 48361 Beelen, Germany, and is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster, Germany, under HRB 16399. The Company is a German stock corporation (*Aktiengesellschaft*) incorporated in Germany and governed by German law, in particular the German Stock Corporation Act (*Aktiengesetz*).
B.3	**Current operations and principal business activities and principal markets in which the issuer competes**	We believe that we are a leading manufacturer of specialized machinery and production lines for components of electrified drivetrains and an international equipment supplier to the automotive, aerospace, consumer electric and other industries. A significant majority of our revenues and EBIT are generated from sales to customers in the automotive sector. Our offering comprises high-quality and technologically advanced specialized machinery, production lines for components and products as well as complementary services. Our machinery and production lines can be technically designed as industry 4.0 solutions. Our precision-made machinery and production lines enable our customers to produce state-of-the-art components for all of the above mentioned industries based on our innovative technology and automated manufacturing processes. Our specialized machinery for electrified drivetrain ("**E-Drivetrain**") manufacturing for electric vehicles and hybrid vehicles (together "**Electric Vehicles**"), in particular for electric motors ("**E-Motor**"), contributes to optimized customer end-products and efficient mass production scalability. In addition, our products for customers in the automotive sector for conventional drivetrains based on internal combustion engines ("**ICEs**") ("**Conventional Drivetrains**") allow our customers to produce components that further help to reduce the CO2 emissions of their fleet, while also providing significant benefits in the manufacturing process of those components. We often work jointly to develop and optimize a customer's end product. As a result, a large portion of our staff consists of highly educated people, including software engineers and mechatronic specialists, whom we also train at our own training facility. Many of our experts have a combination of technical expertise as engineers and management skills in operating businesses. As our business model focuses on the most value-adding steps of the value chain, this combination enables us to recognize which steps of the value chain can most effectively be outsourced and which can most effectively be completed in-house. This organizational approach allows us to scale our capacity by the use of third parties which we believe to be an essential enabler for growth. We divide our business into two business segments and sell our specialized machinery, production lines and services to many of our customers across both segments: • **e-mobility:** In our e-mobility segment, we primarily design, manufacture and sell specialized machinery and automated production lines for the automotive, aerospace, railway and other mobility industries with a principal focus on the automotive industry. Our offerings enable our e-mobility customers to produce highly efficient and advanced E-Motors on a mass production scale using our highly specialized and partially unique winding technology to equip electrical components with copper wire as well as sophisticated automated solutions for

surrounding processes. Large customers from the automotive and E-bike industries such as Volkswagen Group and Bosch use our technology to produce their latest generation of E-Motors. We also offer specialized machinery and production lines for the manufacturing of energy storage systems and provide complementary product support services such as maintenance, repair and spare part supply as well as joint development services throughout the whole segment. The e-mobility segment accounted for 27.2% of our Group revenue and 40.9% of our Group EBIT (before reconciliation of EUR 713 thousand) in 2016.

- **Classic:** In our classic segment we primarily design, manufacture and sell specialized machinery and automated production lines for the automotive, aerospace, railway, consumer electric, agricultural and cleantech industries. Our solutions include machinery for the production of internal combustion engines drivetrain components (including built camshafts, camshaft modules, built cylinder activation and deactivation modules and components for valve control systems) and light weight structural components for our automotive customers such as BMW, Daimler and ThyssenKrupp Presta, which enable original equipment manufacturers ("**OEMs**") that use these components to reduce their fleets' CO_2 emissions and provide significant manufacturing benefits. We also provide assembly and logistical solutions for the consumer electric industry, transport jigs for the aerospace industry as well as specific solutions for other industries. We also offer complementary product support services as well as production services, such as measuring, prototyping and machining and others. In addition, we produce and sell to a limited extent certain serial parts in particular to automotive and agriculture customers. The classic segment accounted for 72.8% of our Group revenue and 59.1% of our Group EBIT (before reconciliation of EUR 713 thousand) in 2016.

Based on our experience in the market, we believe that our specialized machinery and production lines enable our customers to manufacture efficient E-Motors. We believe that our innovative processes and technologies, our strategic focus on e-mobility manufacturing solutions, high product quality and reliable delivery, long-standing and diversified customer relationships, with a particular emphasis on OEM and Tier 1 customers, and our complementary service offering position us well for the future.

We believe that we have a strong European presence and a developing global presence and, with our plant in Changzhou, we already have a fully-integrated operational unit in the fast growing Chinese market. Our business activities are divided into the regions Europe (90.2% of our revenues in 2016), Asia (4.1% of our revenues in 2016) and the North American Free Trade Agreement ("**NAFTA**") market (5.0% of our revenues in 2016). We generate most of our business in Europe and ship our specialized machinery and production lines to our customers' locations around the world from our facilities in Germany and China. As of 31 December 2016, we had three manufacturing facilities in Germany and one in China and 558 employees.

Competitive Strengths

We believe that our key competitive strengths include the following:

- We are strongly benefiting from the e-mobility revolution long before the actual production of Electric Vehicles

- Our unique winding technology enables our customers to scale up to automated mass production of superior E-Motors

- We have long-standing relationships with automotive OEMs and have developed numerous manufacturing solutions for electric drivetrains and for conventional drivetrain, which can be easily adapted and cross-sold for the production of E-Drivetrain components
- We have strongly expanded our revenues, increased our margins and can estimate a significant amount of future revenue based on our order book
- Our business is led by a highly experienced management team, is based on a talented and well educated workforce and is supported by a committed controlling shareholder

Strategy

Our mission is to be the global leader in specialized machinery and production lines for e-mobility companies, growing significantly in light of the e-mobility revolution in the automotive industry. We intend to fulfill this mission by implementing the following strategic initiatives:

- We aim to leverage our long-standing relationships, superior direct winding technology and expertise in the classic segment to cross-sell our e-mobility offering and target new applications
- We strive to expand our technological leadership position and develop further technologies
- We intend to increase our global footprint by ramping up our capacity, gaining new customers and through strategic acquisitions, in particular in Europe, China and the NAFTA market
- We intend to increase our service share, which is a high margin business
- As a high-tech engineering company, we aim to grow our business by actively attracting, training and retaining talented and highly educated individuals

B.4a **Most significant recent trends affecting the issuer and the industry in which it operates**

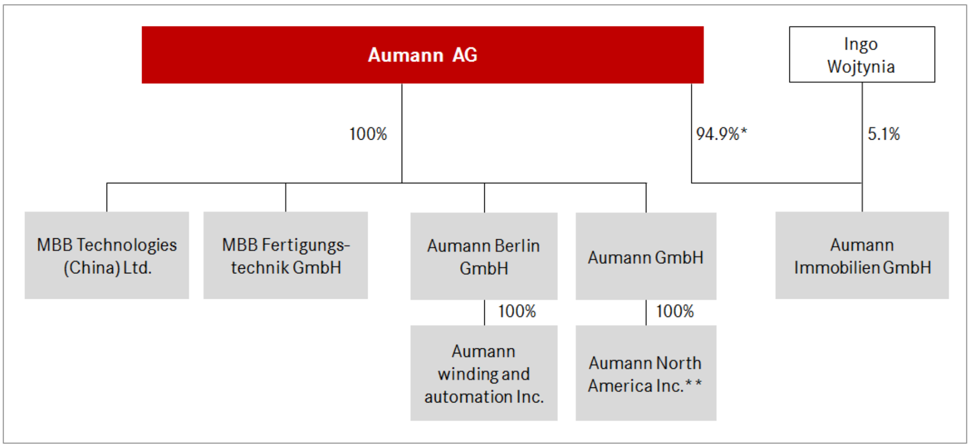
Our business depends on the demand of our customers for our specialized machinery, production lines and services in the e-mobility and classic segments, which in turn depends to a large extent on the general economic conditions in the markets in which our customers use our products, in which end consumers are located or in which we operate.

The most relevant sector of the global automotive industry for our business is the "**Light Vehicles**" sector (the term Light Vehicles is defined as passenger cars and light trucks). The market for Light Vehicles can best be understood based on the numbers of drivetrains produced. The global Light Vehicle drivetrain production was 88.7 million in 2015 and is expected to increase to 110.9 million in 2025 corresponding to a compounded annual growth rate ("**CAGR**") of 2.3% in the period from 2015 to 2025 (source: Company information based on market data from an international research company).

Sales of Light Vehicles can fluctuate depending on a number of macroeconomic and other factors. The most important factor affecting vehicle sales is the general economic climate, which is influenced in large part by individual and business customer spending on automobiles and levels of disposable income. Additional factors include changing demographics, consumer preferences, replacement rates of

		old vehicles and affordability of new vehicles. Our division of the global automotive market into separate kinds of drivetrain technologies is based on the major trend in the automotive industry to reduce CO2 emissions and takes into consideration the most important measures to reach this goal, i.e. the electrification of the drivetrain and the further optimization of Conventional Drivetrains. We believe that this trend has been accelerated by the so-called Dieselgate scandal involving Volkswagen Group, Renault and Fiat-Chrysler and the subsequent public announcement of German OEMs to heavily invest into new Electric Vehicles. As we are an equipment supplier for the production of components for both types of drivetrains, this trend is of particular importance for our business. While the Conventional Drivetrain market will remain important in the future as long as Electric Vehicles are relatively more expensive than ICE-based vehicles, we believe that the E-Drivetrain market will continue to develop dynamically. As a result of the acquisition of Aumann GmbH and Aumann Berlin GmbH, we combined our existing automation experience and technology as well as our experience in handling large orders and OEM customers with the winding experience and technology of these entities. Taken together, these combined operations enable us to better serve our existing customers and to approach new customers in terms of experience, technology and size, which had a significant positive impact on our results of operations for 2016. Under the assumption that market demand for our products remains strong, this would result in increased orders for our specialized machinery and production lines and, with a certain delay, ultimately our services, which would positively affect our result of operations. Other trends, which we believe have had and will continue to have a significant impact on the sales of Electric Vehicles and thereby on our business include: (i) technological advancements, such as improved vehicle range due to more efficient batteries, reduced re-charging times for batteries and improved battery densities, (ii) infrastructure investments, principally in a denser network of charging stations, (iii) existing and future regulations to reduce emissions, new regulations that may ban ICEs and governmental measures that encourage the purchase of Electric Vehicles, (iv) increased consumer demand for Electric Vehicles as a result of a growing environmental awareness and the general attractiveness of Electric Vehicles, and (v) a reduction in prices for Electric Vehicles in the mid-term in absolute terms and as compared to ICE vehicles. In anticipation of this ongoing e-mobility revolution, customers have started building up production capacities over the last years to which we have contributed through jointly developed specialized machinery and E-Drivetrain components and through the sale of our existing specialized machinery and production lines. While our customers will benefit from this increase in capacities only at the time of the actual delivery of the vehicles to the end-customers, we will have already generated revenue and a margin long before the production of Electric Vehicles.
B.5	**Description of the Group and the issuer's position within the Group**	The Company is the parent company of the Aumann Group. The Company performs certain group management functions, such as strategy, risk management, group accounting and controlling, treasury, legal, taxation, investor relations, group marketing and public relations.

The following chart shows the current structure of our Group including all subsidiaries of the Company and its respective shareholdings:



* The Company and Mr. Ingo Wojtynia entered into an option agreement pursuant to which the Company has the option right to demand delivery of Mr. Ingo Wojtynia's shares in Aumann Immobilien GmbH to a third party to be determined by the Company against payment of EUR 1.00.

** Dormant company.

B.6 **Persons who, directly or indirectly, have a (notifiable) interest in the issuer's capital and voting rights**

The following legal entities or persons hold an interest in the Company as of the date of the Prospectus:

	Shareholdings	
Name of shareholder	**No-par value Shares**	**%**
MBB SE..	11,687,500	93.5
Mr. Ingo Wojtynia	812,500	6.5
Total	12,500,000	**100**

Voting rights

Each ordinary bearer share with no-par value (*auf den Inhaber lautende Stückaktien*) of the Company (all shares of the Company outstanding from time to time together, the "**Shares**" and each such share a "**Share**") carries one vote at the Company's general shareholders' meeting (the "**General Shareholders' Meeting**"). There are no restrictions on voting rights. All Shares have identical voting rights.

Direct or indirect control over the issuer and nature of such control

Upon completion of the Offering, assuming a full exercise of the Greenshoe Option and that all Offer Shares are sold in the Offering and the offer capital increase is fully implemented, MBB SE will hold 7,498,700 Shares (or 53.6% of the share capital).

B.7 **Selected key historical financial information**

Historical financial information

The financial information in the following tables is taken or derived from the audited consolidated financial statements of the Company as of and for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014 (together, the "**Audited Consolidated Financial Statements**") and the Company's internal accounting records and its management reporting system. The Audited Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). Unless otherwise indicated, the term "financial year" refers to a financial year of the Company, i.e., a financial year beginning on 1 January in a given calendar year and ending on 31 December of the same calendar year.

Where financial information in the following tables is denoted as "audited", this means that it was taken from the Audited Consolidated Financial Statements. The label "unaudited" is used in the following tables to indicate financial information that was not taken from the Audited Consolidated Financial Statements but that was either taken or derived from our internal accounting records or management reporting systems or is based on calculations of these figures or recomputed from the Audited Consolidated Financial Statements.

The tables below contain certain non-IFRS financial measures such as operating performance, total performance, EBIT, EBIT margin, order intake, order backlog and the book to bill ratio that are not required by or presented in accordance with IFRS.

Historical like-for-like financial information

On 19 November 2015, we acquired 75% of each of Aumann GmbH, Espelkamp, Aumann Berlin GmbH, Henningsdorf and Aumann Immobilien GmbH, Espelkamp (these acquisitions, the "**2015 Acquisition**" and these acquired companies, together, the "**Acquired Entities**"). In December 2016, we increased our shareholding in Aumann GmbH and Aumann Berlin GmbH to 100% and in Aumann Immobilien GmbH to 94.9%.

Following the acquisition of the Acquired Entities, we prepared our consolidated financial statements in accordance with IFRS for the financial year ended 31 December 2015, although these statements only included trading activity for the period subsequent to 1 November 2015, which was the effective date of the 2015 Acquisition. Consequently, our Audited Consolidated Financial Statements for the financial year 2015 are not comparable to our Audited Consolidated Financial Statements for the financial year 2016.

In order to improve the comparability of our Audited Consolidated Financial Statements for the financial year 2015 to the Audited Consolidated Financial Statements for the financial year 2016, we prepared like-for-like financial information for all income statement line items in the notes to our Audited Consolidated Financial Statements for the financial year 2015 ("**Like-for-Like Financial Information**" or "**Like-for-Like**"). Such Like-for-Like Financial Information presents income statement line items as if the Acquired Entities had been part of our Group for the full financial year 2015. When financial information for the financial year 2015 is referred to as "Like-for-Like" in this Prospectus, the figures refer to the Like-for-Like Financial Information.

In the financial year ended 31 December 2016, we generated revenues of EUR 156,016 thousand (EUR 93,415 thousand in the financial year ended 31 December 2015 and on a Like-for-Like basis EUR 121,696 thousand in the financial year ended 31 December 2015) and an EBIT of EUR 18,448 thousand (EUR 10,190 thousand in the financial year ended 31 December 2015 and on a Like-for-Like basis EUR 11,461 thousand in the financial year ended 31 December 2015).

Selected Items from the Consolidated Income Statement

The following table shows selected items from the consolidated income statement of the Company for the financial years ended 31 December 2016, 2015 and 2014:

	For the year ended 31 December			
	2016	(Like-for-Like) 2015	2015	2014
in EUR thousand		(audited)		
Revenue	**156,016**	**121,696**	**93,415**	**96,144**
Increase(+)/decrease(-) in finished goods and work in progress	-213	702	116	0
Operating performance[1]	**155,803**	**122,398**	**93,531**	**96,144**
Other operating income	2,950	2,744	1,650	945
Total performance[2]	**158,753**	**125,142**	**95,181**	**97,089**
Cost of raw materials and supplies	-80,806	-61,488	-46,635	-50,511
Cost of purchased services	-9,320	-5,530	-3,328	-3,750
Cost of materials	**-90,126**	**-67,018**	**-49,963**	**-54,261**
Wages and salaries	-29,949	-26,382	-19,854	-17,536
Social security and pension costs	-9,987	-9,856	-8,529	-8,330
Staff costs	**-39,936**	**-36,238**	**-28,383**	**-25,866**
Other operating expenses	-8,545	-9,066	-5,593	-6,302
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)[3]	**20,146**	**12,820**	**11,242**	**10,660**
Amortisation and depreciation expense	-1,698	-1,359	-1,052	-917
Earnings before interest and taxes (EBIT)[4]	**18,448**	**11,461**	**10,190**	**9,743**
Other interest and similar income	655	577	577	450
Interest and similar expenses	-1,245	-1,052	-891	-1,044
Net finance costs	**-590**	**-475**	**-314**	**-594**
Earnings before taxes (EBT)[5]	**17,858**	**10,986**	**9,876**	**9,149**
Income tax expense	-4,920	-3,039	-2,672	-2,972
Other taxes	-147	-58	-37	-32
Profit or loss for the period	**12,791**	**7,889**	**7,167**	**6,145**
Non-controlling interests	0	n/a	-247	0
Consolidated net profit	**12,791**	n/a	**6,920**	**6,145**

1 "Operating performance" represents the sum of revenue and increase or decrease in finished goods and work in progress.

2 "Total performance" represents the sum of (i) revenue, (ii) increase or decrease in finished goods and work in progress, and (iii) other operating income.

3 "EBITDA" (i.e., earnings before interest, taxes, depreciation and amortization) represents our profit for the period before net finance cost, income taxes, other taxes, depreciation and amortization.

4 "EBIT" (i.e., earnings before interest and taxes) represents our profit for the period before net finance costs, income taxes and other taxes.

5 "EBT" (i.e., earnings before taxes) represents our profit for the period before income taxes and other taxes.

Selected Items from the Consolidated Statement of Financial Position

The following table shows selected items from the consolidated statement of financial position of the Company as of 31 December 2016, 2015 and 2014:

	As at 31 December		
	2016	2015	2014
in EUR thousand		(audited)	
Assets			
Non-current assets			
Intangible assets	10,897	11,243	1,070
Property, plant and equipment	15,438	13,523	9,071
Financial assets	0	7,446	3,169
Deferred tax assets	380	405	352
	26,715	**32,617**	**13,662**
Current assets			
Inventories	4,039	3,348	2,002
Trade receivables and other current assets	55,414	45,622	38,220
Available-for-sale financial assets	7,663	11,738	7,633
Cash in hand, bank balances	38,183	12,598	26,107
	105,299	**73,306**	**73,962**
Total assets	**132,014**	**105,923**	**87,624**
Equity and liabilities			
Equity	**41,437**	**34,182**	**27,655**
Non-current liabilities			
Liabilities to banks	16,666	9,788	5,313
Other liabilities	66	131	0
Pension provisions	18,514	16,701	16,640
Other provisions	1,235	833	524
Deferred tax liabilities	1,213	304	0
	37,694	**27,757**	**22,477**
Current liabilities			
Liabilities to banks	2,717	3,043	1,022
Advance payments received	12,157	7,760	2,790
Trade payables	11,475	9,063	7,172
Other liabilities	3,112	2,462	1,699
Provisions with the nature of a liability	6,780	4,976	3,989
Tax provisions	991	1,414	2,068
Other provisions	15,651	15,266	18,752
	52,883	**43, 984**	**37,492**
Total equity and liabilities	**132,014**	**105,923**	**87,624**

Selected Items from the Consolidated Statement of Cash Flows

The following table shows selected items from the consolidated statement of cash flows of the Company for the financial years ended 31 December 2016, 2015 and 2014:

	For the year ended 31 December		
	2016	2015	2014
in EUR thousand		(audited)	
Cash flow from operating activities	**16,029**	**11,952**	**6,500**
Cash flow from investing activities	**8,381**	**-21,870**	**-3,080**
Cash flow from financing activities	**1,187**	**-3,593**	**-7,313**
Cash and cash equivalents at the end of the period	**38,183**	**12,598**	**26,107**
Reconciliation to liquidity reserve on 31 December			
Cash and cash equivalents at end of the period	38,183	12,598	26,107
Securities	7,663	19,184	10,802
Liquidity reserve on 31 December	**45,846**	**31,782**	**36,909**

Selected Segment and Geographical Data

The following table provides our selected financial information by segments for the periods indicated.

	For the year ended 31 December			
	2016		2015	
		%		%
in EUR thousand (except percentage data)	(audited, except for percentage figures)			
Revenue				
e-mobility...............................	42,461	27.2	5,704	6.1
classic	113,555	72.8	87,711	93.9
Total Group revenue...............	**156,016**	**100**	**93,415**	
EBIT[1]				
e-mobility...............................	7,249	40.9	1,587	15.3
classic	10,486	59.1	8,773	84.7
Reconciliation[2]..........................	713		-170	
Total Group EBIT[1]	**18,448**		**10,190**	
EBT[3]				
e-mobility...............................	7,069	42.9	1,534	16.2
classic	9,421	57.1	7,936	83.8
Reconciliation[4]..........................	1,368		406	
Total Group EBT[3]...................	**17,858**	**100**	**9,876**	**100**

1 “EBIT” (i.e., earnings before interest and taxes) represents our profit for the period before net finance costs, income taxes and other taxes.

2 Reconciliation comprises income and expenses from investment activities and management fees to MBB SE.

3 “EBT” (i.e., earnings before taxes) represents our profit for the period before income taxes and other taxes.

4 Reconciliation comprises income and expenses from investment activities, management fees to MBB SE and interest income.

The following table provides our revenue by regions for the periods indicated.

	For the year ended 31 December					
	2016		2015		2014	
		%		%		%
in EUR thousand (except percentage data)	(audited, except for percentage figures)					
Revenue						
Europe............................	140,681	90.2	87,008	93.2	78,169	81.3
China.................................	6,431	4.1	4,802	5.1	12,281	12.8
NAFTA.............................	7,730	5.0	1,140	1.2	270	0.3
Other.................................	1,174	0.7	465	0.5	5,424	5.6
Total Group revenue........	**156,016**	**100**	**93,415**	**100**	**96,144**	**100**

Selected Other Key Performance Indicators

	2016	2015	2014
	(audited, except as indicated otherwise)		
Employees as of 31 December	**558**	**475**	**326**
Order intake for the year ended 31 December[1, 2] (in Euro thousand)	**190,110**	**141,156**	**83,157**
Thereof e-mobility segment[3]	*50,877*	*25,961*	*n/a*
Thereof classic segment[4]	*139,233*	*115,195*	*n/a*
Order backlog as of 31 December[5] (in Euro thousand)	**132,192**	**98,098**	**50,238**
Thereof e-mobility segment	*29,201*	*20,785*	*n/a*
Thereof classic segment	*102,992*	*77,313*	*n/a*
Book to bill ratio as of 31 December[6] (in %) (unaudited)	**122%**	**116%**	**87%**

1 “Order intake” is defined as the annually compounded volume of legally binding orders. The Company uses order intake as an important key performance indicator to estimate future revenue and work load.

2 “Order intake” in 2015 includes the order backlog of the Acquired Entities at the date of first time consolidation (1 November 2015) amounting to EUR 25.2 million.

3 “Order intake” in 2015 for the e-mobility segment includes the order backlog of the Acquired Entities at the date of first time consolidation (1 November 2015) amounting to EUR 21.3 million.

4 “Order intake” in 2015 for the classic segment includes the order backlog of the Acquired Entities at the date of first time consolidation (1 November 2015) amounting to EUR 3.9 million.

5 “Order backlog” is defined as the remaining estimated amount of work and profit not yet recognized as revenue of our order intake. We do not use order book as a description of unbinding orders. The Company uses order intake as an important key performance indicator to estimate future revenue and work load.

6 “Book to bill ratio” is defined as order intake (as defined above) divided by annual consolidated revenue. As order intake for 2015 comprises the order backlog of the Acquired Entities at the date of first time consolidation (1 November 2015) amounting to EUR 25.2 million, the book to bill ratio is calculated based on the Like-for-Like revenues of 2015. The Company uses the book to bill ratio as an important key indicator whether the business of the Group is likely to expand in the near future and at what rate.

Significant changes to the issuer's financial condition and operating results during and subsequent to the period covered by the historical key financial information

The following significant changes in the Company’s revenues and net income for the period occurred in the financial years ended 31 December 2016, 2015 and 2014:

Financial years ended 31 December 2016 and 2015

Revenue for the year ended 31 December 2016 was EUR 156,016 thousand, a EUR 62,601 thousand, or 67.0%, increase compared to EUR 93,415 thousand for the year ended 31 December 2015. The increase was principally a result of the acquisition of the Acquired Entities and the rapid increase in demand in the e-mobility segment accompanied by an increase in revenue in the classic segment.

EBIT for the year ended 31 December 2016 was EUR 18,448 thousand, a EUR 8,258 thousand, or 81.0%, increase compared to EUR 10,190 thousand for the year ended 31 December 2015. The increase was driven by the acquisition of the Acquired Entities and the rapid increase in demand in the e-mobility segment leading to an increasing importance of the e-mobility segment for our Group EBIT, i.e. from 15.3% of the Group EBIT (before reconciliation of EUR -170 thousand) for the year ended 31 December 2015 to 40.9% of the Group EBIT (before reconciliation of EUR 713 thousand) for the year ended 31 December 2016. Apart from the increasing importance of the e-mobility business in absolute terms, the e-mobility segment also produced higher margins compared to our classic segment which, in turn, drives the overall positive development of our Group's EBIT.

The development in e-mobility was accompanied by a strong performance of the classic business, increasing the segment's EBIT from EUR 8,773 thousand for the year ended 31 December 2015 to EUR 10,486 thousand for the year ended 31 December 2016. Due to the shift of capacities to the e-mobility segment, we generally benefit from the possibility to focus on slightly higher margin projects in the classic segment. In the years ended 31 December 2016 and 31 December 2015, the classic segment's EBIT margin was in a normal range for our business.

Like-for-Like Comparison of financial years ended 31 December 2016 and 2015

Revenue for the year ended 31 December 2016 was EUR 156,016 thousand, a EUR 34,320 thousand, or 28.2%, increase compared to EUR 121,696 thousand for the year ended 31 December 2015. The increase was principally a result of the rapid increase in demand in the e-mobility segment accompanied by an increase in revenue in the classic segment as discussed above leading customers to place more orders for our specialized machinery and production lines.

EBIT for the year ended 31 December 2016 was EUR 18,448 thousand, a EUR 6,987 thousand, or 61.0%, increase compared to EUR 11,461 thousand for the year ended 31 December 2015. The increase was principally driven by the rapid increase in demand in our e-mobility segment and the strong performance of the classic segment. Due to the shift towards the e-mobility segment, our ability to select the most optimal orders in the classic segment and increased economies of scale, we increased our EBIT margin from 9.4% for the year ended 31 December 2015 to 11.8% for the year ended 31 December 2016.

Financial Years ended 31 December 2015 and 2014

Our revenue for the year ended 31 December 2015 was EUR 93,415 thousand, a EUR 2,729 thousand, or 2.8%, decrease compared to EUR 96,144 thousand for the year ended 31 December 2014. The decrease was principally a result of reduced order intake from our Asian customers during 2014 as a result of a temporary slowdown of the Asian markets. This effect from our classic business was partially offset by the inclusion of two months revenue from the Acquired Entities resulting from their first-time consolidation and the strategic focus on e-mobility.

EBIT for the year ended 31 December 2015 was EUR 10,190 thousand, a EUR 447 thousand, or 4.6%, increase compared to EUR 9,743 thousand for the year ended 31 December 2014. Despite the decrease in revenues due to the temporary slowdown of the Asian markets, we managed to increase EBIT and EBIT margin due to improvements in the ratio of cost of materials to total revenues as well as decrease other operating expenses and increase other operating income. This was partly offset by an increase in the ratio of staff costs to total revenues due to less revenue earned per employee. We see this development as an indicator of our flexibility in reacting to market developments.

Recent developments

Corporate developments

On 9 February 2017, we held our ordinary general shareholders' meeting. The shareholders' meeting resolved based on the balance sheet profit to pay a dividend of EUR 0.36 per Share, i.e. in total EUR 4,500,000, and to carry forward the remaining balance sheet profit of EUR 9,696,802.61. The shareholders' meeting further authorized the Management Board, with the consent of the Supervisory Board, to increase the Company's share capital on or before 8 February 2022 in a total amount of up to EUR 6,250,000 by issuing once or repeatedly new no-par value bearer shares against contributions in cash and/or in kind (Authorized Capital 2017/I). In addition, the shareholders' meeting authorized the Company, in accordance with § 71 (1) number 8 of the German Stock Corporation Act, to acquire and sell Company-owned Shares in the period ending 8 February 2022 in an amount not exceeding 10% of its share capital. The shareholders' meeting also resolved on the transformation of the Shares from registered shares with restricted transferability (*vinkulierte Namensaktien*) to bearer shares (*Inhaberaktien*). The shareholders' meeting also replaced the member of the Supervisory Board, Mr. Anton Breitkopf, by Mr. Christoph Weigler, who is general manager of UBER Germany GmbH.

Also on 9 February 2017, the Supervisory Board promoted Mr. Sebastian Roll from head of finance to Chief Financial Officer.

Presumably on 15 March 2017, an extraordinary general shareholders' meeting of the Company will resolve to increase the Company's share capital by up to EUR 1,500,000 to up to EUR 14,000,000 against cash contributions through the issuance of up to 1,500,000 ordinary bearer shares with no par value (*Stückaktien*) with a notional interest of EUR 1.00 each in the share capital for the purpose of the Offering.

Business developments

From 1 January 2017 through 28 February 2017, Aumann generated consolidated revenue of EUR 32,887 thousand and EBIT of EUR 4,144 thousand with an EBIT margin of 12.6% compared to consolidated revenue of EUR 20,077 thousand, EBIT of EUR 2,182 thousand and an EBIT margin of 10.9% in the prior-year period. This corresponds to an increase of 64% in revenue and 90% in EBIT compared to the prior-year period.

From 1 January 2017 through 28 February 2017, the revenue share of the e-mobility segment amounted to 28% of total revenue. Furthermore, the e-mobility segment generated an EBIT margin of 18.0% in the same period, compared to a margin of 17.1% for the full year 2016.

For the period from 1 January 2017 to 9 March 2017, the order intake amounted to EUR 37.5 million, including an initial breakthrough order for the supply of equipment for the manufacturing of products of a global leader from Silicon Valley which is a positive start of the year.

Please note that the financial figures presented in this sub-section are derived from our internal accounting systems and are not audited.

Interest from customers in our specialized machinery has not changed, and we are currently negotiating numerous new orders with our existing and new customers. Several globally active automotive and consumer electronics companies, including potential new customers, conducted site visits of the production plants in Espelkamp, Berlin and Beelen in January and February 2017. Specialized machinery presented by Aumann is currently being assessed by these prospective customers and in certain cases we have initiated trial production in our research and development ("**R&D**") center in order to prove the performance improvements of particular products (e.g., existing traction motor designs) and the automation potential of our production process. The volume of potential subsequent projects ranges from single to low double digit Euro million amounts, however, no orders have been placed insofar at this time.

		We currently consider expanding our capacity in order to meet the growing demand for e-mobility solutions also by means of strategic M&A activities. We are in early-stage discussions with M&A consultants but are also preparing to approach several potential German M&A targets directly to supplement our engineering and delivery capacity. These initiatives are based on long-standing contacts and previous M&A-related discussions and are focused on automation companies with automotive experience.
B.8	**Selected key pro forma financial information**	Not applicable. No pro forma financial information has been prepared by the Company.
B.9	**Profit forecast or estimate**	Not applicable. No profit forecast or profit estimate is being presented by the Company.
B.10	**Quali-fications in the audit report on the historical financial information**	Not applicable. The audit reports on the historical financial information included in this Prospectus have been issued without qualifications.
B.11	**In-sufficiency of the issuer's working capital for its present requirements**	Not applicable. The Company's working capital is sufficient for its present requirements.
		SECTION C – SECURITIES
C.1	**Type and class of the securities being offered and/or admitted to trading**	The Prospectus relates to the public offering (the "**Offering**") of 5,980,000 ordinary bearer Shares with no-par value (*auf den Inhaber lautende Stückaktien*), each such Share with a notional interest of EUR 1.00 in the share capital and with full dividend rights from 1 January 2017, consisting of: • 1,500,000 newly issued bearer Shares with no-par value from a capital increase against contributions in cash (the "**Capital Increase**") to be resolved by an extraordinary general shareholders' meeting of the Company presumably on 15 March 2017 (the "**New Shares**"); • 3,700,000 existing ordinary bearer Shares with no-par value from the holdings of MBB SE and Mr. Ingo Wojtynia (each of these shareholders hereinafter, individually, a "**Selling Shareholder**", and, together, the "**Selling Shareholders**) (the shares offered by the Selling Shareholders in the Offering the "**Sale Shares**"); and • 780,000 existing ordinary bearer Shares with no-par value from the holdings of the Selling Shareholders for purposes of a potential over-allotment (the "**Over-Allotment Shares**", together with the New Shares and the Sale Shares the "**Offer Shares**"). Furthermore, for the purposes of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with

		additional post-admission obligations (*Prime Standard*) of the Frankfurt Stock Exchange, the Prospectus covers a total of up to 14,000,000 ordinary bearer Shares, each such Share with no-par value and a notional interest of EUR 1.00 in the share capital and full dividend rights from 1 January 2017.
	Security identification number	International Securities Identification Number (ISIN): DE000A2DAM03 German Securities Code (*Wertpapierkennnummer*) (WKN): A2DAM0 Trading symbol: AAG
C.2	**Currency**	Euro.
C.3	**The number of shares issued and fully paid**	The share capital of the Company amounts to EUR 12,500,000 as of the date of this Prospectus. It is divided into 12,500,000 ordinary bearer Shares with no par value (*auf den Inhaber lautende Stückaktien*) The share capital of the Company is fully paid in.
	Nominal value	Each of the Shares represents a nominal value of EUR 1.00 in the share capital.
C.4	**A description of the rights attached to the securities**	Each of the Shares entitles a shareholder to one vote at the General Shareholders' Meeting. The Offer Shares carry full dividend rights as of the financial year starting 1 January 2017 and for all subsequent financial years.
C.5	**Description of any restrictions on the free transferability of the securities**	Not applicable. The Shares are freely transferable in accordance with the legal provisions applicable to bearer shares.
C.6	**Application for admission to trading on a regulated market and identity of regulated markets where the securities are to be traded**	On 13 March 2017, we intend to apply for the admission of the Shares (entire share capital, including the New Shares) to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard). The Shares are expected to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange on 23 March 2017 (the "**Listing**"). The decision on the admission of the Shares to trading will be made solely at the discretion of the Frankfurt Stock Exchange. Trading in the Shares on the Frankfurt Stock Exchange is planned to commence on 24 March 2017.
C.7	**Dividend policy**	The Company paid dividends for the financial year 2016 and, prior to its transformation into a stock corporation on 8 December 2016, already distributed profits and intends to continue to pay dividends in the future. The Company's intention is to pay dividends in a range of approximately 25% to 30% of the distributable profit. Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the level of distributable profit for the respective year, our results of operations, financial condition, our investment policy, market developments and capital requirements based on the unconsolidated financial statements of the Company prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) as well as shareholders'

		consent.

SECTION D - RISKS

D.1	**Key risks specific to the issuer and its industry**	**Risks relating to the markets in which we operate** • The deterioration of economic conditions in the markets in which our customers use our products, in which end consumers are located and in the markets in which we operate or which we intend to enter may adversely affect our business, results of operation, cash flows, financial position and prospects. • The introduction of economic protectionist policies in the United States by the new American administration or policies which support the use of ICE vehicles could adversely affect the business operations of our customers in certain NAFTA markets, which may adversely affect our business. • Demand in the automobile industry is highly volatile. • The increasing focus of national governments on machine manufacturing technology as a strategic priority could adversely affect our business, as it may, inter alia, enable competitors in these countries to offer specialized machinery similar to ours at a lower price. • Consolidation of our competitors or insourcing of our technology by our major customers could further increase competition and reduce our market share. **Risks relating to our business** • Our long-term future development depends primarily on the growth of the Electric Vehicle market. • Our overall strategy to further expand into international growth markets may fail or not produce the desired results. • We may not be able to manage future growth effectively, which may lead to a reduction of our margins. • If we are unable to process our order intake and our order backlog quickly and efficiently, our customers may look for alternative suppliers for specialized machinery, production lines and services to produce products for the Electric Vehicle market, especially considering the rapid growth in the Electric Vehicle market. • We may become subject to product liability claims and claims regarding specific performance of or defects in our products. • The unavailability, reduction or elimination of government and economic incentives provided to purchasers of vehicles with reduced emissions, in particular Electric Vehicles, or the cancelation or loosening of agreed emission control regulations and targets, could materially harm demand for Electric Vehicles. • Developments in e-motor technologies which do not rely on our technologies could render our specialized machinery, production lines and services obsolete and thus have a material adverse effect on the demand for our specialized machinery, production lines and services to produce conventional and electrified drive technology for the vehicle market. • The rapid growth in the market for the production of equipment for Electric

Vehicles could lead to an oversupply and intensified competition.

- We may not succeed in continuing to develop, maintain and strengthen the Aumann brand, which may materially and adversely affect our customers` acceptance of and demand for our specialized machinery, production lines and services.
- We may inadvertently acquire companies with significant liabilities and additional business risks.
- We may be unable to complete acquisitions or enter into cooperation agreements in the timeframe or on the terms and conditions we envisage, and current or future acquisitions and cooperation agreements may not produce the desired or anticipated results.
- We face risks associated with our international operations and expansion including unfavorable regulatory, political, tax and labor conditions, which could harm our business.
- We rely on a limited number of large key customers, the loss of which could materially adversely affect our business, results of operations, cash flows, financial position and prospects.
- The inability of our suppliers to deliver necessary components and services for our business could impact our ability to meet the demands of our customers or to operate our business at current production levels.
- Restrictions in our contractual relationships with customers with which we jointly develop specialized machinery, production lines or processes could limit our ability to sell these products and processes to third party customers.
- Operational disruptions or lengthy periods of production downtime affecting the delivery of our specialized machinery or the serial parts we produce for our customers could adversely affect our ability to deliver and set up our machinery or deliver our serial parts on time.
- Our operations rely on complex IT systems and networks which may be vulnerable to damage or interruptions.
- Conflicts, military action, terrorist attacks and general instability throughout the world could materially adversely affect the global demand in the automotive industry and thus our business.
- We could be adversely affected by our customers defaulting on payments.
- If we cannot raise additional funds when we need them or if we are not granted surety, we will be limited in carrying out required investments and funding our working capital which could impact further growth.
- If we are unable to attract or retain key employees and hire qualified management, technical and engineering personnel, our ability to compete could be harmed.
- We are subject to risks from legal, administrative and arbitration proceedings.
- The shipment of certain components into certain jurisdictions either on their own or as part of our products may be prohibited under US, European or other dual use regimes or sanctions laws and result in a violation of such dual use

		regimes or sanctions laws. • Data protection breaches and violations could harm our reputation, could constitute regulatory offences or criminal offences, and could give rise to claims for compensatory damages as well as fines against us. • Our current risk management system and our lack of an integrated compliance system may not enable us to prevent and/or identify violations of law and to identify and evaluate all of the relevant risks to us and enable us to take appropriate countermeasures, particularly in light of our expansion into Asia and the NAFTA markets. • Our business may be adversely affected by work disruptions based on disagreements with our employees or work councils. • Our existing insurance coverage could prove inadequate to cover all the risk we might face. • Changes in interest rates, mortality and salary increases and changes in returns of plan assets may increase our obligations and expenses related to our post-employment benefit plans. **Legal, Regulatory and Tax Risks** • We could be unsuccessful in adequately protecting our intellectual property, technological know-how and trademarks and there is a risk that we might infringe the intellectual property rights of others. • Non-compliance with existing laws and regulations in many jurisdictions or changes in any such laws and regulations could require us to take costly additional steps to ensure future compliance and potentially require recalls. • We are subject to antitrust laws. Allegations of a breach of antitrust laws or actual violations could result in penalty payments and reputational damages. • We have to comply with anti-bribery laws and foreign sanctions laws. Failure to comply with such laws could result in severe criminal or civil sanctions. • We could be held liable for soil, water or groundwater contamination or for risks related to hazardous materials.
D.3	**Key risks specific to the securities**	**Risks Relating to the Shares, the Offering, the Listing and our Shareholder Structure** • There is no existing market for the Shares and an active or liquid market might not develop for the Shares. • Even if all Offer Shares are placed in the Offering, our largest shareholder MBB SE will be able to continue to exercise substantial influence over the Company and its business activities. The interests our largest shareholder could conflict with the interests of our other shareholders. • Future sales of Shares or anticipated sales of a substantial number of Shares or similar transactions conducted by the Selling Shareholders or other groups of shareholders could adversely affect the Share price. • Future capital-related measures, such as future offerings of debt or equity securities by the Company or the exercise of possible future stock option programs, may adversely affect the market price of the Shares and could result

in a substantial dilution of existing shareholdings in the Company.

- The price at which the Shares will be traded and the trading volume of the Shares may be volatile, and investors could lose all or part of their investment.
- The Offering may not take place.
- The Company's ability to pay dividends depends, among other things, on its financial condition and results of operations.
- The Company will incur increased costs as a result of operating as a public company, and its management will be required to devote substantial time to additional compliance initiatives and to additional legal, regulatory and administrative requirements. If the Company fails to comply with these requirements, it will possibly damage its reputation and may affect an investment in the Shares.

SECTION E – OFFER

E.1	**The total net proceeds and estimate of the total expenses of the Offering and listing, including estimated expenses charged to the investor by the issuer**	The Company will receive the proceeds of the Offering resulting from the sale of the New Shares after deduction of fees, commissions and costs. The Selling Shareholders will receive the proceeds (net of fees, commissions and costs) resulting from the sale of the Sale Shares and, if and to the extent the Greenshoe Option (as defined below in E.3) is exercised, from the exercise of the Greenshoe Option after deduction of fees, commissions and costs. The amount of the gross proceeds from the sale of the Offer Shares under the Offering depends on the number of Offer Shares placed and the Offer Price (as defined below in E.3). Assuming that the maximum number of Offer Shares (5,980,000 Shares) is placed and that the Greenshoe Option (780,000 Shares) is exercised in full, the Company estimates that at the low end, mid-point and high end of the price range within which offers to purchase may be submitted (the "**Price Range**"), gross proceeds to the Company would amount to approximately EUR 52,500 thousand, EUR 58,500 thousand and EUR 64,500 thousand, respectively, and gross proceeds to the Selling Shareholders would amount to approximately EUR 156,800 thousand, EUR 174,720 thousand and EUR 192,640 thousand, respectively. Due to the fact that the costs related to the Offering and the Listing are contingent on the total number of Offer Shares placed in the Offering and the Offer Price (as defined below in E.3), which also affect the amount of the Underwriters' commissions (in particular the payment of the incentive fee, which depends upon the discretion of the Company and the Selling Shareholders), it is not possible as of the date of the Prospectus to reliably predict the exact amount of the costs which have to be borne by the Company and by the Selling Shareholders. The Company believes that the total costs (excluding tax effects) related to the Offering and the Listing will amount to approximately EUR 10,955 thousand at the low-end, EUR 11,912 thousand at the mid-point and EUR 12,869 thousand at the high-end of the Price Range, respectively, including, underwriting and placement commissions to be paid to the Underwriters (assuming (i) the full placement of the Offer Shares, (ii) the full exercise of the Greenshoe Option (as defined below) and (iii) the payment in full of the incentive fee of up to 1.5% of the aggregate gross Offering proceeds). Of these estimated total costs, 25.1% would be attributable to the sale of the New Shares and would have to be borne by the Company and the remaining 74.9%

		would be attributable to the sale of the Sale Shares and Over-Allotment Shares and would – partly directly and partly through reimbursing the Company – have to be borne by the Selling Shareholders. The Company will bear the costs associated with a phantom stock program for the members of the Management Board, which was established already in 2013. Accordingly, assuming (i) the full placement of the Offer Shares, (ii) the Greenshoe Option is exercised in full and (iii) the incentive fee of up to 1.5% of the aggregate gross Offering proceeds is paid in full, the Company estimates that at the low end, mid-point and high end of the Price Range, net proceeds to the Company from the sale of the New Shares would amount to approximately EUR 49,752 thousand, EUR 55,512 thousand and EUR 61,272 thousand, respectively, and net proceeds to the Selling Shareholders from the sale of the Sale Shares and the Over-Allotment Shares would amount to approximately EUR 148,593 thousand, EUR 165,796 thousand and EUR 182,999 thousand, respectively. Investors will not be charged with expenses by the Company, the Selling Shareholders or the Underwriters.
E.2a	**Reasons for the Offering, use of proceeds, estimated net amount of proceeds**	The Company intends to use the estimated net proceeds from the sale of the New Shares in the amount of approximately EUR 55,512 (assuming an Offer Price of EUR 39.00 at the mid-point of the Price Range) to fund its growth. Assuming net proceeds of approximately EUR 55,512 thousand (the "**Net Proceeds**") at the mid-point of the Price Range, the Company intends to use approximately • 50% to 70% of the Net Proceeds to expand overall delivery capacity by building or buying additional shop floor and office space throughout 2017 and beyond; • 15% to 35% of the Net Proceeds for machinery and equipment for new buildings and the implementation of service hubs globally including new R&D centers and for the expansion of the active service sales organisation; • 5% to 15% of the Net Proceeds for investments in hard- and software in connection with IT projects; and • up to 10% of the Net Proceeds for general business development and R&D activities to expand our intellectual property base in order to secure our technological advantage and maintain entry barriers. Any strategic acquisition to increase the Company's overall delivery capacity through the acquisition of additional space and manpower or through the acquisition of complementary service organisations could reduce the above percentages. The Selling Shareholders have informed us that they intend to reduce their shareholding in the Company through the placement of the Sale Shares and that they believe the Offering to be in the interest of the Company as the Listing supports our growth and development as a leading provider of e-mobility solutions. At the same time the placement of Shares from MBB SE will serve to create a freefloat which will help to ensure an attractive liquidity in the Shares with the ambition to be listed on the TecDax index of Frankfurt Stock Exchange in the future. Notwithstanding this, our main shareholder MBB SE will continue to hold a substantial stake in the Company (at least approximately 53.6% (assuming (i) the full placement of the Offer Shares and (ii) the full exercise of the Greenshoe Option (as defined in E.3)).
E.3	**Offer**	This Offering consists of 5,980,000 ordinary bearer Shares with no-par value (*auf den Inhaber lautende Stückaktien*), each such Share with a notional interest of EUR 1.00 in

conditions	the share capital and with full dividend rights from 1 January 2017, comprising 1,500,000 New Shares, 3,700,000 Sale Shares and 780,000 Over-Allotment Shares. The Offering consists of (i) an initial public offering of the Offer Shares (a) in Germany and (b) the Grand Duchy of Luxembourg ("**Luxembourg**") and (ii) a private placement to certain institutional investors in various other jurisdictions outside Germany. In the United States of America (the "**United States**"), the Offer Shares will be offered and sold only to persons reasonably believed to be qualified institutional buyers ("**QIBs**") as defined in Rule 144A ("**Rule 144A**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"), in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act. Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**").
Offer Period	The period during which purchase orders for Offer Shares can be submitted will commence on 13 March 2017 and is expected to end on 23 March 2017 at noon Central European Time ("**CET**") for retail investors and at 2:00pm CET for institutional investors (the "**Offering Period**"). Purchase orders are freely revocable until the respective Offering Period expires. Revocation of purchase orders cannot occur after allocation of the Offer Shares.
Price range and Offer Price	The Price Range within which offers to purchase may be submitted is between EUR 35.00 and EUR 43.00 per Share. Once the Offering Period has expired, the price per Offer Share in this Offering (the "**Offer Price**") and the final number of Offer Shares to be placed will be determined by the Company and the Selling Shareholders in consultation with the Joint Bookrunners using the order book prepared during the book building process. It is expected that the Offer Price setting will take place on or around 23 March 2017. The Offer Price is expected to be published on the date of the determination of the Offer Price by way of an ad-hoc announcement via various media distributed across the entire European Economic Area (*Medienbündel*) and on the Company's website (www.aumann-ag.com/en/investor-relations/shares.html).
Amend-ments to the Term of the Offering	Subject to the publication of a supplement to the Prospectus, if required under the German Securities Prospectus Act, the Company and the Joint Global Coordinators reserve the right after consultation with the Selling Shareholders to reduce or increase the number of Offer Shares, to lower or raise the lower and/or upper limit of the Price Range and/or to extend or shorten the Offering Period. If the number of Offer Shares, the Price Range and/or the Offering Period (collectively referred to as the "**Offering Terms**") is or are, as the case may be, changed, the change will be announced on the website of the Company (www.aumann-ag.com/en/investor-relations/shares.html) and be published via various media distributed across the entire European Economic Area (*Medienbündel*). To the extent required under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), a supplement to the Prospectus will be submitted to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**") and published after being approved by the BaFin on the website of the Company (www.aumann-ag.com/en/investor-relations/shares.html). Any changes of the Offering Terms will also be published by way of an ad-hoc announcement, if required pursuant to Art. 17 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("**Market Abuse Regulation**"). Investors will not be notified individually. Changes to the Offering Terms will not invalidate purchase orders already submitted. Under the German Securities Prospectus Act, investors that have submitted a purchase order before a supplement is published have the right to revoke their purchase order within two business days after publication of the supplement. The

	revocation does not require any statement of grounds and is to be declared in text form to the person designated in the supplement as recipient of the revocation. Alternatively, investors that have submitted purchase orders prior to the publication of the supplement may, within two days after the publication of the supplement, change their purchase orders or submit new limited or unlimited purchase orders. In the underwriting agreement entered into by the Company, the Selling Shareholders and the Underwriters for the offer and sale of the Offer Shares in connection with the Offering on 10 March 2017 (the "**Underwriting Agreement**"), the Underwriters have reserved the right to terminate the Offering under certain circumstances. The Offering may be terminated even after trading has commenced and until the Offer Shares have been delivered in book-entry form in exchange for payment of the Offer Price and the customary securities commissions.
Delivery and Payment	The Offer Shares allotted will be made available to investors as co-ownership interests in the respective global share certificate. Delivery of the Offer Shares allotted against payment of the Offer Price and the customary securities commissions (*Effektenprovisionen*) payable to the depositary banks is expected to take place on 28 March 2017.
Stabilization Measures, Over-allotment and Greenshoe Option	In connection with the placement of the Offer Shares and to the extent permitted by Article 5 (4) of the Market Abuse Regulation in conjunction with the regulatory technical standards issued, Berenberg acting for the account of the Underwriters, will act as stabilization manager (the "**Stabilization Manager**"), and may make over-allotments or effect transactions aimed at supporting the stock exchange or market price of the Shares in order to counteract any selling pressure that may exist. The Stabilization Manager is under no obligation to take stabilization measures. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time without prior notice. Such measures may be taken from the date the Shares are traded for the first time on the regulated market of the Frankfurt Stock Exchange and must be terminated no later than 30 calendar days after such date ("**Stabilization Period**"). Stabilization measures aim at supporting the market price of the Shares during the Stabilization Period in order to counteract any selling pressure that may exist. Stabilization measures may cause the stock exchange or market price of the Shares to be higher than it would otherwise have been. In addition, the stock exchange or market price may temporarily be at a level that is not sustainable. The Stabilization Manager may undertake stabilization measures on the Frankfurt Stock Exchange. With regard to potential stabilization measures and to the extent permitted by law, investors may, in addition to the New Shares and the Sale Shares, be allocated up to 780,000 additional Shares in the Offering (the "**Over-Allotment**"). In connection with a potential Over-Allotment, Berenberg, acting for the account of the Underwriters, will be provided in the form of a securities loan (*Wertpapierdarlehen*) with up to 780,000 Shares from the holdings of the Selling Shareholders without charge; this number of Shares may not exceed 15% of the sum of the New Shares and the Sale Shares. In this context, the Selling Shareholders will grant the Underwriters an option to acquire up to 780,000 Shares (the "**Greenshoe Shares**") (up to 15% of the sum of the New Shares and the Sale Shares) from the Selling Shareholders at the Offer Price less agreed commission, thus satisfying the retransfer obligation under the securities loan (the "**Greenshoe Option**"). The Greenshoe Option shall be exercisable by Berenberg acting as Stabilization Manager for the account of the Underwriters. The Greenshoe Option will expire 30 calendar days after stock exchange trading in the Shares

		commences and may only be exercised to the extent that Shares have been placed by way of Over-Allotment. Within one week following the end of the Stabilization Period, an announcement will be published via various media distributed across the entire European Economic Area ("*Medienbündel*") as to whether or not any stabilization measures were taken, when price stabilization started and finished, the date on which the last stabilization measure was taken, and the Price Range within which stabilization measures were taken (for each date on which a stabilization measure was taken) and the trading venues on which stabilization measures were carried out. Any Over-Allotments and exercise of the Greenshoe Option, the date thereof and the number and type of the Shares concerned will also be published promptly in the manner previously stated.
E.4	**Interests material to the issue/offer including conflicting interests**	In connection with the Offering and the admission to trading of the Shares on the Frankfurt Stock Exchange, the Underwriters have entered into a contractual relationship with the Company and the Selling Shareholders. Berenberg and Citi have been appointed by the Company and the Selling Shareholders as Joint Global Coordinators. The Joint Global Coordinators and Hauck & Aufhäuser have been appointed by the Company and the Selling Shareholders as Underwriters. The Underwriters are advising the Company and the Selling Shareholders on the Offering and coordinate the structuring and execution of the Offering. In addition, Berenberg has been appointed to act as designated sponsor for the Shares. Upon successful implementation of the Offering, the Underwriters will receive a commission. As a result of these contractual relationships, the Underwriters have a financial interest in the success of the Offering. Furthermore, in connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as investors for their own account, may acquire Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Shares. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so or as disclosed in the Prospectus. The Company maintains business relationships with Berenberg relating to deposit services. Some of the Underwriters or their affiliates have, and may from time to time in the future continue to have, business relations with the Aumann Group (including lending activities) or may perform services for the Aumann Group in the ordinary course of business. The Selling Shareholders will receive the proceeds of the Sale Shares and any Over-Allotment Shares. Assuming a full placement of all Sale Shares and all Over-Allotment Shares at the mid-point of the Price Range, and after deducting fees and expenses to be paid by the Selling Shareholders in connection with the Offering, the proceeds to the Selling Shareholders would amount approximately to EUR 165,796 thousand, or 74.9% of the total net Offering proceeds. Since the Company will receive the proceeds from the Offering of the New Shares and these will strengthen the equity capital basis of the Company, all direct and indirect shareholders with an interest in the Company have an interest in the implementation of

		the Capital Increase. The members of the Management Board, Mr. Rolf Beckhoff (Co-Chief Executive Officer), Mr. Ludger Martinschledde (Co-Chief Executive Officer) and Mr. Sebastian Roll (Chief Financial Officer) also have a personal interest in the Offering as a result of their interests in the preferential allocation program to potentially acquire Shares in the course of the Offering. In addition to the afore-mentioned interests, the Company is not aware of any interests which are material to the Offering and which could be considered conflicting.
E.5	**Name of the person or entity Offering to sell the security**	The Offer Shares are being offered by the Underwriters.
	Lock-up agreement: the parties involved; and indication of the period of the lock-up	The Company has agreed with the Underwriters that during the period commencing on the date of this Prospectus and ending six months after the first day of trading of the Shares on the Frankfurt Stock Exchange, without the prior written consent of the Joint Global Coordinators, the Company, the Management Board or the Supervisory Board will not (i) announce or effect an increase of the share capital of the Company out of authorized capital; (ii) submit a proposal for a capital increase to any shareholders' meeting for resolution; (iii) announce to issue, effect or submit a proposal for the issuance of any securities convertible into Shares, with option rights for Shares; or (iv) enter into a transaction or perform any action economically similar to those described above. Excluded from this commitment are the issuance of (A) the New Shares and (B) Shares or other securities to employees and members of executive bodies of the Company or its subsidiaries under management participation plans. In addition, the Selling Shareholders have agreed with the Underwriters that during the period commencing on the date of this Prospectus and ending six months after the first day of trading of the Shares on the Frankfurt Stock Exchange, without the prior written consent of the Joint Global Coordinators, the Selling Shareholders will not (i) offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares or other securities of the Company, including securities convertible into or exercisable or exchangeable for Shares; (ii) make any demand for, or exercise any right with respect to, the registration under U.S. securities laws of any Shares or any security convertible into or exercisable or exchangeable for Shares; (iii) propose any increase in the share capital of the Company, vote in favor of such a proposed increase or otherwise support any proposal for the issuance of any securities convertible into Shares, with option rights for Shares; or (iv) enter into a transaction or perform any action economically similar to those described above, in particular enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise. Furthermore, the members of the Management Board have agreed with the Underwriters to the same commitments as the Selling Shareholders, however, for a period commencing on the date of this Prospectus and ending twelve months after the first day of trading of the Shares on the Frankfurt Stock Exchange.

E.6	**Amount and percentage of immediate dilution resulting from the Offering**	The net book value attributable to the shareholders of the Company including non-controlling interests (which is calculated as follows: total assets (EUR 132,014 thousand) less non-current (EUR 37,694 thousand) and current liabilities (EUR 52,883 thousand), each on a consolidated basis) amounted to EUR 41,437 thousand as of 31 December 2016, and would amount to EUR 3.31 per Share, based on 12,500,000 outstanding Shares as of the date of the Prospectus (i.e., prior to the Capital Increase). Assuming total Offering and Listing costs of the Company of EUR 2,988 thousand and that all 1,500,000 New Shares are sold in the Offering for an Offer Price of EUR 39.00 (mid-point of the Price Range), the Net Proceeds to the Company from the issuance of the New Shares would amount to approximately EUR 55,512 thousand. On the assumption that the Offering had been fully implemented by and the Company had already received the Net Proceeds at 31 December 2016, the carrying amount of the thus-adjusted equity on the Company's consolidated statement of financial position as of 31 December 2016 would have been EUR 96,949 thousand; this corresponds to EUR 6.92 per Share (calculated on the basis of 14,000,000 Shares outstanding after implementation of the Capital Increase). Assuming an Offer Price of EUR 39.00 at the mid-point of the Price Range, that would correspond to a direct dilution of EUR 32.08 (-82%) per Share for the parties acquiring the New Shares.
E.7	**Estimated expenses charged to the investor by the issuer**	Not applicable. Investors will not be directly charged with expenses by the Company or the Underwriters.

2. Deutsche Übersetzung der Zusammenfassung des Prospekts

*Zusammenfassungen bestehen aus geforderten Angaben, die als "**Punkte**" bezeichnet werden. Die Punkte sind in den Abschnitten A – E (A.1 – E.7) fortlaufend nummeriert. Diese Zusammenfassung enthält alle Punkte, die für die vorliegende Art des Wertpapiers und des Emittenten in eine Zusammenfassung aufzunehmen sind. Da einige Punkte nicht behandelt werden müssen, können in der Nummerierungsreihenfolge Lücken auftreten. Selbst wenn ein Punkt wegen der Art des Wertpapiers und des Emittenten in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass in Bezug auf diesen Punkt keine relevanten Informationen gegeben werden können. In diesem Fall enthält die Zusammenfassung eine kurze Beschreibung des Punkts mit dem Hinweis „Entfällt".*

ABSCHNITT A – EINLEITUNG UND WARNHINWEISE

A.1	**Warnhinweise**	Diese Zusammenfassung sollte als Einführung zu diesem Prospekt (der "**Prospekt**") verstanden werden. Jede Entscheidung eines Anlegers zur Anlage in die betreffenden Wertpapiere sollte sich auf die Prüfung des gesamten Prospekts stützen. Für den Fall, dass vor einem Gericht aufgrund der im Prospekt enthaltenen Informationen Ansprüche geltend gemacht werden, könnte der klagende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Mitgliedsstaaten des Europäischen Wirtschaftsraums die Kosten der Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Die Aumann AG mit Sitz in der Dieselstraße 6, 48361 Beelen, Bundesrepublik Deutschland ("**Deutschland**"), eine deutsche Aktiengesellschaft, eingetragen im Handelsregister des Amtsgerichts Münster, Deutschland, unter HRB 16399 (nachfolgend die "**Gesellschaft**" und, gemeinsam mit ihren konsolidierten Tochtergesellschaften, die "**Aumann Gruppe**", die "**Gruppe**", "**wir**", "**uns**" oder "**unser**") gemeinsam mit der Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Deutschland, ("**Berenberg**") und der Citigroup Global Markets Limited, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, Vereinigtes Königsreich ("**Citi**", zusammen mit Berenberg, die "**Joint Global Coordinators**") und die Hauck & Aufhäuser Privatbankiers KGaA, Kaiserstraße 24, 60311 Frankfurt/Main, Deutschland, ("**Hauck & Aufhäuser**" und, gemeinsam mit den Joint Global Coordinators, die "**Joint Bookrunners**" oder die "**Konsortialbanken**") übernehmen gemäß § 5 Absatz 2b Nr. 4 Wertpapierprospektgesetz ("**WpPG**") die Verantwortung für diese Zusammenfassung einschließlich etwaiger Übersetzungen. Diejenigen Personen, die die Verantwortung für diese Zusammenfassung einschließlich etwaiger Übersetzungen übernommen haben, oder von denen der Erlass ausgeht, können für den Inhalt dieser Zusammenfassung haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.
A.2	**Angabe über die spätere Verwendung des Prospekts**	Entfällt. Es wurde keine Zustimmung der Gesellschaft zur Verwendung des Prospekts für einen späteren Weiterverkauf oder eine spätere Platzierung der Aktien erteilt.

ABSCHNITT B – EMITTENT		
B.1	**Juristische und kommerzielle Bezeichnung**	Die juristische Bezeichnung der Gesellschaft ist "Aumann AG" und die kommerzielle Bezeichnung der Aumann Gruppe ist "**Aumann**".
B.2	**Sitz, Rechtsform, geltendes Recht unter dem der Emittent operiert, Land der Gründung**	Die Gesellschaft hat ihren Sitz in der Dieselstraße 6, 48361 Beelen, Deutschland, und ist im Handelsregister des Amtsgerichts in Münster, Deutschland, unter HRB 16399 eingetragen. Die Gesellschaft ist eine deutsche Aktiengesellschaft, die in Deutschland gegründet wurde und deutschem Recht, insbesondere dem deutschen Aktiengesetz, unterliegt.
B.3	**Derzeitige Geschäftstätigkeit sowie Hauptmärkte, auf denen der Emittent vertreten ist**	Nach unserer Einschätzung sind wir ein führender Hersteller von Spezialmaschinen und Fertigungslinien für Komponenten von elektrifizierten Antriebssträngen und ein internationaler Ausrüster für Anlagen in den Bereichen Automotive, Luft- und Raumfahrt und Verbraucherelektrik sowie für andere Branchen. Der überwiegende Anteil unseres Umsatzes und EBIT stammt aus dem Verkauf von Produkten an Automotive-Kunden. Unser Angebot umfasst qualitativ hochwertige und technisch fortschrittliche Maschinen, Fertigungslinien für Komponenten und Produkte sowie dazugehörige Leistungen. Unsere Maschinen und Fertigungslinien können technisch als Industrie 4.0-Lösungen ausgelegt werden. Mit unseren Präzisionsmaschinen und Fertigungslinien können unsere Kunden auf Grundlage unserer innovativen Technologie und automatisierten Herstellungsverfahren modernste Komponenten für alle oben genannten Sektoren produzieren. Unsere Spezialmaschinen für die Produktion von elektrifizierten Antrieben ("**E-Antriebe**") für Elektro- und Hybridfahrzeuge (zusammen "**Elektrische Fahrzeuge**"), insbesondere für Elektromotoren ("**E-Motor**"), tragen zur Optimierung der Endprodukte bei, als auch zur effizienten Massenfertigung dieser Produkte. Des Weiteren können Kunden mit unseren Produkten für konventionelle Antriebe mit Verbrennungsmotor ("**ICEs**") ("**Konventionelle Antriebe**") im Automotive-Bereich Komponenten fertigen, mit denen sie CO2-Emissionen ihrer Flotte weiter reduzieren und gleichzeitig signifikante Vorteile bei der Herstellung von Komponenten erreichen können. Häufig arbeiten wir gemeinsam mit Kunden an der Entwicklung und Optimierung des jeweiligen Endprodukts. Bei einem großen Teil unserer Beschäftigten handelt es sich daher um sehr gut ausgebildete Fachleute wie Softwareentwickler und Mechatroniker, die wir auch selbst bei uns ausbilden. Viele unserer Spezialisten verfügen nicht nur über technische Expertise, sondern auch über kaufmännisches und unternehmerisches Wissen. Da unser Geschäftsmodell sich auf die Schritte der Wertschöpfungskette konzentriert, die den größten Mehrwert für uns bietet, können wir entscheiden welche Prozessschritte am effizientesten ausgelagert werden können und welche am effizientesten intern erledigt werden sollen. Durch diesen organisatorischen Ansatz können wir unsere Kapazitäten durch Einsatz Dritter steigern, was unser Wachstumpotential erheblich stärkt. Unser Geschäft unterteilt sich in zwei Segmente, wobei wir unsere Maschinen, Fertigungslinien und Leistungen segmentübergreifend an viele Kunden

verkaufen:

- **E-Mobility:** Im Segment e-mobility konstruieren, fertigen und vertreiben wir vorwiegend Spezialmaschinen und automatisierte Fertigungslinien für die Bereiche Automotive, Luft- und Raumfahrt, Schienenverkehr und andere Mobilitätsindustrien mit einem primären Fokus auf der Automotive Industrie. Unsere Angebote ermöglichen unseren Kunden im Bereich e-mobility hocheffiziente und technologisch fortschrittliche E-Motoren im Rahmen der Massenfertigung basierend auf unserer hochspezialisierten und zum Teil einzigartigen Wickeltechnik, mit der wir elektrische Komponenten mit Kupferdraht bewicklen sowie modernste Automations-Lösungen für umgebende Prozesse zur Anwendung kommen. Große Kunden aus den Bereichen Automotive und E-Bikes wie die Volkswagen Gruppe und Bosch verwenden unsere Technik, um ihre neueste Generation von E-Motoren zu fertigen. Unser Angebot umfasst außerdem Spezialmaschinen und Fertigungslinien für die Herstellung von Energiespeichersystemen nebst produktbegleitenden Leistungen wie Wartung, Reparatur und Ersatzteillieferung sowie gemeinsame Entwicklungsleistungen in der gesamten Sparte. Das Segment e-mobility machte im Jahr 2016 27,2% unseres Gruppenumsatzes und 40,9% unseres Gruppen-EBIT (vor Überleitungen in Höhe von EUR 713 Tausend) aus.

- **Classic:** Im Segment classic konstruieren, fertigen und vertreiben wir hauptsächlich Spezialmaschinen und automatisierte Fertigungslinien für die Bereiche Automotive, Luft- und Raumfahrt, Schienenverkehr, Verbraucherelektronik, Landwirtschaft und Cleantech. Unsere Lösungen umfassen Anlagen für die Produktion von Antriebskomponenten für Verbrennungsmotoren (einschließlich gebauter Nockenwellen, Nockenwellenmodule, gebauter Zylinderaktivierungs- und Deaktivierungsmodule sowie Komponenten für Ventilsteuerungssystem) und Leichtbaukomponenten für unsere Automotive-Kunden wie BMW, Daimler und ThyssenKrupp Presta, mit denen Erstausrüster ("**OEMs**"), die diese Komponenten verwenden, die CO2-Emissionen ihrer Flotte reduzieren können. Unser Angebot umfasst außerdem Montage- und Logistiklösungen für den Bereich Verbraucherelektrik, Transportvorrichtungen für die Luft- und Raumfahrtindustrie sowie spezifische Lösungen für andere Sektoren. Daneben bieten wir produktbegleitende Leistungen sowie Fertigungsleistungen wie Vermessungen, Herstellung von Prototypen, maschinelle Bearbeitungen und weitere Leistungen. In begrenztem Umfang fertigen und vertreiben wir außerdem bestimmte Serienbauteile, insbesondere an Kunden in den Bereichen Automotive und Landwirtschaft. Das Segment classic machte im Jahr 2016 72,8% unseres Gruppenumsatzes und 59,1% unseres Gruppen-EBIT (vor Überleitungen in Höhe von EUR 713 Tausend) aus.

Auf Basis unserer Einschätzung des Marktes sind wir der Auffassung, dass Kunden mit unseren Spezialmaschinen und Fertigungslinien effiziente E-Motoren herstellen können. Wir glauben, dass unsere innovativen Prozesse und Technologien, der strategische Fokus auf Fertigungslösungen im Bereich e-mobility, hohe Produktqualität und zuverlässige Lieferung, langjährige und vielfältige Kundenbeziehungen mit besonderem Schwerpunkt auf OEMs sowie Tier 1-Zulieferer und unser dazugehöriges Leistungsangebot uns gut für die Zukunft positionieren.

Wir glauben, dass wir über eine starke Präsenz in Europa und eine wachsende globale Position verfügen und betreiben mit unserem Werk in Changzhou bereits über eine voll integrierte Fabrik im schnell wachsenden chinesischen Markt. Unsere Geschäftstätigkeit teilt sich in die Regionen Europa (90,2% des Umsatzes im Jahr 2016), Asien (4,1% des Umsatzes im Jahr 2016) und den Markt des Nordamerikanischen Freihandelsabkommens (*North American Free Trade Agreement* **-** "**NAFTA**") (5,0% des Umsatzes im Jahr 2016) auf. Den Großteil unseres Geschäfts machen wir in Europa. Allerdings liefern wir unsere Maschinen und Fertigungslinien von unseren Werken in Deutschland und China an Kunden in die ganze Welt. Zum 31. Dezember 2016 verfügten wir über drei Fertigungsstandorte in Deutschland und einen in China und hatten 558 Mitarbeiter.

Wettbewerbsstärken

Wir sind der Ansicht, dass zu unseren wichtigsten Wettbewerbsstärken die Folgenden zählen:

- Wir profitieren von der E-Mobilitätsrevolution bereits lange vor der tatsächlichen Fertigung von Elektrischen Fahrzeugen

- Unsere einzigartige Wickeltechnologie macht es Kunden möglich, bei E-Motoren auf automatisierte Massenfertigung umzusteigen und eine hervorragende Produktqualität zu erzielen

- Wir unterhalten langjährige Beziehungen zu Herstellern aus der Automobilbranche und haben eine Vielzahl von Fertigungslösungen im Bereich von elektrischen Antriebssträngen aber auch von konventionellen Antriebssträngen entwickelt, deren Technologie wir sehr gut auch für die Herstellung von Bauteilen elektrischer Antriebsstränge vermarkten können.

- Wir haben unseren Umsatz deutlich gesteigert, unsere Margen erhöht und können einen signifikanten Teil unserer zukünftigen Umsätze auf Basis unseres Auftragsbestands abschätzen

- Unsere Geschäftstätigkeit wird durch ein äußerst erfahrenes Team geleitet, gestützt durch eine hervorragend ausgebildete Belegschaft und einen kontrollierenden Aktionär, der sich unterstützend engagiert

Strategie

Unser Ziel ist es, Weltmarktführer für Spezialmaschinen und Produktionslinien für Unternehmen aus dem Bereich e-mobility zu werden und im Lichte der E-Mobilitäts-Revolution in the Automobilindustrie signifikant zu wachsen. Erreichen wollen wir dies durch Umsetzung der folgenden strategischen Vorhaben:

- Wir planen, unsere langjährigen Beziehungen, unsere überlegene direkte Wickeltechnologie und unsere Expertise im Segment classic mit dem Ziel des Cross-Selling unseres Angebots in das Segment e-mobility zu nutzen und neue Anwendungsmöglichkeiten zu erschließen

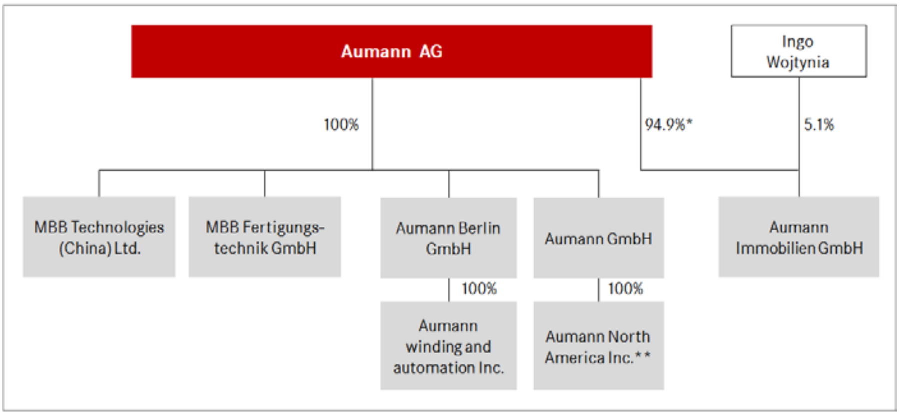
- Wir beabsichtigen, unsere technologisch führende Position zu sichern und weitere Technologien zu entwickeln

- Wir beabsichtigen eine Stärkung unserer globalen Positionierung, indem wir unsere Kapazitäten weiter ausbauen, neue Kunden gewinnen und strategische Akquisitionen tätigen, insbesondere in Europa, China und dem

		NAFTA Markt • Wir beabsichtigen, den Anteil des margenstarken Dienstleistungsbereichs zu erhöhen • Als Hightech-Maschinenbauer ist es unser Ziel, aktiv talentierte und gut ausgebildete Kräfte einzustellen und an uns zu binden und langfristig in diese zu investieren, um das Wachstum unseres Unternehmens weiter voranzutreiben
B.4a	**Wichtigste jüngste Trends, die sich auf den Emittenten und die Branche, in der er tätig ist beziehen**	Unser Geschäft ist von der Nachfrage unserer Kunden nach Spezialmaschinen, Fertigungslinien und Leistungen aus unseren e-mobility und classic Segmenten abhängig, und die Nachfrage wiederum in hohem Maße von den allgemeinen Wirtschaftsbedingungen in den Märkten, in denen die Kunden unsere Produkte verwenden, in denen sich die Endverbraucher befinden oder in denen wir tätig sind. Das für unser Geschäft relevanteste Segment der globalen Automobilindustrie ist der Bereich „**Leichte Nutzfahrzeuge**“ (die Definition Leichte Nutzfahrzeuge umfasst Pkw und Leicht-Lkw). Der Markt für Leichte Nutzfahrzeuge kann am besten durch Betrachtung der Anzahl der produzierten Antriebe verstanden werden. Die globale Produktion von Antrieben für Leichte Nutzfahrzeuge betrug 88,7 Millionen im Jahr 2015 und wird 2025 voraussichtlich auf 110,9 Millionen wachsen, was einer gewichteten jährlichen Wachstumsrate („**CAGR**“) von 2,3% im Zeitraum 2015 bis 2025 entspricht (Quelle: interne Informationen auf Grundlage von Marktdaten eines internationalen Forschungsunternehmens). Der Absatz von Leichten Nutzfahrzeugen unterliegt Schwankungen, die sich nach verschiedenen makroökonomischen und anderen Faktoren richten. Wichtigster Faktor für den Fahrzeugabsatz ist das allgemeine Wirtschaftsklima, denn dies ist zum großen Teil dadurch beeinflusst, wie viel Geld die Einzel- und Geschäftskunden für Automobile ausgeben und wie hoch das verfügbare Einkommen ist. Weitere Faktoren sind der demografische Wandel, geänderte Kundenpräferenzen, die Häufigkeit, in der alte Fahrzeuge durch neue ersetzt werden, sowie die Bezahlbarkeit neuer Fahrzeuge. Die durch uns vorgenommene Einteilung des globalen Automobilmarkts in einzelne Antriebstechnologien geht auf den großen Trend in der Automobilbranche zurück, CO2-Emissionen zu reduzieren, und soll den wichtigsten Maßnahmen zum Erreichen dieses Ziels Rechnung tragen, d.h. die Elektrifizierung des Antriebsstrangs und die weitere Optimierung Konventioneller Antriebe. Wir glauben, dass dieser Trend durch den so genannten Dieselgate-Skandal um die Volkswagen Gruppe, Renault und Fiat-Chrysler und die sich daran anschließende öffentliche Ankündigung deutscher OEMs, stark in neue Elektrofahrzeuge investieren zu wollen, beschleunigt worden ist. Da wir Anlagenlieferant für die Herstellung von Komponenten für beide Antriebsarten sind, ist dieser Trend für unser Geschäft von besonderer Bedeutung. Während der Markt für Konventionelle Antriebe auch in der Zukunft wichtig bleiben wird, solange Elektrische Fahrzeuge verhältnismäßig teurer als ICE-basieret Fahrzeuge sind, glauben wir, dass der Markt für E-Antriebe sich auch weiterhin dynamisch entwickeln wird. Als Folge des Erwerbs der Aumann GmbH und der Aumann Berlin GmbH wurde unsere vorhandene Erfahrung und Technologie im Bereich Automation

		sowie unsere Erfahrung in der Betreuung von Großaufträgen und OEM-Kunden mit der Erfahrung und Technologie dieser Unternehmen im Bereich der Wickeltechnik zusammengelegt. Was Erfahrung, Technologie und Größe angeht, versetzt uns dies in die Lage, bestehenden Kunden noch bessere Leistungen anzubieten und neue Kunden anzusprechen, was sich äußerst positiv auf das Betriebsergebnis 2016 ausgewirkt hat. Ausgehend von einer weiterhin starken Nachfrage nach unseren Produkten auf dem Markt würde dies zu einem Auftragsanstieg für unsere Spezialmaschinen und Fertigungslinien und letztlich, mit einer gewissen Verzögerung, auch für unsere Dienstleistungen führen, was sich positiv auf unser Betriebsergebnis auswirken würde. Zu den weiteren Trends, die nach unserer Ansicht bedeutende Auswirkungen auf den Absatz von E-Fahrzeugen und damit auf unser Geschäft gehabt haben und auch weiterhin haben werden, zählen insbesondere: (i) technische Fortschritte wie verbesserte Reichweite durch effizientere Batterien und deren kürzere Wiederaufladezeiten und höhere Speicherdichte, (ii) Infrastruktur-Investitionen, vor allem in ein größeres Netz mit Ladestationen, (iii) bestehende und künftige Regelungen zur Emissionsreduzierung, neue Regelungen, die sogar zum Verbot von ICEs führen können, sowie staatliche Maßnahmen zur Förderung des Kaufs von E-Fahrzeugen, (iv) eine gesteigerte Nachfrage nach E-Fahrzeugen durch Kunden infolge eines größer werdenden Umweltbewusstseins und der allgemeinen Attraktivität von E-Fahrzeugen sowie (v) mittelfristig sinkende Preise für E-Fahrzeuge sowohl in absoluten Zahlen als auch im Vergleich zu ICE-Fahrzeugen. Im Vorgriff auf die anhaltende Revolution im Bereich E-Mobilität haben die Kunden in den letzten Jahren bereits begonnen, ihre Produktionskapazitäten auszubauen, wozu wir durch gemeinsam entwickelte Spezialmaschinen und Komponenten für E-Antriebe und den Verkauf unserer vorhandenen Spezialmaschinen und Fertigungslinien beigetragen haben. Während unsere Kunden von diesem Kapazitätsanstieg erst im tatsächlichen Lieferzeitpunkt der Fahrzeuge an die Endkunden profitieren, werden wir bereits lange vor der Herstellung von E-Fahrzeugen Umsatz und eine Marge generiert haben.
B.5	**Beschreibung der Gruppe und der Stellung des Emittenten in der Gruppe**	Die Gesellschaft ist die Muttergesellschaft der Aumann Gruppe. Die Gesellschaft übt bestimmte Konzernleitungsfunktionen aus, beispielsweise in den Bereichen Strategie, Risikomanagement, Konzernrechnungswesen und -controlling, Steuern, Investorenbeziehungen (*Investor Relations*), Konzernmarketing und Öffentlichkeitsarbeit (*Public Relations*).

Die nachfolgende Übersicht zeigt die aktuelle Struktur unserer Gruppe mit allen Tochtergesellschaften der Gesellschaft und ihrer jeweiligen Beteiligungen:



* Die Gesellschaft und Ingo Wojtynia haben einen Optionsvertrag abgeschlossen, aufgrund dessen die Gesellschaft über die Option verfügt, die Übertragung von Ingo Wojtynia's Anteilen an der Aumann Immobilien GmbH an eine dritte durch die Gesellschaft zu bestimmende Person gegen Zahlung von EUR 1,00 zu verlangen.

** Unternehmen ohne Aktivität.

B.6 **Personen, die eine (meldepflichtige) direkte oder indirekte Beteiligung am Eigenkapital des Emittenten oder Stimmrechte haben**

Die nachfolgenden juristischen und natürlichen Personen halten eine Beteiligung an der Gesellschaft zum Datum des Prospekts:

Name des Aktionärs	Aktienbeteiligungen Stückaktien	%
MBB SE	11.687.500	93,5
Herr Ingo Wojtynia................................	812.500	6,5
Gesamt...	12.500.000	**100**

Stimmrechte

Jede auf den Inhaber lautende Stückaktie der Gesellschaft (alle bestehenden Aktien der Gesellschaft von Zeit zu Zeit zusammen die "**Aktien**" und jede solche Aktie eine "**Aktie**") berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft (die "**Hauptversammlung**"). Es bestehen keine Stimmrechtsbeschränkungen. Alle Aktien tragen das gleiche Stimmrecht.

Unmittelbare oder mittelbare Beherrschung des Emittenten und Art der Beherrschung.

Unter der Annahme einer vollständigen Ausübung der Greenshoe Option, dem Verkauf aller Angebotsaktien im Rahmen des Angebots und der vollständigen Durchführung der Angebotskapitalerhöhung wird die MBB SE bei Abschluss des Angebots 7.498.700 Aktien (oder 53,6% des Grundkapitals) der Gesellschaft halten.

B.7 **Ausgewählte wesentliche historische Finanzinformationen.**

Historische Finanzinformationen

Die in den nachfolgenden Tabellen enthaltenen Finanzinformationen sind den geprüften Konzernabschlüssen der Gesellschaft für die zum 31. Dezember 2016, 31. Dezember 2015 und 31. Dezember 2014 geendeten Geschäftsjahre (zusammen die "**Geprüften Konzernabschlüsse**") sowie dem internen Rechnungswesen und der Managementberichterstattung der Gesellschaft entnommen oder daraus abgeleitet. Die Geprüften Konzernabschlüsse wurden in Übereinstimmung mit den International Financial Reporting Standards, wie sie in der EU anzuwenden sind, ("**IFRS**") erstellt. Sofern nicht anders angegeben, bezieht sich der Begriff "**Geschäftsjahr**" auf das Geschäftsjahr der Gesellschaft d.h. das Geschäftsjahr beginnend am 1. Januar eines Kalenderjahrs und endend am 31. Dezember desselben Kalenderjahrs.

Bei Finanzinformationen, die in den folgenden Tabellen als "geprüft" bezeichnet sind, handelt es sich um Informationen, die den Geprüften Konzernabschlüssen entnommen wurden. Sofern in den folgenden Tabellen die Bezeichnung "ungeprüft" verwendet wird, weist dies darauf hin, dass die jeweiligen Finanzinformationen nicht aus den Geprüften Konzernabschlüssen entnommen wurden, sondern entweder aus unserem internen Rechnungswesen beziehungsweise aus unserer Managementberichterstattung entnommen oder hieraus abgeleitet wurden oder auf Berechnungen dieser Zahlen basieren oder anhand der Geprüften Konzernabschlüsse berechnet wurden.

Die nachstehenden Tabellen enthalten bestimmte Angaben und Kennzahlen wie operative Leistung, Betriebsergebnis, EBIT, EBIT Marge, Auftragseingang und Auftagsbestand, welche nach IFRS nicht erforderlich sind oder welche nicht gemäß IFRS berechnet wurden.

Historische Like-for-Like (LFL) Finanzinformationen

Am 19. November 2015 erwarben wir jeweils 75% der Aumann GmbH, Espelkamp, der Aumann Berlin GmbH, Henningsdorf, und der Aumann Immobilien GmbH, Espelkamp (diese Akquisitionen der "**Ankauf 2015**" und diese erworbenen Gesellschaften zusammen die "**Erworbenen Unternehmen**"). Im Dezember 2016 erhöhten wir unsere Beteiligung an der Aumann GmbH und der Aumann Berlin GmbH auf 100% und an der Aumann Immobilien GmbH auf 94,9%.

Nach dem Ankauf der Erworbenen Unternehmen wurde der Konzernabschluss nach Maßgabe der IFRS für das zum 31. Dezember 2015 endende Geschäftsjahr erstellt, obwohl dieser Abschluss nur die Handelsaktivität für den Zeitraum nach dem 1. November 2015, dem Stichtag des Ankauf 2015, enthielt. Demzufolge ist unser geprüfter Konzernabschluss für das Geschäftsjahr 2015 nicht mit dem geprüften Konzernabschluss für das Geschäftsjahr 2016 vergleichbar.

Um die Vergleichbarkeit unseres geprüften Konzernabschlusses für das Geschäftsjahr 2015 gegenüber dem geprüften Konzernabschluss für das Geschäftsjahr 2016 zu verbessern, wurden Like-for-Like (LFL) Finanzinformationen für alle Einzelposten der Gewinn- und Verlustrechnung im Anhang zu unserem geprüften Konzernabschluss für das Geschäftsjahr 2015 erstellt ("**Like-for-Like Finanzinformationen**" oder "**Like-for-Like**"). Diese Like-for-Like Finanzinformationen weisen Einzelposten der Gewinn- und Verlustrechnung so aus, als wären die Erworbenen Unternehmen im gesamten Geschäftsjahr 2015 Teil des Konzerns gewesen. Soweit sich Finanzinformationen für das Geschäftsjahr 2015 in diesem Prospekt auf „Like-for-Like“ beziehen, beziehen sich die Zahlen auf die Like-for-Like Finanzinformationen.

In dem zum 31. Dezember 2016 endenden Geschäftsjahr betrug unser Umsatz EUR 156.016 Tausend (EUR 93.415 Tausend in dem zum 31. Dezember 2015 endenden Geschäftsjahr und auf Basis Like-for-Like EUR 121.696 Tausend in dem zum 31. Dezember 2015 endenden Geschäftsjahr) und das EBIT EUR 18.448 Tausend (EUR 10.190 Tausend in dem zum 31. Dezember 2015 endenden Geschäftsjahr und auf Basis Like-for-Like EUR 11.461 Tausend in dem zum 31. Dezember 2015 endenden Geschäftsjahr).

Ausgewählte Finanzinformationen aus der Konzern-Gewinn- und Verlustrechnung

Die nachfolgende Tabelle gibt ausgewählte Posten aus der konsolidierten Konzern-Gewinn- und Verlustrechnung der Gesellschaft für die zum 31. Dezember 2016, 2015 und 2014 endenden Geschäftsjahre wieder:

	Für das am 31. Dezember endende Geschäftsjahr			
	2016	**(Like-for-Like) 2015**	**2015**	**2014**
in Euro Tausend		**(geprüft)**		
Umsatzerlöse	**156.016**	**121.696**	**93.415**	**96.144**
Erhöhung (+) / Verminderung (-) des Bestands an unfertigen und fertigen Erzeugnissen.........	-213	702	116	0
Betriebsleistung[1].....................	**155.803**	**122.398**	**93.531**	**96.144**
Sonstige betriebliche Erträge	2.950	2.744	1.650	945
Gesamtleistung[2].......................	**158.753**	**125.142**	**95.181**	**97.089**
Aufwendungen für Roh-, Hilfs- und Betriebsstoffe....	-80.806	-61.488	-46.635	-50.511
Aufwendungen für bezogene Leistungen..........	-9.320	-5.530	-3.328	-3.750
Materialaufwand....................	**-90.126**	**-67.018**	**-49.963**	**-54.261**
Löhne und Gehälter...........	-29.949	-26.382	-19.854	-17.536
Soziale Abgaben und Aufwendungen..................	-9.987	-9.856	-8.529	-8.330
Personalaufwand....................	**-39.936**	**-36.238**	**-28.383**	**-25.866**
Sonstige betriebliche Aufwendungen..................	-8.545	-9.066	-5.593	-6.302
Ergebnis vor Zinsen, Steuern und Abschreibungen (EBITDA)[3]...........................	**20.146**	**12.820**	**11.242**	**10.660**
Abschreibungen	-1.698	-1.359	-1.052	-917
Ergebnis vor Zinsen und Steuern (EBIT)[4]	**18.448**	**11.461**	**10.190**	**9.743**
Sonstige Zinsen und ähnliche Erträge	655	577	577	450
Zinsen und ähnliche Aufwendungen..................	-1.245	-1.052	-891	-1.044
Finanzergebnis	**-590**	**-475**	**-314**	**-594**
Ergebnis vor Steuern (EBT)[5] .	**17.858**	**10.986**	**9.876**	**9.149**
Steuern vom Einkommen und vom Ertrag	-4.920	-3.039	-2.672	-2.972
Sonstige Steuern	-147	-58	-37	-32
Periodenergebnis....................	**12.791**	**7.889**	**7.167**	**6.145**
Ergebnisanteil nicht beherrschender Gesellschafter....................	0	n/a	-247	0
Konzernjahresüberschuss	**12.791**	n/a	**6.920**	**6.145**

1 „Betriebsleistung" bezeichnet die Summe aus Umsatzerlösen und der Erhöhung (+) / Verminderung (-) des Bestands an unfertigen und fertigen Erzeugnissen.

2 „Gesamtleistung" bezeichnet die Summe aus (i) Umsatzerlösen, (ii) der Erhöhung (+) / Verminderung (-) des Bestands an unfertigen und fertigen Erzeugnissen, and (iii) Sonstige betriebliche Erträge.

3 „EBITDA" (i.e., earnings before interest, taxes, depreciation and amortization) bezeichnet unser Ergebnis für die jeweilige Periode vor Zinsen, Steuern und Abschreibungen.

4 „EBIT" (i.e., earnings before interest and taxes) bezeichnet unser Ergebnis für die jeweilige Periode vor (i) dem Finanzergebnis, (ii) den Steuern vom Einkommen und Ertrag und (iii) den sonstigen Steuern.

5 „EBT" (i.e., earnings before taxes) bezeichnet unser Ergebnis für die jeweilige Periode Steuern vom Einkommen und Ertrag und sonstigen Steuern.

Ausgewählte Finanzinformationen aus der Bilanz

Die nachfolgende Tabelle gibt ausgewählte Posten aus der konsolidierten Bilanz der Gesellschaft für die zum 31. Dezember 2016, 2015 und 2014 endenden Geschäftsjahre wieder:

	Zum 31. Dezember		
	2016	**2015**	**2014**
in Euro Tausend		**(geprüft)**	
Aktiva			
Langfristiges Vermögen			
Immaterielle Vermögenswerte	10.897	11.243	1.070
Sachanlagen	15.438	13.523	9.071
Finanzanlagen	0	7.446	3.169
Aktive latente Steuern...	380	405	352
	26.715	**32.617**	**13.662**
Kurzfristiges Vermögen			
Vorräte	4.039	3.348	2.002
Forderungen aus Lieferungen und Leistungen und sonstige kurzfristige Vermögenswerte	55.414	45.622	38.220
Zur Veräußerung verfügbare finanzielle Vermögenswerte	7.663	11.738	7.633
Kassenbestand, Guthaben bei Kreditinstituten	38.183	12.598	26.107
	105.299	**73.306**	**73.962**
Summe Aktiva	**132,014**	**105.923**	**87.624**
Passiva			
Eigenkapital.....................	**41.437**	**34.182**	**27.655**
Langfristige Schulden			
Verbindlichkeiten gegenüber Kreditinstituten	16.666	9.788	5.313
Sonstige Verbindlichkeiten...........	66	131	0
Rückstellungen für Pensionen.......................	18.514	16.701	16.640
Sonstige Rückstellungen...............	1.235	833	524
Latente Steuerschulden ...	1.213	304	0
	37.694	**27.757**	**22.477**
Kurzfristige Schulden			
Verbindlichkeiten gegenüber Kreditinstituten	2.717	3.043	1.022
Erhaltene Anzahlungen ...	12.157	7.760	2.790
Verbindlichkeiten aus Lieferungen und Leistungen......................	11.475	9.063	7.172
Sonstige Verbindlichkeiten...........	3.112	2.462	1.699
Rückstellungen mit Verbindlichkeitscharakter..................................	6.780	4.976	3.989
Steuerrückstellungen.......	991	1.414	2.068
Sonstige Rückstellungen...............	15.651	15.266	18.752
	52.883	**43.984**	**37.492**
Summe Passiva	**132.014**	**105.923**	**87.624**

Ausgewählte Informationen aus der Konzern-Kapitalflussrechnung

Die nachfolgende Tabelle gibt ausgewählte Informationen aus der Konzern-Kapitalflussrechnung der Gesellschaft für die zum 31. Dezember 2016, 2015 und 2014 endenden Geschäftsjahre wieder:

	Für das am 31. Dezember endende Geschäftsjahr		
	2016	2015	2014
in Euro Tausend		(geprüft)	
Cash flow aus betrieblicher Tätigkeit	**16.029**	**11.952**	**6.500**
Cash flow aus Investitionstätigkeit	**8.381**	**-21.870**	**-3.080**
Cash flow aus Finanzierungstätigkeit	**1.187**	**-3.593**	**-7.313**
Finanzmittelfonds am Ende der Periode	**38.183**	**12.598**	**26.107**
Überleitung zum Liquiditätsbestand zum 31. Dezember			
Finanzmittelfonds am Ende der Periode	38.183	12.598	26.107
Wertpapiere	7.663	19.184	10.802
Liquiditätsbestand am 31. Dezember	**45.846**	**31.782**	**36.909**

Ausgewählte Informationen zu Segmenten und geographischen Regionen

Die nachfolgende Tabelle gibt einen Überblick über bestimmte Finanzinformationen nach Segmenten in den angezeigten Perioden.

	Für das am 31. Dezember endende Geschäftsjahr			
	2016		2015	
		%		%
in Euro Tausend (mit Ausnahme von Prozentzahlen)	(geprüft, mit Ausnahme von Prozentzahlen)			
Umsatz				
e-mobility	42.461	27,2	5.704	6,1
classic	113.555	72,8	87.711	93,9
Gesamt-Konzernumsatz	**156.016**	**100**	**93.415**	
EBIT[1]				
e-mobility	7.249	40,9	1.587	15,3
classic	10.486	59,1	8.773	84,7
Überleitung[2]	713		-170	
Gesamt Konzern EBIT[1]	**18.448**		**10.190**	
EBT[3]				
e-mobility	7.069	42,9	1.534	16,2
classic	9.421	57,1	7.936	83,8
Überleitung[4]	1.368		406	
Gesamt Konzern EBT[3]	**17.858**	**100**	**9.876**	**100**

1 "EBIT" (i.e., earnings before interest and taxes) bezeichnet unser Ergebnis für die jeweilige Periode vor (i) dem Finanzergebnis, (ii) den Steuern vom Einkommen und Ertrag und (iii) den sonstigen Steuern.

2 Die Position „Überleitung" umfasst Erträge und Aufwendungen aus Investitionstätigkeiten sowie die Beratungsgebühr der MBB SE.

3 "EBT" (i.e., earnings before taxes) bezeichnet unser Ergebnis für die jeweilige Periode Steuern vom Einkommen und Ertrag und sonstigen Steuern.

4 Die Position „Überleitung" umfasst Erträge und Aufwendungen für Investitionstätigkeiten sowie die Beratungsgebühr der MBB SE und Zinseinnahmen.

Die nachfolgende Tabelle gibt einen Überblick über unseren Umsatz nach Regionen in den angezeigten Perioden.

	Für das am 31. Dezember endende Geschäftsjahr					
	2016		**2015**		**2014**	
		%		**%**		**%**
in Euro Tausend (mit Ausnahme von Prozentzahlen)	**(geprüft, mit Ausnahme von Prozentzahlen)**					
Umsatz						
Europa	140.681	90,2	87.008	93,2	78.169	81,3
China	6.431	4,1	4.802	5,1	12.281	12,8
NAFTA	7.730	5,0	1.140	1,2	270	0,3
Sonstige	1.174	0,7	465	0,5	5.424	5,6
Gesamt-Konzernumsatz	**156.016**	**100**	**93.415**	**100**	**96.144**	**100**

Bestimmte weitere wesentliche Finanzkennzahlen

	2016	**2015**	**2014**
	(geprüft, es sei denn anders vermerkt)		
Mitarbeiter zum 31. Dezember	**558**	**475**	**326**
Auftragseingang für das zum 31. Dezember endende Jahr[1, 2] (in Euro Tausend)	**190.110**	**141.156**	**83.157**
davon Segment e-mobility[3]	*50.877*	*25.961*	*n/a*
davon Segment classic[4]	*139.233*	*115.195*	*n/a*
Auftragsbestand zum 31. Dezember[5] (in Euro Tausend)	**132.192**	**98.098**	**50.238**
davon Segment e-mobility	*29.201*	*20.785*	*n/a*
davon Segment classic	*102.992*	*77.313*	*n/a*
Book-to-bill Verhältnis zum 31. Dezember[6] (in %) (ungeprüft)	**122%**	**116%**	**87%**

1 "Auftragseingang" ist definiert als das jährliche kumulierte Volumen rechtlich verbindlicher Aufträge. Die Gesellschaft verwendet Auftragseingang als eine wichtige Kennzahl zur Schätzung zukünftiger Umsätze und Auslastungen.

2 "Auftragseingang" für 2015 umfasst den Auftragsbestand der Erworbenen Unternehmen in Höhe von EUR 25,2 Millionen zum Datum der erstmaligen Konsolidierung (1. November 2015).

3 "Auftragseingang" für 2015 für das Segment e-mobility umfasst den Auftragsbestand der Erworbenen Unternehmen in Höhe von EUR 21,3 Millionen zum Datum der erstmaligen Konsolidierung (1. November 2015).

4 "Auftragseingang" für 2015 für das Segment classic umfasst den Auftragsbestand der Erworbenen Unternehmen in Höhe von EUR 3,9 Millionen zum Datum der erstmaligen Konsolidierung (1. November 2015).

5 "Auftragsbestand" ist definiert als der verbleibende geschätzte Umfang an Arbeit und Ertrag, der noch nicht als Umsatz aus dem Auftragseingang realisiert wurde. Rechtlich unverbindliche Aufträge finden keinen Eingang in die Kennzahl Auftragsbestand. Die Gesellschaft verwendet den Auftragsbestand als eine wichtige Kennzahl zur Schätzung zukünftiger Umsätze und Auslastungen.

6 "Book-to-Bill Verhältnis" ist definiert als der Quotient von Auftragseingang (wie oben definiert) zu konsolidiertem Jahresumsatz. Da der Auftragseingang für 2015 den Auftragsbestand der Erworbenen Unternehmen in Höhe von EUR 25,2 Millionen zum Datum der erstmaligen Konsolidierung (1. November 2015) beinhaltet, wir das book to bill ratio basierend auf dem Like-for-Like Umsatz für 2015 berechnet. Die Gesellschaft verwendet das Book-to-Bill Verhältnis als einen wichtigen Schlüsselindikator ob davon auszugehen ist, dass das Geschäft der Gruppe in der Zukunft wahrscheinlich wächst und zu welcher Rate das Wachstum stattfindet.

Wesentliche Änderung der Finanzlage und des Betriebsergebnisses des Emittenten in dem oder nach dem von den historischen Finanzinformationen abgedeckten Zeitraums	Die nachstehenden wesentlichen Änderungen der Erlöse und des Netto-Verlusts/-Gewinns der Gesellschaft sind in den jeweils zum 31. Dezember 2016, 2015 und 2014 endenden Geschäftsjahren eingetreten: ***Zum 31. Dezember 2016 und 2015 endende Geschäftsjahre*** Der Umsatz für das zum 31. Dezember 2016 endende Geschäftsjahr betrug EUR 156.016 Tausend, was einem Anstieg von EUR 62.601 Tausend oder 67,0% entspricht, verglichen mit einem Umsatz von EUR 93.415 Tausend für das zum 31. Dezember 2015 endende Jahr. Der Anstieg beruht im Wesentlichen auf dem Erwerb der Erworbenen Unternehmen (wie hierin definiert) und dem rapiden Anstieg in der Nachfrage im Segment e-mobility begleitet mit einem Anstieg der Nachfrage im Segment classic. Das EBIT für das zum 31. Dezember 2016 endende Geschäftsjahr betrug EUR 18.448 Tausend, was einem Anstieg von EUR 8.258 Tausend oder 81,0% entspricht, verglichen mit einem EBIT von EUR 10.190 Tausend für das zum 31. Dezember 2015 endende Jahr. Der Anstieg beruhte auf dem Erwerb der Erworbenen Unternehmen und dem rapiden Anstieg in der Nachfrage im Segment e-mobility, welche zu einer zunehmenden Bedeutung unseres Segments e-mobility für unser Gruppen EBIT geführt hat, welches von 15,3% des Gruppen-EBIT (vor Überleitungen in Höhe von EUR -170 Tausend) für das zum 31. Dezember 2015 endende Jahr auf 40,9% unseres Gruppen-EBIT (vor Überleitungen in Höhe von EUR 713 Tausend) für das zum 31. Dezember 2016 endende Jahr angestiegen ist. Abgesehen von der steigenden Bedeutung des E-Mobilitätsgeschäfts in absoluten Zahlen, hat das Segment e-mobility zudem höhere Margen generiert, verglichen mit dem Segment classic, welches wiederum die gesamte positive Entwicklung des EBIT unserer Gruppe treibt. Die Entwicklung des Segments e-mobility wurde begleitet von einer starken Entwicklung unseres Segments classic, dessen EBIT EUR 8,773 Tausend für das zum 31. Dezember 2015 endende Jahr betrug und auf EUR 10,486 Tausend im zum 31. Dezember 2016 endenden Jahr anstieg. Aufgrund der Verschiebung von Kapazitäten zum Segment e-mobility profitieren wir im Allgemeinen von der Möglichkeit, uns auf Projekte mit etwas höheren Margen im Segment classic zu fokussieren. In den zum 31. Dezember 2016 und zum 31. Dezember 2015 endenden Jahren lag die Marge des Segments classic in einer für unser Geschäft üblichen Spanne. ***Like-for-Like Vergleich der zum 31. Dezember 2015 und 2014 endenden Geschäftsjahre*** Der Umsatz für das zum 31. Dezember 2016 endende Jahr betrug EUR 156,016 Tausend, was einem Anstieg von EUR 34.320 Tausend oder 28,2% entspricht, verglichen mit einem Umsatz von EUR 121.696 Tausend für das zum 31. Dezember 2015 endende Geschäftsjahr. Der Anstieg beruht im Wesentlichen auf dem rapiden Anstieg in der Nachfrage im Segment e-mobility, begleitet von dem oben dargestellten Umsatzanstieg im Segment classic, welcher dazu geführt hat, dass unsere Kunden mehr Aufträge für unsere Maschinen und Produktionslinien erteilt haben. Das EBIT für das zum 31. Dezember 2016 endende Geschäftsjahr betrug EUR 18.448 Tausend, was einem Anstieg von EUR 6.987 Tausend oder 61,0% entspricht, verglichen mit einem EBIT von EUR 11.461 Tausend für das zum 31. Dezember 2015 endende Jahr. Der Anstieg beruhte im Wesentlichen auf

dem rapiden Anstieg in der Nachfrage im Segment e-mobility und der starken Entwicklung unseres Segments classic. Aufgrund der Fokussierung auf das Segment e-mobility, unserer Möglichkeit, die optimalsten Aufträge im Segment classic zu akzeptieren und der gestiegenen Skaleneffekte, haben wir unsere EBIT Marge von 9,4% für das zum 31. Dezember 2015 endende Jahr auf 11,8% für das zum 31. Dezember 2016 endende Jahr steigern können.

Zum 31. Dezember 2015 und 2014 endende Geschäftsjahre

Unser Umsatz für das zum 31. Dezember 2015 endende Jahr betrug EUR 93,415 Tausend, was einem Rückgang von EUR 2.729 Tausend oder 2,8% entspricht, verglichen mit einem Umsatz von EUR 96.144 Tausend für das zum 31. Dezember 2014 endende Jahr. Dieser Rückgang beruht im Wesentlichen auf einem reduzierten Auftragseingang von unseren asiatischen Kunden während 2014 infolge einer vorübergehenden Abschwächung der asiatischen Märkte. Dieser Effekt aus unserem classic Geschäft wurde teilweise kompensiert durch die Berücksichtigung des Umsatzes unseres Erworbenen Unternehmen für einen Zeitraum von zwei Monaten aufgrund ihrer erstmaligen Konsolidierung und der strategischen Neuausrichtung auf die e-mobility.

Das EBIT für das zum 31. Dezember 2015 endende Jahr betrug EUR 10.190 Tausend was einem Anstieg von EUR 447 Tausend oder 4,6% entspricht, verglichen mit einem EBIT von EUR 9.743 Tausend für das zum 31. Dezember 2014 endende Jahr. Abgesehen von dem Rückgang unserer Umsätze infolge der vorübergehenden Abschwächung der asiatischen Märkte, konnten wir aufgrund Verbesserungen des Verhältnisses von Kosten des Materialaufwands auf der einen Seite zum Gesamtumsatz, sonstigen betrieblichen Aufwendungen sowie sonstigen betrieblichen Erträgen auf der anderen Seite das EBIT und die EBIT Marge erhöhen. Dieser Effekt wurde teilweise durch den Anstieg der Personalaufwandsquote im Vergleich zum Gesamtumsatz aufgrund geringerer Umsätze je Mitarbeiter kompensiert. Wir sehen diese Entwicklung als einen Indikator für unsere Flexibilität, auf Marktentwicklungen reagieren zu können.

Jüngste Entwicklungen

Unternehmensentwicklungen

Am 9. Februar 2017 fand die ordentliche Hauptversammlung der Gesellschaft statt. Auf Grundlage des Bilanzgewinns wurde von der Hauptversammlung beschlossen, eine Dividende in Höhe von EUR 0,36 pro Aktie auszuschütten, also insgesamt einen Betrag in Höhe von EUR 4.500.000,00, und den verbleibenden Bilanzgewinn in Höhe von EUR EUR 9.696.802,61 fortzuschreiben. Des Weiteren hat die Hauptversammlung den Vorstand ermächtigt, das Grundkapital der Gesellschaft mit Zustimmung des Aufsichtsrats bis zum 8. Februar 2022 einmalig oder mehrmalig um bis zu insgesamt € 6.250.000,00 gegen Bar- und/oder Sacheinlagen durch Ausgabe von neuen, auf den Inhaber lautenden Stückaktien zu erhöhen (Genehmigtes Kapital 2017/I). Die Hauptversammlung hat den Vorstand der Gesellschaft außerdem gemäß § 71 Abs. 1 Nr. 8 AktG ermächtigt, mit Zustimmung des Aufsichtsrats der Gesellschaft, in dem Zeitraum bis zum 8. Februar 2022 eigene Aktien zu erwerben und zu verkaufen, und zwar bis zur Höhe von 10% des Grundkapitals. Weiter hat die Hauptversammlung beschlossen, die Aktiengattung von vinkulierten Namensaktien in Inhaberaktien zu ändern. Aufsichtsratsmitglied Anton Breitkopf wurde durch Christoph Weigler, Geschäftsführer von UBER Germany GmbH, ersetzt.

Ebenfalls am 9. Februar 2017 hat der Aufsichtsrat Herrn Sebastian Roll vom Leiter der Finanzen zum Finanzvorstand befördert.

Voraussichtlich am 15. März 2017 wird eine außerordentliche Hauptversammlung der Gesellschaft beschließen, das Grundkapital der Gesellschaft um bis zu EUR 1.500.000 auf bis zu EUR 14.000.000 gegen Bareinlage durch die Ausgabe von bis zu 1.500.000 auf den Inhaber lautenden Stammaktien der Gesellschaft ohne Nennwert (*Stückaktien*), mit einem anteiligen Betrag am Grundkapital von EUR 1,00 je Aktie für Zwecke des Angebots zu erhöhen.

Geschäftsentwicklungen

Vom 1. Januar 2017 bis zum 28. Februar 2017 hat Aumann einen konsolidierten Umsatz von EUR 32.887 Tausend und ein EBIT von EUR 4.144 Tausend bei einer EBIT-Marge von 12,6% erwirtschaftet, verglichen mit einem konsolidierten Umsatz von EUR 20.077 Tausend und einem EBIT von EUR 2.182 Tausend bei einer EBIT-Marge von 10.9% in der Vorjahresperiode. Dies entspricht einem Anstieg von 64% des Umsatzes und 90% des EBIT im Vergleich zu der Vorjahresperiode.

Vom 1. Januar 2017 bis zum 28. Februar 2017 belief sich der Umsatzanteil des Segments e-mobility auf 28% des gesamten Umsatzes. Ferner hat das Segment e-mobility in derselben Periode eine EBIT-Marge von 18,0% erzielt, verglichen mit einer Marge von 17,1% für das gesamte Jahr 2016.

Vom 1. Januar 2017 bis zum 9. März 2017 betrug der Auftragseingang EUR 37,5 Millionen, was einen sehr wichtigen Erstauftrag für Fertigungsausrüstung zur Herstellung von Produkten eines weltweit führenden Unternehmens aus dem Silicon Valley beinhaltet und einen guten Beginn des Jahres darstellt.

Es wird darauf hingewiesen, dass es sich bei den Finanzangaben in diesem Unterabschnitt unserem internen Rechnungswesen entnommen sind und diese Angaben nicht geprüft sind.

Die Nachfrage von Kunden nach unseren Spezialmaschinen ist unverändert geblieben und wir verhandeln gegenwärtig zahlreiche neue Aufträge sowohl mit Bestandskunden als auch mit neuen Kunden. Verschiedene weltweit tätige Unternehmen aus der Automobil- und Verbraucherelektronikbranche haben im Januar und Februar 2017 unsere Fertigungsstandorte in Espelkamp, Berlin und Beelen besichtigt. Durch Aumann vorgestellte Spezialmaschinen werden derzeit durch diese möglichen Kunden getestet und in bestimmten Fällen haben wir testweise Fertigungen in unserem Forschungs- und Entwicklungs- ("**R&D**") Zentrum initiiert um die Leistungssteigerungen bestimmter Produkte (zum Beispiel bestehende Antriebsmotorengestaltungen) und das Automatisierungspotential unserer Fertigungsprozesse zu demonstrieren. Das Volumen möglicherweise folgender Projekte liegt in ein- bis niedriger zweistelliger Euro Millionenhöhe, wobei derzeit insofern noch keine Beauftragungen ausgeprochen wurden.

Derzeit überlegen wir, unsere Kapazitäten durch strategische M&A-Aktivitäten zu erweitern, um der steigenden Nachfrage nach Lösungen im Bereich E-Mobilität zu entsprechen. Wir befinden uns zurzeit in frühen Gesprächen mit M&A Beratern und bereiten uns aber auch darauf vor, verschiedene

		Zielgesellschaften direkt anzusprechen, um unsere Herstellungs- und Lieferungskapazitäten zu ergänzen. Diese Aktivitäten gehen auf etablierte Kontakte und vorherige M&A-bezogene Diskussionen zurück und fokussieren sich auf Unternehmen aus dem Bereich Automation, die zugleich über Expertise im Bereich Automobilindustrie verfügen.
B.8	**Ausgewählte wesentliche Pro-forma Finanzinformationen**	Entfällt. Die Gesellschaft hat keine Pro-forma-Finanzinformationen erstellt.
B.9	**Gewinnprognosen oder Schätzungen**	Entfällt. Die Gesellschaft hat keine Gewinnprognose oder Gewinnschätzung erstellt.
B.10	**Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen**	Entfällt. Die in dem Prospekt enthaltenen historischen Finanzinformationen wurden mit uneingeschränkten Bestätigungsvermerken versehen.
B.11	**Nichausreichen des Geschäftskapitals des Emittenten zur Erfüllung bestehender Anforderungen**	Entfällt. Das Geschäftskapital der Gesellschaft reicht aus, um die bestehenden Anforderungen zu erfüllen.
		ABSCHNITT C – WERTPAPIERE
C.1	**Art- und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere**	Der Prospekt bezieht sich auf das öffentliche Angebot (das "**Angebot**") der 5.980.000 auf den Inhaber lautenden Stammaktien der Gesellschaft ohne Nennwert (*Stückaktien*), jede Aktie mit einem anteiligen Betrag am Grundkapital von EUR 1,00 und voller Gewinnanteilsberechtigung ab dem 1. Januar 2017, insbesondere: • 1.500.000 neu ausgegebene, auf den Inhaber lautende Stammaktien ohne Nennwert aus einer Kapitalerhöhung gegen Bareinlage (die "**Kapitalerhöhung**"), die von einer außerordentlichen Hauptversammlung der Gesellschaft voraussichtlich am 15. März 2017 beschlossen wird (die "**Neuen Aktien**"); • 3.700.000 bestehende, auf den Inhaber lautende Stammaktien ohne Nennwert aus dem bestehenden Aktienbesitz der MBB SE und von Herrn Ingo Wojtynia (jeder dieser (verkaufenden) Aktionäre jeweils einzeln ein "**Verkaufender Aktionär**" und zusammen die "**Verkaufenden Aktionäre**"); (die von den Verkaufenden Aktionären im Rahmen des Angebots angebotenen Aktien die "**Verkaufsaktien**");

		und • 780.000 bestehende, auf den Inhaber lautende Stammaktien ohne Nennwert aus dem bestehenden Aktienbesitz der Verkaufenden Aktionäre für die Zwecke einer möglichen Mehrzuteilung (die "**Mehrzuteilungsaktien**", und zusammen mit den Neuen Aktien und den Verkaufsaktien, die "**Angebotsaktien**"). Darüber hinaus, für die Zwecke der Zulassung zum Handel im regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (*Prime Standard*) an der Frankfurter Wertpapierbörse, bezieht sich der Prospekt auf insgesamt bis zu 14.000.000 auf den Inhaber lautende Stammaktien der Gesellschaft ohne Nennwert und mit einem anteiligen Betrag am Grundkapital von EUR 1,00 sowie voller Gewinnanteilsberechtigung ab dem 1. Januar 2017.
	Wertpapier-kennung	International Securities Identification Number (ISIN): DE000A2DAM03 Wertpapierkennnummer (WKN): A2DAM0 Börsenkürzel: AAG
C.2	**Währung**	Euro.
C.3	**Zahl der ausgegebenen und voll eingezahlten Aktien**	Das Grundkapital der Gesellschaft beträgt gegenwärtig EUR 12.500.000. Es ist in 12.500.000 auf den Inhaber lautende Stammaktien (Stückaktien) eingeteilt, jede Aktie mit einem anteiligen Betrag am Grundkapital von EUR 1,00. Das Grundkapital ist voll eingezahlt.
	Nennwert	Jede Aktie der Gesellschaft repräsentiert einen Nennwert am Grundkapital von EUR 1,00.
C.4	**Mit den Wertpapieren verbundene Rechte**	Jede Aktie der Gesellschaft gewährt einem Aktionär eine Stimme in der Hauptversammlung der Gesellschaft. Die Aktien sind ab dem 1. Januar 2017 und für alle Folgejahre voll gewinnberechtigt.
C.5	**Beschreibung aller etwaigen Beschränkungen für die freie Übertragbarkeit der Wertpapiere**	Entfällt. Die Aktien sind frei übertragbar gemäß den gesetzlichen Bestimmungen für auf den Inhaber lautende Stammaktien.
C.6	**Antrag auf Zulassung der Wertpapiere zum Handel an einem regulierten Markt und Nennung aller regulierten Märkte, an**	Wir werden die Zulassung der Aktien (das gesamte Grundkapital, einschließlich der Neuen Aktien) zum Handel im regulierten Markt an der Frankfurter Wertpapier-börse sowie die gleichzeitige Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungspflichten (*Prime Standard*) an der Frankfurter Wertpapierbörse am oder um den 13. März 2017 beantragen. Die Aktien der Gesellschaft (das gesamte Grundkapital) werden voraussichtlich am 23. März 2017 zum Handel im regulierten Markt mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungspflichten (*Prime Standard*) an der Frankfurter Wertpapierbörse

	denen die Wertpapiere gehandelt werden bzw. werden sollen	zugelassen (die "**Börsennotierung**"). Die Entscheidung über die Zulassung der Aktien der Gesellschaft zum Handel erfolgt ausschließlich nach dem Ermessen der Frankfurter Wertpapierbörse. Die Aufnahme des Handels der Aktien an der Frankfurter Wertpapierbörse ist für den 24. März 2017 geplant.
C.7	**Dividenden-politik**	Die Gesellschaft hat Dividende für das Geschäftsjahr 2016 gezahlt, vor ihrer Umwandlung in eine Aktiengesellschaft am 8. Dezember 2016, bereits Gewinne ausgeschüttet und beabsichtigt, auch in der Zukunft weiter Dividende zu zahlen. Die Gesellschaft beabsichtigt, Dividende in einer Spanne von ungefähr 25% bis 30% des ausschüttbaren Gewinns zu zahlen. Jede zukünftige Entscheidung über Dividendenausschüttungen wird gemäß des anwendbaren Rechts erfolgen und wird, neben anderen Faktoren, vom Umfang ausschüttbarer Gewinne für das betreffende Jahr, Marktwentwicklungen und Kapitalanforderungen gemäß unseres in Übereinstimmung mit dem Handelsgesetzbuch erstellten Einzelabschlusses abhängen.
		ABSCHNITT D – RISIKEN
D.1	**Zentrale Risiken, die dem Emittenten oder seiner Branche eigen sind**	**Risiken in Bezug auf die Märkte, in denen wir geschäftlich tätig sind** • Verschlechtern sich die Wirtschaftsbedingungen in den Märkten, in denen Kunden unsere Produkte verwenden und in denen sich die Endverbraucher befinden, sowie in den Märkten, in denen wir geschäftlich tätig sind oder die wir erschließen möchten, so kann dies einen nachteiligen Einfluss auf das Geschäft, Betriebsergebnis, Cashflows, Finanzlage und Geschäftsaussichten der Gesellschaft haben. • Die Einführung einer protektionistischen Wirtschaftspolitik der neuen amerikanischen Regierung oder die Einführung von Maßnahmen, die die Verwendung von Fahrzeugen mit Verbrennungsmotoren fördern, könnten nachteiligen Einfluss auf die Geschäftstätigkeit unserer Kunden in bestimmten NAFTA-Märkten haben, wodurch auch unser Geschäft nachteilig beeinflusst werden kann. • Die Nachfrage in der Automobilindustrie ist sehr volatil. • Die zunehmende Fokusierung nationaler Regierungen auf Technologie zum Maschinenbau könnte sich nachteilig auf unser Geschäft auswirken, da es hierdurch unter anderem Wettbewerbern ermöglicht werden könnte, zu unseren Spezialmaschinen vergleichbare Maschinen zu einem geringeren Preis anzubieten. • Eine Konsolidierung von Wettbewerbern oder ein Insourcing unserer Technologie durch größere Kunden könnte den Wettbewerb weiter verstärken und unseren Marktanteil verringern. **Risiken in Bezug auf unsere Geschäftstätigkeit** • Unser langfristiges Wachstum ist insbesondere von einem Wachstum des Marktes für Elektrische Fahrzeuge abhängig. • Unsere Gesamtstrategie, in internationalen Wachstumsmärkten weiter zu expandieren, greift unter Umständen nicht oder führt nicht zu den gewünschten Ergebnissen. • Unter Umständen gelingt es nicht, das zukünftige Wachstum effizient zu steuern, was zu geringeren Margen führen kann.

- Wenn wir nicht in der Lage sind, Auftragseingänge und Auftragsbestände schnell und effizient zu bearbeiten, könnten unsere Kunden sich bei anderen Anbietern von Spezialmaschinen, Produktionlinien und Dienstleistungen für den Markt für Elektrische Fahrzeuge eindecken, insbesondere, wenn man das rasante Wachstum des Marktes berücksichtigt.
- Es könnten gegen uns Produkthaftungsansprüche oder Ansprüche aufgrund der Funktionsweise unserer Produkte oder wegen Produktmängeln geltend gemacht werden.
- Die Nachfrage nach Elektrischen Fahrzeugen könnte durch nicht vorhandene, eingeschränkte oder aufgehobene staatliche oder wirtschaftliche Anreize für Käufer von Fahrzeugen mit geringeren Emissionen, insbesondere von Elektrischen Fahrzeugen, oder durch Aufhebung oder Lockerung bestehender Vorschriften und Ziele zur Emissionskontrolle wesentlich beeinträchtigt werden.
- Durch neu entwickelte Technologien im Bereich E-Motoren, die nicht auf unsere Technik zurückgreifen, könnten unsere Maschinen, Fertigungslinien und Leistungen nicht kompetitiv werden, wodurch wesentliche Nachteile für die Nachfrage nach unseren Maschinen, Fertigungslinien und Leistungen bei der Herstellung von konventionellen und elektrifizierten Antrieben für den Fahrzeugmarkt entstehen würden.
- Das rapide Wachstum im Markt für die Herstellung von Komponenten für Elektrische Fahrzeuge könnte zu einem Überangebot und verstärktem Wettbewerb führen.
- Unter Umständen gelingt es uns nicht, die Marke Aumann weiter auszubauen, aufrecht zu erhalten und zu stärken, wodurch die Akzeptanz unserer Maschinen, Fertigungslinien und Leistungen bei den Kunden und die Nachfrage danach wesentlich und nachteilig beeinflusst werden kann.
- Unter Umständen erwirbt die Gesellschaft Unternehmen mit nicht vorher erkennbaren erheblichen Verbindlichkeiten und zusätzlichen Geschäftsrisiken.
- Möglicherweise sind wir nicht in dem vorgesehenen Zeitrahmen oder zu den vorgesehenen Bedingungen in der Lage, Zukäufe zu tätigen oder Kooperationsvereinbarungen einzugehen. Aktuelle oder künftige Zukäufe oder Kooperationsvereinbarungen führen unter Umständen nicht zu den gewünschten oder erwarteten Ergebnissen.
- Es ergeben sich Risiken aus der internationalen Geschäftstätigkeit und Expansion, insbesondere durch ungünstige behördliche, politische, steuerliche oder arbeitsrechtliche Bedingungen, die für unser Geschäft schädlich sein können.
- Wir sind von einer begrenzten Anzahl von großen Schlüsselkunden abhängig, und der Verlust dieser Kunden könnte sich wesentlich nachteilig auf das Geschäft, Betriebsergebnis, Cashflows, Finanzlage und Geschäftsaussichten der Gesellschaft auswirken.
- Sind unsere Lieferanten nicht in der Lage, für unser Geschäft notwendige Komponenten und Leistungen zu liefern, hätte dies Einfluss darauf, ob wir in der Lage sind, die Nachfrage durch unsere Kunden zu bedienen oder das Geschäft auf dem bisherigen Produktionsniveau zu halten.

- Durch Einschränkungen bei unseren vertraglichen Beziehungen zu Kunden, mit denen wir gemeinsam Spezialmaschinen, Fertigungslinien oder Prozesse entwickeln, könnten wir diese Produkte und Prozesse nur noch eingeschränkt an Drittkunden verkaufen.
- Operative Störungen oder längere Produktionsausfallzeiten, die sich auf die Lieferung von Spezialmaschinen oder Serienteilen, die wir für Kunden herstellen, auswirken, könnten nachteiligen Einfluss darauf haben, ob wir in der Lage sind, diese Maschinen oder Serienteile pünktlich zu liefern und in Betrieb zu nehmen.
- Konflikte, militärische Maßnahmen, Terrorattacken und allgemeine Instabilität auf der Welt können die Nachfrage in der Automobilindustrie und damit auch unser Geschäft wesentlich nachteilig beeinträchtigen.
- Unsere Tätigkeit ist von komplexen IT-Systemen und -netzen abhängig, bei denen Schäden oder Störungen auftreten könnten.
- Nachteilige Auswirkungen für uns könnten durch nicht oder spät zahlende Kunden entstehen.
- Wenn wir nicht in der Lage sind, bei Bedarf zusätzliche Finanzmittel aufzunehmen, oder wenn wir keine Avalrahmen erhalten, so schränkt uns dies bei der Durchführung erforderlicher Investitionen und der Finanzierung der Betriebsmittel ein, was sich auf das weitere Wachstum auswirken könnte.
- Wenn wir nicht in der Lage sind, Mitarbeiter für Schlüsselpositionen zu finden und zu halten und qualifiziertes Personal für die Bereiche Geschäftsleitung und im technischen Bereich einzustellen, so kann dies unserer Wettbewerbsfähigkeit schaden.
- Wir unterliegen Risiken aus Gerichtsverfahren, Verwaltungsverfahren und Schiedsverfahren.
- Der Versand bestimmter Komponenten als solche bzw. als Teil unserer Produkte in bestimmte Rechtsgebiete kann nach US-amerikanischen, europäischen oder anderen Dual-Use-Vorschriften oder Boykottgesetzen verboten sein und zu einem Verstoß gegen diese Dual-Use-Vorschriften oder Boykottgesetze führen.
- Datenschutzverstöße und –verletzungen könnten unseren Ruf beschädigen, als Ordnungswidrigkeiten oder Straftaten gelten und zu Entschädigungsansprüchen und der Verhängung von Strafgeldern gegen uns führen.
- Mit dem gegenwärtigen Risikomanagementsystem und einem nicht voll integrierten Compliance-System sind wir möglicherweise nicht in der Lage, Rechtsverletzungen zu verhindern und/oder festzustellen und alle für uns bestehenden Risiken festzustellen und zu bewerten und geeignete Gegenmaßnahmen zu treffen, insbesondere mit Blick auf die Expansion nach Asien und in die NAFTA-Märkte.
- Unser Geschäft kann durch Arbeitsunterbrechungen aufgrund von Unstimmigkeiten mit den Beschäftigten oder Betriebsräten nachteilig beeinflusst werden.
- Der bestehende Versicherungsschutz könnte sich als ungenügend herausstellen und nicht alle möglichen Risiken abdecken.
- Veränderungen bei Verzinsung und Sterblichkeit, Gehaltserhöhungen

		sowie veränderte Erträge aus Planvermögen können bei unseren Pensionsverpflichtungen zu höheren Verbindlichkeiten und Kosten führen. **Rechtliche, regulatorische und steuerliche Risiken** • Es könnte sein, dass es uns nicht gelingt, gewerbliche Schutzrechte, technisches Know-how oder Marken angemessen zu schützen. Es besteht außerdem das Risiko, dass wir gegen gewerbliche Schutzrechte Dritter verstoßen. • In vielen Rechtsgebieten könnte es wegen Nichteinhaltung bestehender gesetzlicher Vorschriften oder wegen der Änderung dieser Vorschriften erforderlich sein, kostspielige weitere Schritte zu unternehmen, um die künftige Einhaltung dieser Vorschriften sicherzustellen, und möglicherweise Rückrufaktionen durchzuführen. • Wir unterliegen kartellrechtlichen Vorschriften. Kartellrechtliche Verstöße oder geltend gemachte kartellrechtliche Verstöße könnten zu Strafzahlungen und Rufschäden führen. • Wir haben gesetzliche Bestimmungen zur Korruptionsbekämpfung sowie ausländische Boykottvorschriften einzuhalten. Die Nichteinhaltung könnte empfindliche straf- oder zivilrechtliche Sanktionen nach sich ziehen. • Wir könnten wegen Boden-, Wasser- oder Grundwasserverschmutzungen oder wegen der sich aus Gefahrstoffen ergebenden Risiken haftbar gemacht werden.
D.3	**Zentrale Risiken, die den Wertpapieren eigen sind**	**Risiken in Bezug auf die Aktien, das Angebot, die Börsennotierung und die Aktionärsstruktur der Gesellschaft** • Es gibt keinen vorhandenen Markt für die Aktien, und es könnte sein, dass sich für die Aktien kein aktiver oder liquider Markt entwickelt. • Auch wenn alle Angebotsaktien im Angebot platziert werden, wird unser größter Aktionär, die MBB SE, weiterhin in der Lage sein, einen wesentlichen Einfluss auf die Gesellschaft und ihre Geschäftstätigkeit auszuüben. Die Interessen unseres größten Aktionärs könnten den Interessen unserer anderen Aktionäre entgegenstehen. • Der künftige Verkauf von Aktien oder der erwartete Verkauf einer wesentlichen Anzahl von Aktien an der Gesellschaft oder ähnliche Rechtsgeschäfte durch die Verkaufenden Aktionäre oder andere Gruppen von Aktionären könnten den Preis der Aktien nachteilig beeinflussen. • Künftige kapitalbezogene Maßnahmen wie künftige Angebote von Schuld- oder Beteiligungspapieren durch die Gesellschaft oder die Ausübung möglicher künftiger Aktienoptionsprogramme können sich nachteilig auf den Marktpreis der Aktien auswirken und könnten zu einer erheblichen Verwässerung bestehender Beteiligungen an der Gesellschaft führen. • Der Preis, zu dem die Aktien gehandelt werden, sowie das Handelsvolumen der Aktien können Schwankungen unterliegen, sodass Investoren ihr Investment oder Teile davon verlieren. • Das Angebot könnte nicht stattfinden. • Ob die Gesellschaft in der Lage ist, Ausschüttungen vorzunehmen,

		richtet sich unter anderem nach ihrer finanziellen Situation und dem operativen Ergebnis. • Die Gesellschaft hat als Publikumsgesellschaft höhere Kosten, und die Geschäftsleitung muss viel Zeit für zusätzliche Compliance-Aufgaben und zusätzliche gesetzliche, behördliche und verwaltungsrechtliche Vorgaben aufwenden. Kommt sie diesen Vorgaben nicht nach, schadet sie möglicherweise ihrem Ruf und beeinträchtigt ein Investment in die Aktien.
		ABSCHNITT E – ANGEBOT
E.1	**Gesamt-nettoerlöse und geschätzte Gesamtkosten der Emission und der Zulassung, einschließlich Schätzung der dem Emittent in Rechnung gestellten Auslagen**	Die Gesellschaft erhält den Erlös aus dem Angebot, der sich aus dem Verkauf der Neuen Aktien nach Abzug von Gebühren, Provisionen und Kosten ergibt. Die Verkaufenden Aktionäre erhalten den Erlös (abzüglich Gebühren, Provisionen und Kosten) aus dem Verkauf der Verkaufsaktien und, wenn und soweit die Greenshoe Option (wie nachfolgend in E.3 definiert) ausgeübt wird, den Erlös aus der Ausübung der Greenshoe Option nach Abzug von Gebühren, Provisionen und Kosten. Die Höhe der Gesamtbruttoerlöse aus dem Angebot ist von der Anzahl der im Rahmen des Angebots platzierten Angebotsaktien und vom Angebotspreis (wie nachfolgend in E.3 definiert) abhängig. Unter der Annahme, dass alle Angebotsaktien (5.980.000 Aktien) platziert werden und die Greenshoe Option (780.000 Aktien) vollumfänglich ausgeübt wird, schätzt die Gesellschaft, dass sich zum unteren Ende, zum Mittelwert und zum oberen Ende der Preisspanne, innerhalb derer Kaufangebote abgegeben werden können (die "**Preisspanne**"), der Gesamtbruttoerlös für die Gesellschaft auf ungefähr EUR 52.500 Tausend, EUR 58.500 Tausend und EUR 64.500 Tausend und für die Verkaufenden Aktionäre auf ungefähr EUR 156.800 Tausend, EUR 174.720 Tausend bzw. EUR 192.640 Tausend belaufen wird. Da die mit dem Angebot und der Börsennotierung in Zusammenhang stehenden Kosten von der Gesamtzahl der mit dem Angebot platzierten Angebotsaktien und dem Angebotspreis (wie unter E.3 definiert), der sich auch auf den Betrag der Provisionen der Konsortialbanken auswirkt (insbesondere auf die Zahlung der im Ermessen der Gesellschaft und der Verkaufenden Aktionäre stehenden diskretionären Vergütung), abhängen, ist es zum Datum des Prospekts nicht möglich, den exakten Betrag der Kosten, die die Gesellschaft und Verkaufenden Aktionäre zu tragen haben werden, verlässlich vorherzusagen. Die Gesellschaft glaubt, dass die Gesamtkosten (ausgenommen sind Steuereffekte) im Zusammenhang mit dem Angebot und der Börsennotierung etwa EUR 10.955 Tausend zum unteren Ende, EUR 11.912 Tausend zum Mittelwert und EUR 12.869 Tausend zum oberen Ende der Preisspanne betragen werden, einschließlich an die Konsortialbanken zu zahlende Übernahme- und Platzierungsprovisionen (ausgehend von (i) einer Platzierung der maximalen Anzahl der Angebotsaktien, (ii) der vollständigen Ausübung der Greenshoe Option (wie unten definiert) und (iii) einer vollen Zahlung der diskretionären Vergütung von bis zu 1,5% der Gesamtbruttoerlöse aus dem Angebot). Von diesen geschätzten Gesamtkosten würden 25,1% dem Verkauf der Neuen Aktien zugerechnet und von der Gesellschaft getragen werden. Die verbleibenden 74,9% würden dem Verkauf der Verkaufsaktien und Mehrzuteilungsaktien zugerechnet und würden teilweise direkt und teilweise im

		Wege der Erstattung an die Gesellschaft von den Verkaufenden Aktionären getragen werden. Die Gesellschaft wird die Kosten tragen, die im Zusammenhang mit einem für die Mitglieder des Vorstands eingerichteten virtuellen Aktienoptionsprogramms entstehen, welches seinen Ursprung bereits im Jahr 2013 hat. Demzufolge und unter der Annahme, dass (i) alle Angebotsaktien platziert werden, (ii) die Greenshoe Option vollumfänglich ausgeübt wird und (iii) die diskretionäre Vergütung von bis zu 1,5% der Gesamtbruttoerlöse aus dem Angebot vollständig gezahlt wird, schätzt die Gesellschaft, dass sich zum unteren Ende, zum Mittelwert und zum oberen Ende der Preisspanne der Gesamtnettoerlös für die Gesellschaft aus dem Verkauf der Neuen Aktien auf ungefähr EUR 49.752 Tausend, EUR 55.512 Tausend und EUR 61.272 Tausend und für die Verkaufenden Aktionäre aus dem Verkauf der Verkaufsaktien und der Mehrzuteilungsaktien auf ungefähr EUR 148.593 Tausend, EUR 165.796 Tausend bzw. EUR 182.999 Tausend belaufen wird. Den Anlegern werden weder von der Gesellschaft noch von den Verkaufenden Aktionären oder den Konsortialbanken Kosten in Rechnung gestellt.
E.2a	**Gründe für das Angebot, Zweckbestimmung der Erlöse, geschätzte Nettoerlöse**	Die Gesellschaft beabsichtigt, die geschätzten Gesamtnettoerlöse aus dem Verkauf der Neuen Aktien in Höhe von EUR 55.512 (ausgehend von einem Angebotspreis von EUR 39,00 zum Mittelwert der Preisspanne) zu verwenden, um ihr Wachstum zu finanzieren. Unter der Annahme von Gesamtnettoerlösen in Höhe von etwa EUR 55.512 Tausend (die "**Gesamtnettoerlöse**") zum Mittelwert der Preisspanne, beabsichtigt die Gesellschaft Investitionen von etwa • 50% bis 70% der Gesamtnettoerlöse in die Erhöhung der Gesamtproduktionskapazität durch den Bau oder den Kauf von zusätzlichen Fertigungsstätten und Büroflächen in 2017 und danach; • 15% bis 35% der Gesamtnettoerlöse für Maschinen und sonstige Betriebsmittel für neue Gebäude und die Errichtung globaler Servicestationen einschließlich neuer R&D Zentren sowie für die Ausweitung der aktiven Verkaufsorganisation; • 5% bis 15% der Gesamtnettoerlöse für Investitionen in Hard- und Software im Zusammenhang mit IT-Projekten; und • bis zu 10% der Gesamtnettoerlöse für die allgemeine Geschäftsentwicklung und R&D Aktivitäten zur Ausweitung unseres geistigen Eigentums zum Zwecke der Sicherung unseres technologischen Vorteils und zur Aufrechterhaltung von Eintrittsschranken. Jede strategische Akquisition zur Erhöhung der Gesamtproduktionskapazität der Gesellschaft sowohl durch den Erwerb von Räumlichkeiten und Arbeitskräften als auch durch den Erwerb komplementärer Service Organisationen kann die oben genannten Prozentangaben reduzieren. Die Verkaufenden Aktionäre haben uns über ihre Absicht informiert, ihre Beteiligung an unserer Gruppe zu reduzieren, indem sie die Verkaufsaktien platzieren. Die Verkaufenden Aktionäre sind davon überzeugt, dass das Angebot im Interesse der Gesellschaft liegt, weil die Börsennotierung der Aktien unser Wachstum und unsere Entwicklung als führender Anbieter von E-

		Mobilitätslösungen fördert. Gleichzeitig soll durch die Platzierung von Akien durch MBB ein Freefloat geschaffen werden, der eine attraktive Liquidität in der Aktie sicherstellt, mit der Ambition, in der Zukunft im TecDax Index der Frankfurter Wertpapierbörse aufgenommen zu werden. Dessen ungeachtet wird die MBB SE weiterhin eine wesentliche Beteiligung an der Gesellschaft halten (mindestens ungefähr 53,6% (ausgehend von (i) einer Platzierung der maximalen Anzahl der Angebotsaktien, (ii) der vollständigen Ausübung der Greenshoe Option (wie unter E.3 definiert)).
E.3	**Angebots-konditionen**	Das Angebot besteht aus 5.980.000 auf den Inhaber lautenden Stammaktien der Gesellschaft ohne Nennbetrag (Stückaktien) und jeweils mit einem anteiligen Betrag von EUR 1,00 am Grundkapital der Gesellschaft sowie mit voller Dividendenberechtigung ab dem 1. Januar 2017, einschließlich 1.500.000 Neuen Aktien, 3.700.000 Verkaufsaktien und 780.000 Mehrzuteilungsaktien. Das Angebot besteht aus (i) einem erstmaligen öffentlichen Angebot der Angebotsaktien (a) in Deutschland und (b) dem Großherzogtum Luxemburg ("**Luxemburg**") sowie (ii) einer Privatplatzierung an bestimmte institutionelle Investoren in verschiedenen anderen Jurisdiktionen außerhalb von Deutschland. In den Vereinigten Staaten von Amerika (die "**Vereinigten Staaten**") werden die Aktien der Gesellschaft nur qualifizierten institutionellen Käufern (Qualified Institutional Buyers – "**QIBs**"), wie sie in Rule 144A ("**Rule 144A**") des US-amerikanischen Securities Act von 1933 in der jeweils geltenden Fassung (der "**Securities Act**") definiert sind, im Vertrauen auf Rule 144A oder eine andere Ausnahme von dem Regierungserfordernis des Securities Act angeboten und verkauft. Außerhalb der Vereinigten Staaten werden die Angebotsaktien nur im Rahmen von Offshore-Transaktionen nach Maßgabe der Regulation S ("**Regulation S**") unter dem Securities Act angeboten und verkauft.
	Angebots-zeitraum	Der Zeitraum, in dem Kaufangebote für die Angebotsaktien unterbreitet werden können, wird am 13. März 2017 beginnen und voraussichtlich am 23. März 2017 um 12:00h mittags Mitteleuropäischer Zeit ("**MEZ**") für Kleinanleger und um 14:00h MEZ für institutionelle Anleger (der "**Angebotszeitraum**") enden. Kaufangebote sind bis zum Ablauf des Angebotszeitraums frei widerruflich. Nach der Zuteilung der Angebotsaktien ist ein Widerruf des Kaufangebots ausgeschlossen.
	Preisspanne und Angebots-preis	Die Preisspanne innerhalb derer Kaufangebote abgegeben werden können, liegt zwischen EUR 35,00 und EUR 43,00 pro Aktie. Der Preis je Angebotsaktie in diesem Angebot (der "**Angebotspreis**") und die Anzahl der zu platzierenden Aktien werden nach Ablauf des Angebotszeitraums durch die Verkaufenden Aktionäre in Abstimmung mit den Joint Bookrunners auf Grundlage des Orderbuches aus dem Bookbuilding-Verfahren bestimmt. Das Verfahren zur Festsetzung des Angebotspreises wird voraussichtlich am oder um den 23. März 2017 stattfinden. Der Angebotspreis wird erwartungsgemäß am Tag seiner Festlegung in Form einer Ad-hoc-Mitteilung durch verschiedene Medien mit Verbreitung im gesamten Europäischen Wirtschaftsraum (Medienbündel) sowie auf der Internetseite der Gesellschaft (www.aumann-ag.com/de/investor-relations/die-aktie.html) veröffentlicht.
	Änderungen der Angebots-konditionen	Die Gesellschaft und die Joint Global Coordinators behalten sich das Recht vor nach Abstimmung mit den Verkaufenden Aktionären die Anzahl der Aktien zu erhöhen oder zu reduzieren, die Preisspanne zu erhöhen oder zu reduzieren

	sowie die Angebotszeitraum zu verkürzen oder zu verlängern, sofern ein Nachtrag zu dem Prospekt veröffentlicht wurde, falls dies nach den Vorschriften des WpPG erforderlich ist. Sofern sich die Anzahl der Angebotsaktien, die Preisspanne und/oder der Angebotszeitraum (zusammen bezeichnet als die "**Angebotsbedingungen**") ändern, wird diese Änderung auf der Internetseite der Gesellschaft (www.aumann-ag.com/de/investor-relations/die-aktie.html) bekannt gegeben und in verschiedenen Medien mit Verbreitung im gesamten Europäischen Wirtschaftsraum (Medienbündel) veröffentlicht. Soweit nach den Vorschriften des WpPG erforderlich, wird ein Nachtrag zu dem Prospekt bei der Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**") eingereicht und nach Billigung durch die BaFin auf der Internetseite der Gesellschaft (www.aumann-ag.com/de/investor-relations/die-aktie.html) veröffentlicht. Änderungen der Angebotsbedingungen werden im Wege der Ad-hoc-Mitteilung veröffentlicht, sofern gemäß Art. 17 der Verordnung (EU) Nr. 596/2014 des Europäischen Parlaments und des Rates vom 16. April 2014 über Marktmissbrauch ("**Marktmissbrauchsverordnung**") erforderlich. Anleger werden nicht individuell benachrichtigt. Änderungen der Angebotsbedingungen werden nicht das Erlöschen bereits abgegebener Kaufangebote zur Folge haben. Gemäß dem deutschen Wertpapierprospektgesetz haben Investoren, die ein Kaufangebot vor Veröffentlichung eines Nachtrags abgegeben haben, das Recht, ihr Kaufangebot innerhalb von zwei Werktagen nach Veröffentlichung des Nachtrags zu widerrufen. Der Widerruf bedarf keiner Begründung und muss schriftlich gegenüber der Person, die im Nachtrag als Empfänger des Widerrufs bestimmt ist, erklärt werden. Alternativ können Anleger, die Kaufangebote vor Veröffentlichung des Nachtrags getätigt haben, ihr Kaufangebot innerhalb von zwei Werktagen nach Veröffentlichung des Nachtrags ändern oder neue beschränkte oder unbeschränkte Kaufangebote abgeben. Die Konsortialbanken haben sich in dem Übernahmevertrag über das Anbieten und den Verkauf der Aktien im Zusammenhang mit dem Angebot zwischen der Gesellschaft, den Verkaufenden Aktionären und den Konsortialbanken vom 10. März 2017 (der "**Übernahmevertrag**") das Recht vorbehalten, das Angebot unter bestimmten Umständen zu beenden. Das Angebot kann auch nach dem Handelsbeginn und bis zu dem Zeitpunkt beendet werden, in dem die buchmäßige Lieferung der Angebotsaktien im Austausch gegen Zahlung des Angebotspreises sowie der handelsüblichen Effektprovisionen erfolgt ist.
Lieferung und Zahlung	Die zugeteilten Angebotsaktien werden den Anlegern als Miteigentumsanteile an der Globalurkunde zur Verfügung gestellt. Die zugeteilten Angebotsaktien werden voraussichtlich am 28. März 2017 gegen Zahlung des Angebotspreises sowie der üblichen, an die Depotbanken zu zahlenden Effektprovisionen geliefert.
Stabilisierungs maßnahmen Mehrzuteilung und Greenshoe Option	Im Zusammenhang mit der Platzierung der Angebotsaktien und in dem gemäß dem in Artikel 5 Abs. 4 der Marktmissbrauchsverordnung zulässigen Umfang, handelt Berenberg für Rechnung der Konsortialbanken als Stabilisierungsmanager (der "**Stabilisierungsmanager**") und kann Mehrzuteilungen vornehmen oder Stabilisierungsmaßnahmen ergreifen, um den Börsenkurs oder den Marktpreis der Aktien der Gesellschaft zu stabilisieren und dadurch einem etwaigen Verkaufsdruck entgegenzuwirken. Der Stabilisierungsmanager ist nicht zu Stabilisierungsmaßnahmen verpflichtet. Es kann daher nicht zugesichert werden, dass Stabilisierungsmaßnahmen ergriffen

		werden. Sollten Stabilisierungsmaßnahmen ergriffen werden, können diese jederzeit ohne Vorankündigung beendet werden. Solche Maßnahmen können ab dem Zeitpunkt der Aufnahme des Börsenhandels der Aktien der Gesellschaft am regulierten Markt an der Frankfurter Wertpapierbörse vorgenommen werden und müssen spätestens am 30. Kalendertag nach diesem Ereignis beendet sein (der "**Stabilisierungszeitraum**"). Stabilisierungsmaßnahmen sind auf eine vorübergehende Stützung des Marktkurses der Aktien während des Stabilisierungszeitraums gerichtet, um bestehenden Verkaufsdruck entgegenzuwirken. Stabilisierungsmaßnahmen können dazu führen, dass der Börsenkurs oder der Marktpreis der Aktien höher sind, als es ohne solche Maßnahmen der Fall gewesen wäre. Des Weiteren kann sich vorübergehend ein Börsenkurs oder Marktpreis auf einem Niveau ergeben, das nicht von Dauer ist. Der Stabilisierungsmanager kann Stabilisierungsmaßnahmen an der Frankfurter Wertpapierbörse durchführen. Bei möglichen Stabilisierungsmaßnahmen und soweit gesetzlich zulässig können Anlegern im Rahmen des Angebots zusätzlich zu den Neuen Aktien und den Verkaufsaktien bis zu 780.000 zusätzliche Aktien zugeteilt werden (die "**Mehrzuteilung**"). Im Zusammenhang mit einer möglichen Mehrzuteilung, werden Berenberg für Rechnung der Konsortialbanken 780.000 Aktien aus dem Bestand der Verkaufenden Aktionäre in Form eines kostenlosen Wertpapierdarlehens zur Verfügung gestellt; die Anzahl dieser Aktien wird 15% der Neuen Aktien und der Verkaufsaktien nicht übersteigen. Die Verkaufenden Aktionäre werden den Konsortialbanken in diesem Zusammenhang, ausschließlich um etwaige Mehrzuteilungen abzudecken, eine Option zur Zeichnung von bis zu 780.000 Greenshoe-Aktien (bis zu 15% der Neuen Aktien und der Verkaufsaktien) aus dem Bestand der Verkaufenden Aktionäre (die "**Greenshoe-Aktien**") zum Angebotspreis abzüglich der vereinbarten Provisionen einräumen, um auf diese Weise die Verpflichtung zur Rückübertragung aus dem Wertpapierdarlehen zu erfüllen (die "**Greenshoe-Option**"). Die Greenshoe-Option kann durch Berenberg für Rechnung der Konsortialbanken ausgeführt werden. Die Greenshoe-Option endet 30 Kalendertage nach Aufnahme des Börsenhandels der Aktien und kann nur in dem Umfang, in dem Aktien im Wege der Mehrzuteilung platziert wurden, vorgenommen werden. Nach Beendigung des Stabilisierungszeitraums wird innerhalb einer Woche in verschiedenen Medien, die im gesamten Europäischen Wirtschaftsraum vertrieben werden (Medienbündel), eine Mitteilung veröffentlicht, die Informationen darüber enthält, ob Stabilisierungsmaßnahmen ergriffen wurden oder nicht, sowie über den Beginn und das Ende der Preisstabilisierungsmaßnahmen, das Datum, an dem die letzte Stabilisierungsmaßnahme vorgenommen wurde, und die Preisspanne innerhalb derer Stabilisierungsmaßnahmen ergriffen wurden (für jedes Datum an dem eine Stabilisierungsmaßnahme ergriffen wurde) und den Handelsplatz, an dem Stabilisierungsmaßnahmen vorgenommen wurden. Jede Mehrzuteilung und Ausübung der Greenshoe-Option sowie das jeweilige Datum und die Anzahl und Art der betroffenen Aktien werden unverzüglich in derselben Weise bekannt gemacht.
E.4	**Wesentliche Interessen an der**	Im Zusammenhang mit dem Angebot und der Börsennotierung der Aktien an der Frankfurter Wertpapierbörse befinden sich die Konsortialbanken in einer vertraglichen Beziehung mit der Gesellschaft und den Verkaufenden

	Emission/dem Angebot, einschließlich kollidierender Interessen	Aktionären. Berenberg und Citi wurden durch die Gesellschaft und die Verkaufenden Aktionäre als Joint Global Coordinators bestellt. Die Joint Global Coordinators und Hauck & Aufhäuser wurden von der Gesellschaft und den Verkaufenden Aktionären als Konsortialbanken bestellt. Die Konsortialbanken beraten im Rahmen des Angebots die Gesellschaft und die Verkaufenden Aktionäre und koordinieren die Strukturierung und Durchführung der Transaktion. Darüber hinaus wurde Berenberg als Designated Sponsor der Aktien der Gesellschaft bestellt. Nach erfolgreicher Durchführung der Transaktion werden die Konsortialbanken Provisionen erhalten. Aufgrund dieser vertraglichen Beziehungen haben die Konsortialbanken ein finanzielles Interesse am Erfolg der Transaktion. Darüber hinaus können die Konsortialbanken und jedes der mit ihnen jeweils verbundenen Unternehmen Aktien im Rahmen des Angebots als Eigenposition erwerben und diese Aktien oder damit zusammenhängende Anlagen auf eigene Rechnung halten, kaufen oder verkaufen und sie können diese Aktien oder anderen Anlagen auch außerhalb des Angebots anbieten und verkaufen. Zudem können einzelne Konsortialbanken oder die mit diesen verbundenen Unternehmen finanzielle Vereinbarungen (einschließlich Swaps und Differenzkontrakte) mit Investoren abschließen, in deren Zusammenhang die Konsortialbanken (oder ihre verbundenen Unternehmen) von Zeit zu Zeit Anteile der Gesellschaft erwerben, halten oder veräußern können. Keine der Konsortialbanken beabsichtigt, solche Anlagen oder Transaktionen in einem weiteren Umfang offenzulegen als demjenigen, zu dem sie aufgrund gesetzlicher oder aufsichtsrechtlicher Vorschriften verpflichtet ist, oder in dem dies im Prospekt offengelegt wird. Die Gesellschaft unterhält mit Berenberg Geschäftsbeziehungen im Bereich Depotgeschäft. Einige der Konsortialbanken und ihre jeweils verbundenen Unternehmen unterhalten Geschäftsbeziehungen mit der Aumann Gruppe (einschließlich Kreditgeschäften), und können diese von Zeit zu Zeit in der Zukunft fortführen, oder können im Rahmen ihrer gewöhnlichen Geschäftstätigkeit Dienstleistungen für die Aumann Gruppe erbringen. Die Verkaufenden Aktionäre werden die Erlöse aus dem Verkauf der Verkaufsaktien und der Mehrzuteilungsaktien erhalten. Unter der Annahme, dass die Verkaufsaktien und alle Mehrzuteilungsaktien in vollem Umfang zum Mittelwert der Preisspanne platziert werden, und nach Abzug der von der Verkaufenden Aktionären im Rahmen des Angebots zu tragenden Provisionen und Kosten, würden sich die Erlöse für die Verkaufenden Aktionäre auf rund EUR 165.796 Tausend, oder 74,9%, der Nettogesamterlöse des Angebots belaufen. Da die Gesellschaft die Erlöse aus dem Angebot der Neuen Aktien vereinnahmen wird und diese die Eigenkapitalbasis der Gesellschaft stärken werden, haben alle Anteilseigner, die unmittelbar oder mittelbar eine Beteiligung an der Gesellschaft halten, ein Interesse an der Durchführung der Kapitalerhöhung. Die Mitglieder des Vorstands, Herr Rolf Beckhoff (Co-Vorstandsvorsitzender), Herr Ludger Martinschledde (Co-Vorstandsvorsitzender) und Herr Sebastian Roll (Finanzvorstand) haben ebenfalls ein persönliches Interesse an dem Angebot, da sie ein Interesse an dem Erwerb von Aktien an der Gesellschaft im Rahmen der Bevorrechtigten Zuteilung haben.

		Über die vorgenannten Interessen hinaus sind der Gesellschaft keine weiteren Interessen in Bezug auf das Angebot bekannt, die als konfligierend angesehen werden könnten.
E.5	**Name der Person/des Unternehmens, die/das das Wertpapier zum Verkauf anbietet**	Die Angebotsaktien werden von den Konsortialbanken zum Verkauf angeboten.
	Lock-up Vereinbarungen, beteiligte Parteien und Lock-up Frist	Die Gesellschaft hat mit den Konsortialbanken vereinbart, dass die Gesellschaft, der Vorstand und der Aufsichtsrat während des Zeitraums, der mit dem Datum dieses Prospekts beginnt und sechs Monate nach dem ersten Handelstag der Aktien an der Frankfurter Wertpapierbörse endet, ohne vorherige schriftliche Zustimmung der Joint Global Coordinators (i) keine Kapitalerhöhung aus genehmigtem Kapital ankündigen oder durchführen; (ii) der Hauptversammlung keinen Beschluss über eine Kapitalerhöhung zur Abstimmung vorlegen; (iii) keinen Beschluss über eine Ausgabe von in Aktien wandelbaren und mit Optionsrechten auf Aktien ausgestatteten Wertpapieren ankündigen, durchführen oder zur Abstimmung vorlegen; und (iv) keine Transaktionen abschließen oder Handlungen vornehmen, die in wirtschaftlicher Hinsicht mit den vorstehend genannten vergleichbar sind. Von dieser Verpflichtung ausgenommen ist (A) die Ausgabe der Neuen Aktien und (B) die Ausgabe von Aktien oder anderen Wertpapieren an Mitarbeiter oder Mitglieder von Organen der Gesellschaft oder ihrer Tochtergesellschaften im Rahmen von Managementbeteiligungsprogrammen. Darüber hinaus haben die Verkaufenden Aktionäre mit den Konsortialbanken vereinbart, dass die Verkaufenden Aktionäre während des Zeitraums, der mit dem Datum dieses Prospekts beginnt und sechs Monate nach dem ersten Handelstag der Aktien an der Frankfurter Wertpapierbörse endet, ohne vorherige schriftliche Zustimmung der Joint Global Coordinators (i) weder unmittelbar noch mittelbar Aktien oder sonstige Wertpapiere der Gesellschaft, insbesondere solche, die in Aktien wandelbar oder mit einem Ausübungs- oder Umtauschrecht in Bezug auf Aktien ausgestattet sind, anbieten, verpfänden, zuteilen, verkaufen oder sich zu deren Verkauf oder Kauf vertraglich verpflichten, oder Optionen daran verkaufen oder erwerben, Kaufoptionen, Kaufrechte oder Bezugsrechte daran einräumen oder sie auf andere Art übertragen oder darüber verfügen; (ii) keine Registrierung von Aktien oder sonstigen Wertpapieren, die in Aktien wandelbar oder mit einem Ausübungs- oder Umtauschrecht in Bezug auf Aktien ausgestattet sind, nach US-Wertpapierecht beantragen, und kein entsprechendes Recht ausüben; (ii) keinen Antrag auf Erhöhung des Stammkapitals der Gesellschaft stellen, nicht für eine solche vorgeschlagene Erhöhung des Stammkapitals der Gesellschaft stimmen oder auf sonstige Weise einen Vorschlag zur Ausgabe von in Aktien wandelbaren und mit Optionsrechten auf Aktien ausgestatteten Wertpapieren unterstützen; und (iv) keine Transaktionen abschließen oder Handlungen vornehmen, die in wirtschaftlicher Hinsicht den vorstehend genannten ähnlich sind, insbesondere kein Swapgeschäft und keine sonstige Vereinbarung, die das wirtschaftliche Risiko des Aktienbesitzes ganz oder teilweise auf einen anderen überträgt, unabhängig davon, ob eine solche Transaktion durch Lieferung der

		Aktien oder solcher anderen Wertpapiere, in Barmitteln oder auf sonstige Weise abgewickelt wird. Außerdem sind die Mitglieder des Vorstands der Gesellschaft gegenüber den Konsortialbanken dieselben Verpflichtungen eingegangen wie die Verkaufenden Aktionäre, dies allerdings für einen Zeitraum, der mit dem Datum dieses Prospekts beginnt und zwölf Monate nach dem ersten Handelstag der Aktien an der Frankfurter Wertpapierbörse endet.
E.6	**Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung**	Der Nettobuchwert des auf die Aktionäre entfallenden Eigenkapitals der Gesellschaft einschließlich Minderheitsbeteiligungen (der wie folgt berechnet wird: Gesamtvermögen (EUR 132.014 Tausend) abzüglich der lang- (EUR 37.694 Tausend) und kurzfristigen (EUR 52.883 Tausend) Verbindlichkeiten, jeweils auf einer konsolidierten Basis) belief sich auf EUR 41.437 Tausend zum 31. Dezember 2016, und würde EUR 3,31 pro Aktie entsprechen, basierend auf 12.500.000 bestehenden Aktien zum Datum des Prospekts (d.h. vor der Kapitalerhöhung). Ausgehend von Angebots- und Zulassungskosten der Gesellschaft in Höhe von EUR 2.988 Tausend sowie unter der Annahme, dass alle 1.500.000 Millionen Neuen Aktien im Rahmen des Angebots zu einem Angebotspreis von EUR 39,00 (Mittelwert der Preisspanne) verkauft werden, würde sich der Gesamtnettoerlös der Gesellschaft aus dem Verkauf der Neuen Aktien auf rund EUR 55.512 Tausend belaufen. Unter der Annahme, dass das Angebot von der Gesellschaft vollständig durchgeführt würde und die Gesellschaft den Gesamtnettoerlös bereits zum 31. Dezember 2016 erhalten hätte, würde sich der entsprechend angepasste Buchwert des Eigenkapitals in der Konzernbilanz zum 31. Dezember 2016 auf EUR 96.949 Tausend belaufen; dies entspricht EUR 6,92 pro Aktie (berechnet auf Grundlage von 14.000.000 bestehenden Aktien nach Durchführung der Kapitalerhöhung). Unter der Annahme eines Angebotspreises von EUR 39,00 zum Mittelwert der Preisspanne würde dies einer unmittelbaren Verwässerung von EUR 32,08 (-82%) pro Aktie für Erwerber der Neuen Aktien entsprechen.
E.7	**Schätzung der Ausgaben, die dem Anleger vom Emittenten in Rechnung gestellt werden.**	Entfällt. Den Anlegern werden weder von der Gesellschaft noch von den Konsortialbanken Kosten in Rechnung gestellt.

3. Risk Factors

*An investment in shares of Aumann AG (the "**Company**", and collectively with its consolidated subsidiaries, "**we**", "**us**", "**our**" or the "**Group**", or the "**Aumann Group**", and all shares of the Company outstanding from time to time, together, the "**Shares**" and each share, a "**Share**") is subject to risks. Potential investors should carefully consider the following risks together with the other information provided in the prospectus (the "**Prospectus**") as well as their personal circumstances prior to making an investment decision with respect to the Shares. The order in which the risks are presented is not an indication of the likelihood of the risks actually occurring or the effects and significance of the individual risks. The following risk factors are based on assumptions which may in hindsight turn out to be incorrect. In addition, other risks and circumstances which we are currently unaware of or that we currently deem immaterial, alone or together with the following risks, could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects. The occurrence of one or more of these risks, individually or cumulatively, could have a material adverse effect on the business activities of the Aumann Group, our business, results of operations, cash flows, financial position and prospects. The market price of the Shares could fall if any or all of these risks were to materialize, and prospective investors could lose all or part of their invested capital.*

3.1 Risks relating to the markets in which we operate

3.1.1 The deterioration of economic conditions in the markets in which our customers use our products, in which end consumers are located and in the markets in which we operate or which we intend to enter may adversely affect our business, results of operation, cash flows, financial position and prospects.

We believe that we are a leading manufacturer of specialized machinery and production lines for components of electrified drivetrains ("**E-Drivetrain**") and an international equipment supplier to the automotive, aerospace, consumer electric and other industries. Our industries are affected by general levels of industrial and manufacturing output and investment levels in the markets in which our customers use our products, in which end consumers are located and in the markets in which we operate or which we intend to enter and our business is susceptible to downturns in the economies of Europe, Asia and the North American Free Trade Agreement market ("**NAFTA**").

Our profit margins, as well as overall demand for our specialized machinery, production lines for components and services, could decline as a result of factors outside our control, including economic recessions, periods of high inflation, fluctuations in interest and exchange rates, and changes in the fiscal or monetary policies of governments.

The success of our business depends on the development of general economic conditions in the markets in which our customers use our products, in which end consumers are located and in the markets in which we operate or which we intend to enter. In general, global demand for our specialized machinery, production lines and services is directly related to the economic strength of these markets and the decision to invest in new production capacity. As a result, our business, results of operations, cash flows, financial position and prospects have been influenced, and will continue to be influenced by the general state and the economic performance of such markets.

In the last three fiscal years, while our customers purchased a majority of our specialized machinery and production lines in the Federal Republic of Germany ("**Germany**"), we shipped these machinery and production lines to our customers' locations worldwide and thus had and will continue to have a worldwide sales footprint which exposes us to fluctuations in consumer spending, consumer confidence and other economic factors in the most important end-consumer markets of our customers.

The three most important markets for the industries in which our customers use our products are Europe, China and the NAFTA market. With regard to the European market, the development of general adverse economic conditions in Europe, such as a re-emergence of the sovereign debt crisis, increased economic and political turmoil caused by the refugee crisis, a destabilization of the Eurozone, or a collapse or deterioration of the banking sector, among other factors, could impact our existing contractual relations and the fulfilment of obligations by us and/or our customers. In addition, the outcome of the British referendum to exit the European Union ("**Brexit**") has led to a number of economic uncertainties in European and global markets. The negotiation of the economic terms of Brexit could take a number of years. The British government´s decision to implement a so-called "hard Brexit" could also have a detrimental effect on European trade relations as could the election of other anti-free trade candidates in other European countries and/or the resulting general deterioration of the European Union and any economic disturbances resulting therefrom.

With regard to the Chinese market, a relative slowdown in the country´s economic development, caused by trade disagreements with the United States, volatility in stock markets, detrimental governmental decisions of the Chinese government or economic conflicts with neighbouring countries, may lead to an economic downturn or even to a recession, which, in turn, could adversely affect the global economy as a whole.

With regard to the NAFTA market, apart from general adverse economic conditions, any decision by the new American Administration to implement protectionist trade policies, including changes to the NAFTA trade agreement, could have the effect of slowing global economic growth or even lead to recession (see below "*3.1.2 The introduction of economic protectionist policies in the United States by the new American administration or policies which support the use of ICE vehicles could adversely affect the business operations of our* customers in certain NAFTA markets, which may adversely *affect our business.*"). Any end or significant changes to the NAFTA agreement could adversely affect the global economy as a whole.

Apart from the three key markets listed above, the development of other economic and political conditions could adversely affect our business, results of operations, cash flows, financial position and prospects. These include, among other factors, a continuation or further aggravation of the political tensions between Russia and the Ukraine or Russia and Europe, continued tension between Turkey and its neighboring countries, an escalation of the conflicts in Syria and neighboring countries and its effects on global economic markets and in the Middle East and any deterioration in other markets in general.

The materialization of any of the above risks described above could materially adversely affect our business, results of operations, cash flows, financial position and prospects.

3.1.2 The introduction of economic protectionist policies in the United States by the new American administration or policies which support the use of ICE vehicles could adversely affect the business operations of our customers in certain NAFTA markets, which may adversely affect our business.

The new American administration has signaled that it may implement a number of policies which could adversely affect our business. For example, any renegotiation or termination of existing trade agreements or the imposition of new tariffs by the new American administration with countries such as Mexico, in which many of original equipment manufacturers ("**OEMs**") and Tier 1 customers operate production facilities and from which they export their products to the United States, and/or any imposition of tariff penalties on the importation of German vehicles into the US market, would directly adversely affect our customers in the global automobile industry, and, in turn, adversely affect our business. In addition, the new American administration´s pronouncements against current global climate control agreements could have a direct adverse impact on the market for electric vehicles and (mild) hybrid vehicles (together "**Electric Vehicles**") as a whole if such developments were to encourage the further development of ICE vehicles, which could adversely affect the prospects of our business in the e-mobility segment.

3.1.3 Demand in the automobile industry is highly volatile.

The markets in the automobile industry in which we currently compete and plan to compete in the future have historically been subject to considerable volatility in demand. In particular, demand for automobile sales depends to a large extent on general, economic, political and social conditions in a given market and the introduction of new vehicles and technologies. As an equipment manufacturer and supplier for the automobile industry, we may be adversely affected by the decisions of our customers not to invest to increase their production capabilities in response to market volatility or other factors. Such changes generally affect our business at a later point in time when our customers decide to delay ongoing investments in the expansion of capacities as a result of such market volatility or other factors. We expect that this risk will increase with the growth of our e-mobility business. To the extent that our customers implement such changes, the demand for our specialized machinery and production lines may decrease and consequently adversely affect our business, results of operations, cash flows, financial position and prospects.

3.1.4 We currently face competition from established competitors and expect to face competition from others in the future. We may not be successful in competing in the overall automotive supply industry.

The worldwide automotive supply industry is highly competitive today, and might become even more so in the future, particularly because of new market entrants from China and other emerging market countries. We expect that the strong growth in the relatively young market for Electric Vehicles may increase such developments further.

We cannot ensure that our current and potential competitors will not have significantly greater financial, manufacturing, marketing and other resources than we do and may be able to devote greater resources to the design, development, manufacturing, distribution, promotion, sale and support of their products. Some of our competitors may have more extensive customer bases and broader customer and industry relationships than we do. In addition, some of these companies may have longer operating histories and greater brand recognition than we do. Our competitors may be in a stronger position to respond quickly to new technologies and may be able to design, develop, market and sell their products more effectively.

There can be no assurances that we will be able to compete successfully in our markets. If our competitors introduce new technology that competes with or surpasses the quality, price or performance of our technology, we may be unable to satisfy existing customers or attract new customers at the prices and levels that would allow us to generate attractive rates of return on our investments. Increased competition could result in price reductions and revenue shortfalls, loss of customers and loss of market share, any of which could have a material adverse effect on our business, results of operations, cash flows and financial position and prospects.

3.1.5 The increasing focus of national governments on machine manufacturing technology as a strategic priority could adversely affect our business, as it may, inter alia, enable competitors in these countries to offer specialized machinery similar to ours at a lower price.

As an equipment manufacturer and supplier, we may face growing competition in countries in which national governments are focusing on machine manufacturing technology as a strategic priority. As many companies increasingly have access to highly educated, technologically advanced and experienced engineers, national governments are actively implementing policies to assist these companies to build specialized machinery similar to ours at a lower price. For example, the government of China has implemented policies to encourage the growth in technologies such as our specialized machinery, production lines and automation solutions in order to become globally competitive in the long run. As a result, the emergence of highly educated workforces available for competitors as a result of direct support by national governments such as China which are focusing on machine manufacturing as a strategic priority may have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.1.6 Consolidation of our competitors or insourcing of our technology by our major customers could further increase competition and reduce our market share.

Any consolidation among our competitors could enhance their product offerings and financial resources, which could strengthen their competitive position relative to ours. For example, Grob, an automation company, acquired DMG meccanica, a machinery and plant manufacturer for electric motors, in January

2017. In addition, the insourcing of our technology by our major customers may lead to a loss of orders for our specialized machinery, production lines and services. Such changes in the competitive landscape could potentially reduce our market share and decrease our revenues.

The materialization of any of these risks could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2 Risks relating to our business

3.2.1 Our long-term future development depends primarily on the growth of the Electric Vehicle market.

Our long-term future development depends to a large extent on the growth of the market for Electric Vehicles. We sell our specialized machinery to produce parts for the Electric Vehicle market to OEMs and automotive parts suppliers and provide ancillary services related thereto. Demand for our specialized machinery, production lines and services depends on investments by OEMs into new Electric Vehicle production lines and increased consumer purchasing of Electric Vehicles. If consumer demand for Electric Vehicles does not grow or even declines, our business, results of operations, cash flows, financial position and prospects may be materially adversely affected.

The market for Electric Vehicles is relatively new and rapidly evolving, characterized by fast-changing technologies, price competition, the entry of new competitors, evolving government regulations and industry standards, frequent new vehicle announcements and changing consumer demands and behaviors. Factors that may influence the adoption of Electric Vehicles include:

- perceptions about Electric Vehicle quality, safety, design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of Electric Vehicles;
- disruptive developments in alternative technologies which render Electric Vehicles obsolete;
- the total cost of ownership of Electric Vehicles;
- the limited range over which Electric Vehicles may be driven on a single battery charge;
- the decline of an Electric Vehicle's range resulting from deterioration over time in the battery's ability to hold a charge;
- concerns about electric grid capacity and reliability, which could derail our past and present efforts to promote our specialized machinery to produce parts for Electric Vehicles as a practical solution to vehicles which require gasoline;
- the availability of a broad range of Electric Vehicles;
- the availability and convenience of infrastructure, in particular charging stations (e.g. access to charging stations, standardization of Electric Vehicle charging systems and consumers' perceptions about convenience, time and cost to charge an Electric Vehicle), and service for Electric Vehicles;
- the availability of tax and other governmental incentives to purchase and operate Electric Vehicles or future regulations requiring the increased use of non-polluting vehicles;
- improvements in the fuel economy of the internal combustion engine ("**ICE**"), e.g., by the making of gasoline from carbon dioxide or improvements in the reduction of emissions in ICEs;
- consumers' desire and ability to purchase an automobile that is perceived as exclusive;
- the environmental consciousness of consumers;
- volatility in the cost of oil, gasoline and electricity;

- a significant decrease in the price of oil, especially due to an increase in the global output in oil or significant expansion in the exploitation of shale reserves in the United States;
- consumers' perceptions of the dependency on oil from unstable or hostile countries, and government regulations and economic incentives promoting fuel efficiency and alternate forms of energy;
- any decision by governments in our target markets to actively contest or seek to reverse clean air or climate changing regulations, such regulations having the effect of promoting the Electric Vehicle market;
- perceptions about and the actual cost of alternative fuel;
- limited availability of raw materials to produce the necessary volume of components of Electric Vehicles;
- the effect of outside air temperature on the range and performance of batteries used in Electric Vehicles;
- the impact of additional regulations directly or indirectly affecting the automotive market, such as tax benefits or penalties and other related benefits or penalties and other disincentives; and
- macroeconomic factors.

The development of any of the factors described above may cause current or potential end consumers not to purchase Electric Vehicles which, in turn, could lead our customers not to purchase any of our specialized machinery, production lines or services. This could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.2 Our overall strategy to further expand into international growth markets may fail or not produce the desired results.

We plan on further strengthening our global presence in the important growth markets of Asia, especially China, by expanding existing operations, opening new manufacturing facilities, developing local research and development capabilities and by entering into strategic partnerships with local partners. We also plan to expand our hub in the United States to more broadly cover the NAFTA market in the future.

The overall economic environment in the growth markets in which we want to expand are subject to periods of volatility and the markets could develop more slowly than we expect. In addition, the Asian market is characterized by lower levels of political, legal and economic stability compared to countries in Western Europe and North America. Historically, we have concentrated our activities in Western Europe. As a result, several of our major competitors may be more familiar with the markets in Asia, especially in China, where we intend to expand. We may not be familiar with the cultural traditions and customs of some of the markets in which we are investing, and political or economic influences or the legal framework could mean that our further expansion cannot be pursued or can only be pursued on commercially unattractive terms. In addition, as our intended international expansion is associated with substantial investments, it is possible that we will not have the required financial resources and expertise to continue our expansion as planned or experience other difficulties.

Should our further expansion into international growth markets not be successful or not as successful as planned, our substantial investments made might not result in the desired growth in revenue profits, which could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.3 We may not be able to manage future growth effectively, which may lead to a reduction of our margins.

For the year ended 31 December 2015 to the year ended 31 December 2016, our revenues increased from EUR 121,696 thousand on a Like-for-Like[1] basis to EUR 156,016 thousand, a 28.2% increase over this period. As a result of this significant growth in our business and in case of continued growth in the future, we need in the near term to increase our manufacturing capabilities, hire and train skilled employees at all levels of the Group, and improve our internal financial, reporting, risk management and compliance and administrative capabilities. In particular, our planned strategic shift from the classic segment into the e-mobility business could entail higher costs. We may also need to implement new administrative infrastructures, systems and processes, upgrade business planning, and prepare to address the administrative, financial and regulatory challenges of entering new markets. In particular, this growth will be complicated by our entry into complex markets such as China and other global markets in which we will be exposed to fiscal, tax, regulatory, legal and other systems which are substantially different from those in the European market in which we predominantly operate.

In addition, the significance of large individual orders during our growth phase could increase, which could lead to a higher than usual dependence on such large individual orders rather than on a number of smaller orders. Any such dependency on large individual orders could expose our business to significant fluctuations in the event that we are unable to process such large orders in the course of our business.

Any failure to effectively manage the growth of our business as a result of the above circumstances may lead to a reduction of our margins, which, in turn, may materially adversely affect our business, results of operations, cash flows and financial position and prospects.

3.2.4 If we are unable to process our order intake and our order backlog quickly and efficiently, our customers may look for alternative suppliers for specialized machinery, production lines and services to produce products for the Electric Vehicle market, especially considering the rapid growth in the Electric Vehicle market.

We have significantly expanded our order intake for the periods under review. We increased our order intake from EUR 141,156 thousand for the year ended 31 December 2015 to EUR 190,110 thousand for the year ended 31 December 2016. As we have increased our business and grown our order intake in both segments, our backlog for orders has increased, which has occasionally led to certain delays in delivering our products to our customers. If we are unable to process and deliver our orders from our customers more effectively in the future, our customers could decide to purchase comparable products and services from our competitors, could seek price reductions as a result of our delays in delivering such products or could decide, especially in the case of our OEM customers, to vertically integrate such specialized machinery and production lines in their own manufacturing processes. The risk of such delays is particularly heightened considering that our specialized machinery and production lines will be used in certain jurisdictions, such as China, which may be difficult to access depending on the actual locations of the facilities in which our specialized machinery and production lines are used. The occurrence of any of these events could materially adversely affect our business, results of operations, cash flows, financial position and prospects.

In addition, some of our customers, including ThyssenKrupp Presta, have been granted the contractual right to cancel or suspend individual orders in whole or in part at any time. Any such cancellation of an order would lead to a corresponding reduction in the order intake, the order backlog and ultimately in revenues and thus render the prior reported order intake and order backlog incorrect.

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[1] In order to improve the comparability of our audited consolidated financial statements for the financial year 2015 to the audited consolidated financial statements for the financial year 2016, we prepared like-for-like financial information for all income statement line items in the notes to our audited consolidated financial statements for the financial year 2015 ("**Like-for-Like Financial Information**" or "**Like-for-Like**"). Such Like-for-Like Financial Information presents income statement line items as if Aumann GmbH, Espelkamp, Aumann Berlin GmbH, Henningsdorf and Aumann Immobilien GmbH, Espelkamp had been part of our Group for the full financial year 2015.

Any suspension of orders could lead to a delayed recognition of revenues, which could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.5 We may become subject to product liability claims and claims regarding specific performance of or defects in our products.

As an equipment manufacturer and supplier, we may become subject to product liability lawsuits and other proceedings alleging violations of due care, violation of warranty obligations (in particular, such as technical availability (percentage of downtime) of our machinery, certain minimum production output, compliance of our machinery, production lines and services with technical specifications and others), errors in the use of the equipment due to incorrect instructions provided by us, product defects, safety provisions and claims arising from breaches of contract (including but not limited to delivery delays), recall actions or fines imposed by government or regulatory authorities in relation to our products.

In addition, the incorrect operation or use of our machinery may lead to injury or death of individuals or damage or destroy third party property or the environment. For example, if our special transportation jigs for the air transport of fuselages, cockpits or other equipment are not properly secured in aircraft during transport, it could lead to accidents resulting in a loss of life and property. In addition, our magnetizers for wind-energy generators can create extremely strong magnetic fields which disrupt the use of pacemakers in cardiac patients leading to injury or loss of life. Further, the handling of explosive materials, including batteries in connection with the operation of machinery and products, can lead to injury or loss of life. The manufacturing of our machinery can also expose workers to injury or loss of life if safety procedures are not properly followed or if accidents occur.

Any such lawsuits, proceedings and other claims caused by such events could result in increased costs for us. Such events could result in loss of market acceptance and reputation, loss of revenue and loss of customers, in particular against the background that many of our customers' components which are manufactured with our machinery, such as steering columns, cross car beams and chassis components often have a major impact on the overall safety, durability and performance of our customers' end-product. The risks arising from such product liability lawsuits, proceedings and other claims are insured to the extent we consider economically reasonable, but the insurance coverage could prove insufficient in individual cases and at any rate will not protect us from damage to our reputation. In a worst case scenario involving recalls of mass produced products, we could be forced to pay significantly more for the recalled products than the actual value of the specialized machinery or production lines initially sold by us to produce such products.

In addition, our customers are increasingly requiring a contribution from, or indemnity by, their suppliers for potential product liability, warranty and recall claims and we have been subject to continuing efforts by our customers to change contract terms and conditions concerning warranty and recall participation.

We also manufacture our machinery pursuant to customers' specifications and performance and quality requirements. If we do not timely deliver our machinery, we are generally subject to limited contractual penalties based on the period of non-performance relating to the late shipment of our machinery. If we deliver our machinery but the machinery is not compliant with our contractual requirements with our customers, we are required to remedy any such issues. If we are unable to remedy such issues, our customers have the right to rescind from the contract and thus require us to take back the machinery against re-payment of the purchase price received by us and any related costs incurred in connection therewith or to instruct a third party at our expense and against crediting of any tranches of the purchase price not already paid either to identify and remedy such issues or to disassembly and provide a substitute machinery. Furthermore, our customers could potentially bring claims for damages on the basis of *culpa in contrahendo* or breach of contract, even if the cause of the defect is remedied at a later point in time. In addition, failure to perform with respect to quality requirements could negatively affect the market acceptance of our Aumann brand and our market reputation.

As we sometimes cannot adjust our capacity as quickly as demand slows, we may also be confronted with situations in which we incur idle capacity costs. In addition, we may enter into contracts at agreed prices and manufacturing costs may end up exceeding what was assumed in the development phase. If the assumptions on which we rely in contract negotiations turn out to be inaccurate, or if demand unexpectedly decreases so significantly that we cannot adjust our capacity to take into account this decrease in demand, these developments could have an adverse effect on our revenue and results of operations.

The realization of any of these risks could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.6 The unavailability, reduction or elimination of government and economic incentives provided to purchasers of vehicles with reduced emissions, in particular Electric Vehicles, or the cancelation or loosening of agreed emission control regulations and targets, could materially harm demand for Electric Vehicles.

Any reduction, elimination or discriminatory application of government subsidies and economic incentives because of policy changes, the reduced need for such subsidies and incentives due to the perceived success of vehicles with reduced emissions, in particular Electric Vehicles, fiscal tightening or other reasons may result in a decrease in demand for vehicles with reduced emissions generally or Electric Vehicles in particular.

The growth in the Electric Vehicle market depends in part on the availability and amounts of government subsidies such as tax benefits and incentives, infrastructure developments or governmental grants for research and development and on the availability of economic incentives such as inner city free parking, toll exemptions or reductions to the purchase price for purchasers of vehicles with reduced emissions and, in particular, Electric Vehicles. If these subsidies or incentives are reduced or even eliminated, the market for Electric Vehicles may be adversely affected as customers decide not to purchase vehicles with reduced emissions and, in particular, Electric Vehicles.

In addition, certain regulations that encourage sales of vehicles with reduced emissions and, in particular, Electric Vehicles could be reduced, eliminated or applied in a way that adversely affects the market for Electric Vehicles. For example, government disincentives have been enacted in Europe for ICE vehicles, which discourage the use of such vehicles and allow OEMs to set a higher sales price for their vehicles with reduced emissions and, in particular, Electric Vehicles in Europe. The new American Administration has indicated that certain climate change and emissions related legislation may be relaxed or significantly changed. In the event that such disincentives for vehicles with reduced emissions are introduced in the market, sales of such vehicles and, in particular, Electric Vehicles and the need for our specialized machinery could be adversely affected.

The materialization of any such risks could adversely affect our business, results of operations, cash flows, financial position and prospects.

3.2.7 Developments in e-motor technologies which do not rely on our technologies could render our specialized machinery, production lines and services obsolete and thus have a material adverse effect on the demand for our specialized machinery, production lines and services to produce conventional and electrified drive technology for the vehicle market.

Developments in electric motor ("**E-Motor**") technologies which do not rely on our technologies to produce E-Motors could render our specialized machinery, production lines and services obsolete. Any development of such new technologies by third parties could lead our customers to purchase those technologies and new machinery instead of relying on our technologies.

The materialization of any of such risk could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.8 We depend on our ability to adapt to changing technologies and new trends and to further develop new products. If we fail to introduce attractive new products, such as upgraded machinery, in a timely manner, we may not remain competitive and could lose market share.

We depend upon, among other things, our ability to adapt to evolving industry requirements and introduce attractive new specialized machinery and production lines. As the markets in which we operate are highly competitive, we must be innovative and achieve technological and price advantages to remain competitive. Our success depends on the anticipation of future customer needs and the development of technology at attractive prices, as well as products and services required and accepted by our customers. A failure by us to predict relevant product trends and technology developments or to achieve these technological advances could adversely affect the sales of our specialized machinery and production lines.

Product development requires significant investment. Commitments concerning the development of new specialized machinery and production lines must be made well in advance of any resulting sales, and technologies and standards can change during development, potentially rendering our specialized machinery and production lines outdated or uncompetitive before their introduction, thus resulting in partial or total loss of our investment. Our product development efforts might not translate into sales of new specialized machinery and production lines to our customers, either because they do not meet our customers' needs or are only introduced to the market after our competitors. Delays in the development of commercially successful specialized machinery and production lines meeting market requirements and expectations for technological innovation could result in a decrease of our market share and could harm our business.

If we fail to keep pace with the evolving technological innovations in our markets, it could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.9 The future development of our business depends in general on retaining existing customers in both the e-mobility and the classic segment and, in particular, on attracting new OEMs and automotive parts suppliers to purchase our specialized machinery, production lines and services. If we are unable to do so, we will not be able to maintain profitability and grow our business.

Our future development depends primarily on retaining existing customers in both of our e-mobility and classic segments and, in particular, attracting new OEMs and automotive parts supplier customers to purchase our specialized machinery, production lines and services. In addition, even in the case of our existing customers, some projects offered by them are only offered through online bidding processes. As of 31 December 2016, our classic segment and our e-mobility segment collectively generated revenues of EUR 156,016 thousand. If our existing and prospective customers do not perceive that our specialized machinery, production lines and services can produce products of sufficiently high value and quality at competitive prices, or if important projects from our existing customers are only offered through online bidding processes, we may not be able to retain our current customers or attract new customers, and our business, results of operations, cash flows, financial position and prospects could suffer as a result.

3.2.10 Our intended development in the e-mobility segment requires us to increase our resource allocation in this segment and reduce our emphasis on our classic segment, which exposes us to risks if the e-mobility segment does not develop as expected.

As we shift resources and our operations to our e-mobility segment, we run the risk of losing our position in the classic segment, in particular because we may not have enough capacity to fulfil all customer orders in the classic segment. Our classic segment generated revenues of EUR 113,555 thousand (72.8% of the total revenues) in the year ended 31 December 2016, while our e-mobility segment generated EUR 42,461 thousand (27.2% of the total revenues). If the e-mobility segment does not develop as expected, we may lose key customers in the classic segment, face lower overall margins and revenues than expected and thus experience a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.11 The Chinese government has announced its intention to support the growth of domestic producers of Electric Vehicles. As we currently sell primarily to European customers, it may be difficult for us to acquire Chinese producers of Electric Vehicles as customers in the future.

The Chinese Ministry of Industry and Information Technology announced a number of reforms to support the growth of domestic producers of Electric Vehicles in August 2016. We currently sell most of our specialized machinery, production lines and services to a number of OEM customers, which, in turn, sell their products in the Chinese market. If we are unable to acquire domestic producers of Electric Vehicles in China as customers in the future, we may fail to capitalize on the expected growth of the Chinese market. In addition, if our current European customers lose significant market share internationally to Chinese producers of Electric Vehicles, we may subsequently experience a reduction in our revenues and subsequent profits. Any failure on our part to take advantage of this significant growth in the Electric Vehicle market in China or other countries in the future could materially adversely affect our business, results of operations, cash flows, financial position and prospects.

3.2.12 We have limited experience serving the market for Electric Vehicles and thus may be unable to successfully market and sell our specialized machinery, production lines and services in this market.

We have long-standing experience in serving customers in our classic segment. However, we have limited experience in selling our specialized machinery to produce products for the market for Electric Vehicles, and we may not be successful in retaining existing and attracting new customers in this market. In particular, it may prove to be difficult to attract existing OEM and automotive parts supplier customers with which we already maintain business relationships in the classic segment as well as global technology companies which may enter the automotive market. If we are unable to successfully market and sell our specialized machinery, production lines for components and services in this market, our business, results of operations, cash flows, financial position and prospects could be materially adversely affected.

3.2.13 The rapid growth in the market for the production of equipment for Electric Vehicles could lead to an oversupply and intensified competition.

The market for the production of equipment of Electric Vehicles has grown strongly in the recent past. If this market were to continue to grow in the future as expected, it is possible that additional companies will enter the market and produce specialized machinery similar to ours, leading to an oversupply in the market for machinery for the production of Electric Vehicles. Any oversupply of technologically similar specialized machinery could reduce demand for our specialized machinery, which in turn could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.14 Our business depends to a certain extent on the growth of factory automation.

The growth of factory automation in the automobile sector and, in particular, in the consumer electric sector has been a stable trend in the recent past. The Company's management anticipates that this trend will continue. If this trend were to slow down as a result of decreasing labor costs in certain markets and applications in which automation does not provide added value in terms of quality, a general decline in demand in the relevant industries, the introduction or implementation of protectionist measures in the labour market or otherwise, it could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.15 We may not succeed in continuing to develop, maintain and strengthen the Aumann brand, which may materially and adversely affect our customers` acceptance of and demand for our specialized machinery, production lines and services.

Our business and prospects depend on our ability to develop, maintain and strengthen the Aumann brand. Any failure to develop, maintain and strengthen our brand may materially and adversely affect our ability to sell our specialized machinery, production lines and services. If we do not continue to establish, maintain and strengthen our brand, we may lose the opportunity to build a critical mass of customers. Promoting and positioning our brand will likely depend on our ability to provide high quality technical solutions.

If we do not develop and maintain a strong brand, this could have a material adverse effect on our business, results of operations, cash flows and financial position and prospects.

3.2.16 We may inadvertently acquire companies with significant liabilities and additional business risks.

Acquisitions are an important part of our strategy, and we intend to acquire companies with complementary technologies in the course of our business. In connection with these acquisitions, we cannot assure that, in spite of the due diligence we perform, we will not inadvertently or unknowingly acquire actual or potential liabilities, including legal claims relating to third-party liability from product and/or machinery manufacturing defects and other tort claims; claims for breach of contract; employment-related claims; environmental liabilities, conditions or damage; hazardous materials or liability for hazardous materials; tax liabilities; or liabilities resulting from fraud. If we acquire any of these or other liabilities, and such liabilities are not adequately covered by an applicable and enforceable indemnity, keep well, guarantee or similar agreement from a creditworthy counterparty, we could actually become liable for them. Such liabilities, if they materialize, could have a material adverse effect on our business, results of operations, cash flows, financial condition and prospects.

3.2.17 We may be unable to complete acquisitions or enter into cooperation agreements in the timeframe or on the terms and conditions we envisage, and current or future acquisitions and cooperation agreements may not produce the desired or anticipated results.

We plan in the future to pursue select acquisitions or enter into cooperation agreements. There can, however, be no assurance that we will be able to identify suitable acquisition candidates in the future, or that we will be able to finance such transactions on acceptable terms. Furthermore, we cannot guarantee that acquisitions and cooperation agreements we might enter into in the future will be integrated or implemented successfully or will achieve the desired or expected benefits and financial objectives for us.

In evaluating potential acquisitions or cooperation agreements, we make certain assumptions regarding the future combined results of the existing and acquired operations or the envisaged cooperation. In certain transactions, the acquisition analysis includes assumptions regarding the consolidation of operations and improved operating cost structures for the combined operations. There can be no assurance that such synergies or benefits will be achieved in the assumed timeframe. Failures or delays in integrating acquisitions or negotiating cooperation agreements or the failure to enforce any warranties and indemnities relating to acquisitions or cooperation agreements could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

Moreover, even in cases in which such acquisitions or cooperation agreements are completed on schedule and according to plan, the synergies actually resulting from an acquisition or the benefits actually derived from a cooperation can ultimately differ materially from our estimates or expectations, which could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.18 We face risks associated with our international operations and expansion including unfavorable regulatory, political, tax and labor conditions, which could harm our business.

We face risks associated with our international operations and expansion including possible unfavorable regulatory, political, tax and labor conditions, which could harm our business. We currently have manufacturing operations in Germany and in China. As we do not have any manufacturing operations in the United States, but plan to expand our operations in the NAFTA market and in particular in the United States, we will be required to make significant investments, including the hiring of local employees and establishing manufacturing facilities, in advance of generating any revenue.

In connection with our international expansion and current and future international operations and sales footprint outside of Germany, we are subject to a number of international business risks that may increase our costs, impact our ability to sell our specialized machinery and require significant management attention. These risks include:

- conforming our specialized machinery to international regulatory requirements where our customers' vehicles are sold;
- difficulty in staffing and managing foreign operations;
- the inadvertent establishment of a subsidiary in a foreign jurisdiction and the subsequent payment of penalties and/or taxes associated therewith as a result of our employees inadvertently prolonging their stay in such jurisdictions longer than allowed under the law;
- fluctuations in foreign currency exchange rates and interest rates, including risks related to any interest rate swap or other hedging activities we undertake;
- restrictions on the expropriation of revenue earned in certain non-European countries;
- our ability to enforce our contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as do the United States and European countries, which increases the risk of unauthorized, and uncompensated, use of our technology;
- the risk that logistics operations are more complicated, less reliable, more prone to damage during transportation, exposed to restrictions such as closing of railway lines or channels and more time consuming;
- foreign government trade restrictions, tariffs and price or exchange controls;
- foreign labor laws, regulations and restrictions;
- preferences of foreign nations for domestically produced vehicles, including protectionist measures;
- changes in trade relationships;
- political instability, natural disasters, war or events of terrorism; and
- overall strength of international economies.

The failure to successfully address these risks could have a material and adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.19 We rely on a limited number of large key customers, the loss of which could materially adversely affect our business, results of operations, cash flows, financial position and prospects.

We rely upon a limited number of large key customers for our revenues and there can be no assurance that we will be able to maintain these large key customers. In 2016, for example, 72.4% of our revenues were derived from 5 customers in our e-mobility segment (and 88.2% from 10 customers) and 57.5% of our revenues were derived from 5 customers in our classic segment (and 72.0% from 10 customers). If we are unable to maintain our existing relationships with such customers or obtain new relationships with customers, we may not be able to achieve the desired development of our market share. In addition, large companies such as these key customers have extensive revision departments which monitor the terms and conditions of contractual relationships with outside providers. If any of these revision departments believed that the terms and conditions of the agreements with these outside providers needed to be revised, they could require us to renegotiate such agreements on terms and conditions unfavourable to us. Existing relationships with customers may also be subject to change as a result of changing customer priorities, external pressures or the deterioration of a customer's financial condition, any of which may alter the customer relationship, including by way of customers seeking to renegotiate previously agreed terms. Our dependence on a small number of key customers may also require us to accept commercially unfavourable conditions in the future in order to maintain customer relationships and could expose us to the risk of substantial losses if one of our key customers decided to terminate its contractual relationship or decrease the respective volume under such contract with us.

Furthermore, if a number of these customers, in particular OEMs, lose market share as a result of the dramatic change in the automotive market and, in turn, reduce their orders for our specialized machinery, production lines and services, our revenues may decrease if we are not able to off-set such losses through the acquisition of new customers.

In addition, if any of these customers were to consolidate with any of their competitors which are currently not our customer, this newly consolidated competitor may insist on us renegotiating previously agreed upon contractual terms or we may lose our relationship with such customer.

The occurrence of any of the above risks could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.20 Our costs for purchasing components are subject to price fluctuations and other factors beyond our control, and we may not be able to pass any price increases on to our customers.

We produce our own components or purchase components from suppliers for our specialized machinery depending on our capacity utilization. Fluctuations in the costs of the components we purchase may affect the costs of our specialized machinery and production lines. We may not be able to pass those costs on to our customers.

The costs of the components vary depending on capacity utilization rates at our suppliers, quantities demanded from our suppliers, product technology and product specification. As a result, the costs of our components can vary materially in the short-term and, in cases of supply shortages, can increase significantly. Although we attempt to pass on cost increases to our customers with higher sales prices, we have not always been able to do so successfully in the past and may not be able to do so in the future. Any price increases we cannot fully pass on to our customers may materially affect our sales or reduce our profitability. During periods of declining prices of the components, customer demand may also require that we sell our specialized machinery and production lines at lower prices, in spite of the fact that we may use existing inventories that were purchased at higher prices, thereby negatively impacting our margins. The volatility in costs for purchasing our components and our limited ability to pass them on to customers may adversely affect our business, results of operations, cash flows, financial position and prospects.

3.2.21 The inability of our suppliers to deliver necessary components and services for our business could impact our ability to meet the demands of our customers or to operate our business at current production levels.

We purchase a number of different components and services from a variety of different suppliers around the globe, some of which are single source suppliers. Establishing and maintaining strong relationships with these suppliers is an important aspect of our ability to successfully conduct our business. If any of our key suppliers for components or services ceases to conduct business with us, delivers sub-quality components or services, stops supplying components or services on favorable terms, reduces the type of components or services it sells or significantly changes the terms of our business relationships to our disadvantage, our ability to meet the demands of one or more customers or to operate our business at current production levels could be adversely affected.

In addition, if we experience unanticipated significant increased demand, or need to replace our existing suppliers on short notice, especially our single source suppliers for which we cannot find alternative sources of supply, there can be no assurance that additional suppliers of components or services will be able to provide us with the necessary products or services when required on terms that are acceptable to us, or at all, or that any supplier will be able to provide us with the necessary services on acceptable terms in order to meet our requirements or fill our orders in a timely manner. Some of our key suppliers may in the future also not be able to deliver supplies to us as a result of the imposition of new sanctions regimes (*see also "*3.3.4 *We have to comply with anti-bribery laws and foreign sanctions laws. Failure to comply with such laws could result in severe criminal or civil sanctions."*).

The occurrence of any of these risks could lead to a loss of contracts with customers, negative publicity, or damage to our brand, all of which could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.22 Restrictions in our contractual relationships with customers with which we jointly develop specialized machinery, production lines or processes could limit our ability to sell these products and processes to third party customers.

We undertake joint development efforts with some of our customers to develop custom-made specialized machinery, production lines and processes. Subject to the terms and conditions of the underlying contractual relationships, we may be prohibited from offering machinery, production lines or processes derived from such joint development efforts. Such restrictions could limit our ability to generate revenue with such products and processes even if such third party customers would be willing to purchase such specialized machinery, production lines or processes. The materialization of this risk could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.23 Our use of the percentage-of-completion method for construction contracts may impair the comparability of the net income across periods.

As a general rule, we account for construction contracts in accordance with lFRS by using the "percentage-of-completion" method ("**POC**"). Under this method, if the result of a construction contract can be estimated reliably, the contract revenue and contract costs associated with this construction contract are recognized by reference to the degree of completion of the contract activity at the balance sheet date. The degree of completion is calculated as the ratio of the contract costs incurred up until the balance sheet date to the total estimated contract costs as at the balance sheet date (cost-to-cost method). Construction contracts accounted for using the POC method are recognized as receivables from construction contracts in the amount of the contract costs incurred up until the balance sheet date plus the proportionate profit resulting from the degree of completion. Changes to contracts, additional amounts invoiced and incentive payments are recognized 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 recognized up to a maximum of the costs incurred. Contract costs are recognized 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. Nevertheless, the actual revenues generated under the contracts and the associated actual sales revenues and profits may differ from previous estimates and expectations and the IFRS methods on which they are based.

Under the POC method, the amounts invoiced do not always correlate directly to the revenue recognized. Based upon the terms of the specific contract, billings may be in excess of the revenue recognized, in which case the amounts are included in customer prepayments as a liability in the statement of financial position. Likewise, revenues recognized may exceed customer billings in which case the amounts are reported in trade receivables. The result of using the POC method is that the comparison of net income across periods may not provide for an accurate reflection of the development of our business.

3.2.24 We may not be able to obtain the required funding for our research and development activities, which could make it difficult for us to develop commercially successful products.

Our research and development efforts to develop new and improved specialized machinery and products can be very cash intensive and therefore could require a substantial amount of capital funding. While in the past our customers directly or indirectly paid the research and development costs for new machinery, we anticipate that we will assume a significant portion of these research and development capitalized investment costs in the future as we upgrade our specialized machinery and products and enhance our technologies in the face of increasing competition. If we devote such resources to upgrading our specialized machinery, introducing new products and developing new technologies and products and such products fail to gain market acceptance or fail to become commercially viable, all or part of these research and development expenses may be lost as a result of our annual impairment tests. The materialization of this risk could materially adversely affect our business, results of operations, cash flows, financial position and prospects.

3.2.25 Operational disruptions or lengthy periods of production downtime affecting the delivery of our specialized machinery or the serial parts we produce for our customers could adversely affect our ability to deliver and set up our machinery or deliver our serial parts on time.

Our success depends in part on our ability to deliver and set up our specialized machinery for our customers and to deliver serial parts to our customers on time. Operational disruptions or lengthy periods of production downtime affecting the delivery of our specialized machinery or production lines as a result of unanticipated failures, damages and losses (caused by fire, accidents, natural disasters, floods, war, terrorism, supply shortage, severe weather or other disruptions of our production process at our facilities or within our supply chain, with respect to customers and with suppliers), the unavailability of service components at individual sites or otherwise could make it impossible for us to deliver and set up our specialized machinery or production lines on time.

Such risks arising from business interruption and loss of production are insured at levels considered economically reasonable by us, but our insurance coverage could prove insufficient in individual cases. Such events could also injure or kill individuals or damage or destroy third party property or the environment, which could, among other things, lead to considerable financial costs for us or severely damage our reputation.

Any disruptions or any late deliveries could adversely affect our ability to satisfy our customers and have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.26 Our operations rely on complex IT systems and networks which may be vulnerable to damage or interruptions.

We rely heavily on central standardized information technology systems and networks to support our business processes and manufacturing, as well as internal and external communications. These systems and networks are potentially vulnerable to damage or interruption from a variety of sources or to security threats. Although we have taken precautions to manage our risks related to system and network disruptions, an extended outage in a data center or telecommunications network utilized by our systems, any security breaches or any similar event could lead to an extended unanticipated interruption of our systems or networks thereby hindering our normal business operations and also could lead to loss of know-how, which could significantly adversely affect our business.

We are also constantly expanding and improving our information technology systems to assist us in the management of our business, which experienced strong growth in the recent past, and the integration of the operational entities of the Aumann Group. The implementation and ongoing optimization of software systems and the addition of these systems at new locations require significant management time, support and cost. Moreover, there are inherent risks associated with developing, improving and expanding our core systems, including supply chain disruptions that may affect our ability to obtain supplies when needed or to deliver our products to our customers. We cannot be sure that these systems will be fully or effectively implemented on a timely basis, if at all. If we do not successfully implement and manage these systems, our operations may be disrupted and our results of operations could be harmed. In addition, new systems may not operate as we expect them to, and we may be required to expend significant resources to correct problems or find alternative sources for performing these functions.

If our IT system and network were disrupted or if we were unable to expand and improve our IT system to keep pace with our expanding business, any of such developments could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.27 Conflicts, military action, terrorist attacks and general instability throughout the world could materially adversely affect the global demand in the automotive industry and thus our business.

Conflicts, military action and terrorist attacks have precipitated economic instability and turmoil in the economies of some countries in which our specialized machinery and production lines are used. Instability and turmoil, particularly in, or affecting, such countries, may lead to plant disruptions at facilities in which our specialized machinery and production lines are used or an inability of our customers to use our specialized machinery and production lines at their facilities. The uncertainty and economic disruption resulting from hostilities, military action and acts of terrorism may also impact the global demand in the automotive industry, depending on the jurisdictions in which such conflicts, military action or terrorist attacks occur, which could adversely affect our business.

Accordingly, any conflict, military action or terrorist attack could severely impact the operations of our customers and suppliers, which could, in turn, adversely affect our business, could lead to a loss of markets in which our specialized machinery and production lines can be used and could therefore have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.28 We could be adversely affected by our customers defaulting on payments.

In addition to the impact that production cuts and permanent capacity reductions by our customers may have on their business and results of operations, the financial condition of these customers can also affect our own financial condition. In the past, customers, in particular OEMs, have suffered from declines in sales and production, tightened liquidity and increased cost of capital, which, together with structural issues specific to these companies (such as significant overcapacity and pension and healthcare costs), have caused some of these customers to experience significant financial difficulties, including restructurings and bankruptcies.

If the creditworthiness of our customers or other customers were to decline, we would face an increased default risk with respect to our trade receivables. There can be no assurance that any financial arrangements provided to these customers, or even a successful reorganization of such companies through bankruptcy, will guarantee their continued viability. In addition, we do not carry insurance on all of our receivables. If certain of our customers were unable to make payments for products that we have already delivered, we may not be able to recover those receivables. In addition, if any of our customers become insolvent, the original investments made by us to provide products to this customer could be wholly or partially lost.

Payment defaults by customers could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.29 If we cannot raise additional funds when we need them or if we are not granted surety, we will be limited in carrying out required investments and funding our working capital which could impact further growth.

We may require additional capital to finance our investments and working capital, our ongoing operations, our research and development, our infrastructure and the introduction of new products. Such additional capital may be obtained through raising debt or equity. In addition, our customers require us to provide them with bank guarantees for which we need to provide sureties. These bank guarantees are granted to our customers as substitute to the customary 10% retained earnings guarantee which otherwise would be deducted from our final installment fee of 40% of the total purchase price. As of 31 December 2016 the total bank guarantees amounted to EUR 103.8 million (of which EUR 75.5 million were utilized) as compared to EUR 90.6 million (of which EUR 45.8 million were utilized) as of 31 December 2015.

In 2016, five banks with which we have surety arrangements agreed to waive financial covenants in those arrangements to reduce the debt-to-equity ratio from 25% to 20%. This reduction was precautionary as it could not be excluded that the acquisition of 75% of each of Aumann GmbH, Espelkamp, Aumann Berlin GmbH, Henningsdorf and Aumann Immobilien GmbH, Espelkamp on 19 November 2015 could lead to a decline in our equity ratio. We cannot exclude that similar adjustments to our financial convenants with banks may need to be made in the future and we cannot guarantee that such agreements can be reached.

We cannot be certain that additional funds will be available to us on favorable terms, or at all or that we are able to provide sureties when required, or at all. If we are unable to raise additional funds through the issuance of equity, equity-related or debt securities or through obtaining credit from financial institutions or to provide surety we may not be able to further grow our business and/or to provide customers with the required bank guarantees, which may materially adversely affect our business, results of operations, cash flows, financial position and prospects.

3.2.30 If we are unable to attract or retain key employees and hire qualified management, technical and engineering personnel, our ability to compete could be harmed.

The loss of the services of any of our key employees, in particular our management board members and our engineers, could disrupt our operations, adversely affect our ability to compete and delay the development and introduction of our specialized machinery. There can be no assurance that we will be able to successfully attract and retain employees necessary to grow our business. In particular, the service agreements with our members of the management board, which will become effective upon admission of the Shares on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), will have initial terms ending on 31 December 2021. While these service agreements generally may only be terminated for cause, the members of the management board have an extraordinary termination right subject to certain notification periods if MBB SE and any of its affiliates (*verbundene Unternehmen*) do not have the simple majority of the votes cast at the Company's shareholders' meeting.

Our future success depends upon our ability to attract and retain our members of the management board and our key engineers, our executive officers and other key technology, sales, marketing and support personnel. We have in the past and may in the future experience difficulty in retaining members of our senior management team. There are no anti-competition clauses in the service agreements of our CEOs and the employment agreements with our employees, and there is increasing competition for talented individuals with the specialized knowledge, in particular for those persons with knowledge of winding technology. Such competition affects both our ability to retain key employees and hire new ones and any failure to do so could adversely impact our business, results of operations, cash flows, financial position and prospects.

3.2.31 We are subject to risks from legal, administrative and arbitration proceedings.

We are involved in a number of legal and administrative proceedings related to products, patents and other matters incidental to our business and could become involved in additional legal, administrative and arbitration proceedings in the future. Any future proceedings could involve, in particular, the United States, as we expand our operations in the NAFTA market. Due to the legal environment in the United States, such litigation could result in substantial claims for damages or other payments. Based on a judgment or a settlement agreement, we could be obligated to pay substantial damages. Our litigation costs and those of third parties could also be significant. Any occurrence of significant litigation costs could also significant harm our reputation. Any of the above described risks could materially adversely affect our business, results of operations, cash flows, financial position and prospects.

3.2.32 The shipment of certain components into certain jurisdictions either on their own or as part of our products may be prohibited under US, European or other dual use regimes or sanctions laws and result in a violation of such dual use regimes or sanctions laws.

We use many different components in the manufacturing of our specialized machinery and production lines. If any of the shipments of such components are made into jurisdictions in violation of US, European or other dual use regimes or sanctions laws or if any of our specialized machinery or production lines are used for prohibited or unforeseen purposes, we and/or our suppliers and customers may be subject to severe fines or penalties, our business reputation may be severely harmed, and our business operations between us, our suppliers and customers may be suspended, curtailed or cancelled. The occurrence of any of these factors could materially adversely affect our business, results of operations, cash flows, financial position and prospects.

3.2.33 Data protection breaches and violations could harm our reputation, could constitute regulatory offences or criminal offences, and could give rise to claims for compensatory damages as well as fines against us.

We process and use data of our employees, suppliers and customers as well as product and process data. In doing so, we must take account of the requirements of data protection and operating rules and regulations. Violations of data protection law, in particular the use, storage or disclosure of data to third parties without the consent of the data subjects or unauthorised access to data of third parties (including data theft), breach of non-disclosure agreements or loss of information due to cyber attacks could harm our reputation, could constitute regulatory offences or criminal offences and could give rise to claims for compensatory damages as well as fines against us and thus have a correspondingly adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.34 Our current risk management system and our lack of an integrated compliance system may not enable us to prevent and/or identify violations of law and to identify and evaluate all of the relevant risks to us and enable us to take appropriate countermeasures, particularly in light of our expansion into Asia and the NAFTA markets.

We currently have an integrated risk management system to recognize and evaluate legal risks in the markets in which we operate and enable us to take appropriate countermeasures as necessary. However, we do not have an integrated compliance system in place. We are currently working on the implementation of an integrated compliance system at the Group level and have already implemented a system to comply with all relevant capital markets rules and regulations including the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive No. 2003/6/EC of the European Parliament and of the Council and Commission Directives No. 2003/124/EC, No. 2003/125/EC and No. 2004/72/EC ("**Market Abuse Regulation**").

As we currently operate in Asia and anticipate starting production and sales operations in the NAFTA market in the future, we will be confronted with an extensive array of legal requirements in those jurisdictions, including but not limited to competition and cartel law, foreign trade and customs law, public procurement, licensing and permitting law, patent, intellectual property and copyright law, product warranty and product liability law, environmental, construction and planning law, hazardous materials and chemicals law, anti-bribery and corruption legislation, sanctions regimes, employment and workplace health and safety law, tax law and provisions in connection with our manufacturing, sales, distribution and services activities. There is a risk that we could violate laws or that other risks will fail to be identified or will be incorrectly assessed and/or that no appropriate countermeasures will be taken or that the compliance and risk management systems will not be suited to our size, complexity and geographical diversity, or that those systems will fail for some other reason. There is also a risk that we fail to detect corruption, employee fraud or other criminal or unauthorized behavior. As a result of our operations in Asia, this risk is particularly heightened.

The occurrence of any one or more of the foregoing risks could damage our reputation, expose us to fines or sanctions against us and/or our subsidiaries and/or our board members or employees, require us to pay compensatory damages by third parties based on claims made against us or further adverse legal consequences.

The occurrence of the factors referred to above could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.35 Our business may be adversely affected by work disruptions based on disagreements with our employees or work councils.

As of 31 December 2016 we had 558 employees, 46 trainees and 71 temporary workers in our Group. While we have maintained good relationships with our employees and work councils in the past, we cannot guarantee that these good relations will continue in the future. Any work disruptions by or disagreements with our employees or work councils in the future could lead to work stoppages at our factories, which could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.36 Our existing insurance coverage could prove inadequate to cover all the risk we might face.

Damage and loss caused by fire, natural hazards, war, terrorism, supply shortage, non-compliance with law**,** or other disturbance at our manufacturing facilities or within our supply chain **-** with customers and with suppliers **-** can be severe. The risks arising from business interruption and loss of production and product liability are insured up to levels considered economically reasonable by us, but our insurance coverage could prove insufficient in individual cases. Furthermore, the materialization of any of these risks could lead to injury or damage of individuals or to damage to third-party property or the environment, which could, among other things, lead to considerable financial costs for us. The realization of any of these risks could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.37 We are a holding company, whose liquidity depends on dividend payments or profit transfers made by its subsidiaries, and its potential obligation to offset losses of its subsidiaries.

The Comany is a holding company without any substantial business operations of its own. In addition to the cash it raises from debt and equity funding, its liquidity comes from dividend payments and transfers of profits made by its operational subsidiaries. If these subsidiaries should fail to generate sufficient profits or transfer its profits to the Company, or if these subsidiaries should generate losses and if, on the basis of the existing profit transfer agreement, the Company bears an obligation to offset the losses of its subsidiaries with which it maintains profit transfer agreements, then this would have material adverse effects on our liquidity and our results of operation, and thus, in particular, on the ability of the Company to pay dividends. Any potential insolvency of a subsidiary could, furthermore, also trigger the insolvency of the Company. The realization of any of these risks could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.2.38 Changes in interest rates, mortality and salary increases and changes in returns of plan assets may increase our obligations and expenses related to our post-employment benefit plans.

We have obligations to current and former employees related to pensions and other post-employment benefit plans, which have been closed for new employees since 2006. These obligations only exist in Germany. As of 31 December 2016, the present value of our pension obligations (defined benefit obligations) was EUR 18.5 million. As we do not have plan assets the net defined benefit liabilities also amount to EUR 18.5 million. Changes in relevant measurement parameters such as interest rates, mortality rates and the rate of salary increases may raise the present value of our pension obligations. This may lead to increased costs in connection with our pension plans or diminish equity due to the recognition of actuarial losses. Furthermore, these effects may require additional payments by us. Also, future changes in certain legal environments, especially in local regulation, may in the future have negative effects on our results of operations and may also trigger the necessity for additional payments by us.

3.3 Legal, Regulatory and Tax Risks

3.3.1 We could be unsuccessful in adequately protecting our intellectual property, technological know-how and trademarks and there is a risk that we might infringe the intellectual property rights of others.

Our products are highly dependent upon our technological know-how. To a certain extent the scope and limitations of our proprietary rights in this know-how are important to us. We have obtained or applied for a number of intellectual property rights, such as patents. The process of seeking patent protection can be lengthy and expensive. In principle, we monitor the chain of title in inventions that result from our research and development to help ensure that we can later claim intellectual property rights to such inventions. However, there could be gaps in our chain of title and we could be unsuccessful in establishing a chain of title.

Furthermore, patents may not be granted on currently pending or future applications or may not be of sufficient scope or strength to provide us with meaningful protection or commercial advantage. While there is a presumption that patents are valid, the granting of a patent does not necessarily imply that it is effective and that possible patent claims can be enforced to the degree necessary or desired. In particular, intellectual property rights are difficult to enforce in Asia and other countries, since the application and enforcement of laws governing such rights adhere to a different standard in these countries than in other jurisdictions in which we operate, such as Germany. If a patent does not provide meaningful protection, either because it is invalid or ineffective, there is the risk that competitors may copy our know-how without incurring any expenses of their own. In addition, a certain part of our patent innovations are subject to contradicting grounds, i.e. claims against the registration. Contradicting grounds include disclosure associated with the patent application and registration which may enable competitors to apply for corresponding patents in jurisdictions abroad and/or use our know-how to develop competing machinery. As a result, we often waive patent applications if we deem that competitors cannot successfully disassemble our machinery to gain access to our know-how (so-called reverse engineering). Our proprietary software which controls our specialized machinery also constitutes significant intellectual property which is not disclosed and typically not secured by patents. As a result, a significant part of our know-how is not patented and is not protected through intellectual property rights.

Our intellectual property rights may also be vulnerable to misappropriation by employees, contractors and other persons. From time to time, we may be required to compensate inventors and other originators where we wish to commercialize certain intellectual property.

There can be no assurance that our intellectual property rights will not be violated by third parties. Further, trade secrets and know-how that cannot effectively be safeguarded through a patent registration as well as other unpatented proprietary know-how might be disclosed to third parties. Due to the international nature of our business, we may not be able to adequately safeguard our know-how in regions where we operate but are not intimately familiar with business practices and/or extent of intellectual property protection afforded in such regions. Any realization of the aforementioned risks could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

Since our competitors, suppliers and customers also submit a large number of inventions for intellectual property protection it cannot be excluded that there are effective and enforceable third-party intellectual property rights pertaining to certain processes, methods or applications. Thus, there is a potential risk that we could infringe the intellectual property rights of third parties. Accordingly, third parties could assert infringements of intellectual property rights, including illegitimate ones, against us. As a result, we could be required to cease manufacturing, using or marketing certain technologies or products in certain countries or be forced to incur licensing costs or make changes to manufacturing processes and/or products, or litigate the scope or validity of patents in order to be permitted to sell our products. In addition, we could be liable to pay compensation for infringements or could be forced to purchase licenses to make use of technology from third parties.

Furthermore, we rely on trademarks to a limited extent in order to protect our brands. There can be no guarantee that we will be able to protect our trademarks in the future. If our trademarks cannot be adequately protected, this could hinder or completely eradicate our technological advantages and market reputation and thus significantly impair our competitiveness.

Moreover, we may in the future rely on licences granted by third parties, which may expire, be declared invalid or be terminated for reasons beyond our control and then granted to competitors. If we are unable to substitute such licences, we might have to either terminate the respective operations affected by the licences or invest significant financial resources in other business areas to off-set these losses.

The realization of any of the risks related to our intellectual property could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.3.2 Non-compliance with existing laws and regulations in many jurisdictions or changes in any such laws and regulations could require us to take costly additional steps to ensure future compliance and potentially require recalls.

As a group operating in many jurisdictions, we are subject to international, European Union, national and local laws, regulations and ordinances. We must observe a large number of different regulatory requirements that change frequently, evolve continuously and may become more stringent. These requirements relate in particular to our production process and include, inter alia, laws and regulations relating to occupational health and safety, the use and handling of chemicals, air and water emissions and the management and disposal of certain materials, substances and waste. For our manufacturing sites and operations, we are required to obtain and hold various permits to apply for modifications permits and to comply with the requirements specified therein and we are also subject to rules that relate to the safety of our products. More strict regulation of these products or our manufacturing sites or processes or occupational health and safety regulations in the future may have a material adverse effect on our business. If we do not comply with these rules, we may be required to take all necessary measures to ensure compliance, with regard to our products potentially even after we have sold them, if necessary by way of a recall. We are subject to foreign trade laws and are required to pay export duties or customs duties on materials and products that we export and import. The nature of our operations exposes us to the risk of liabilities or claims with respect to such laws, regulations, ordinances and duties, and we may have to incur material costs in connection with such liabilities or claims. In addition, shipments to a number of countries may be delayed by customs authorities in those countries based on local law requirements, arbitrary decisions by such authorities or otherwise. We could become subject to additional laws, regulations, ordinances and/or permit requirements.

Compliance with existing and additional or more stringent laws, regulations, ordinances or permit requirements, as well as more vigorous enforcement policies of regulatory agencies or stricter or different interpretations, may require us to make additional expenditures or investments, which may be material, and could also otherwise affect our business in a way that could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.3.3 We are subject to antitrust laws. Allegations of a breach of antitrust laws or actual violations could result in penalty payments and reputational damages.

We are subject to a number of antitrust laws in the jurisdictions in which we operate. Any accusations by regulatory authorities, business partners, competitors or customers that we engaged with our business partners in any non-permissible activities, including, but not limited to, price fixing, price gauging or price collusion or if any of our business partners are accused of any such activities, this could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.3.4 We have to comply with anti-bribery laws and foreign sanctions laws. Failure to comply with such laws could result in severe criminal or civil sanctions.

We are subject to anti-bribery laws and regulations in the countries in which we operate, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act 2010 and equivalent German and European Union legislation, which prohibit companies and their intermediaries from making or receiving improper payments and for the violation of which severe sanctions, including criminal sanctions, can be imposed. Furthermore, we are subject to a number of complicated sanctions laws, including sanctions laws under the Office of Foreign Assets Controls in the U.S. Treasury Department, and similar European Union and British laws and laws of other countries as well as United Nations sanctions which require us to refrain from doing business, or allowing our clients to do business through us, in certain countries or with certain organizations or individuals on prohibited lists maintained by the United States, the European Union or other countries. The interpretation of these laws is often broad such that we can also inadvertently violate such laws through our business with strategic or joint venture partners or other business partners. Failure to adopt and enforce appropriate internal policies to ensure compliance with these laws may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.3.5 We could be held liable for soil, water or groundwater contamination or for risks related to hazardous materials.

Many of the sites at which we operate have been used for industrial purposes for many years, leading to risks of contamination and potentially involving remediation obligations, regardless of whether we are the legal owner or are merely using the respective property, and irrespective of whether we caused the contamination or acted with fault. Moreover, we could be held responsible for the remediation of areas adjacent to our sites if these areas were contaminated due to our activities, or if we were to be found the polluter of these areas.

The responsible authorities could assert claims against us as the polluting party, owner or occupant of the affected plot for the examination or remediation of such oil and/or groundwater contamination or could order us to dispose of or treat contaminated soil excavated in the course of construction; this could impede our operation at the affected site. We could also be required to indemnify the owner of plots currently or formerly leased by us or of other properties if the authorities were to pursue claims against the relevant owner of the property and if we had caused the contamination. Costs typically incurred in connection with such claims are generally difficult to predict but may be substantial. Moreover, if any contamination were to become a subject of public discussion, there is a risk that our general reputation or our relationship with our customers could be harmed. Even if we have contractually excluded or limited our liability vis-à-vis a customer, we could be held responsible for currently unknown contamination on properties that we previously owned or used. The realization of any of these risks could have a material adverse effect on our business, results of operations, cash flows, financial position and prospects.

3.4 Risks Relating to the Shares, the Offering, the Listing and our Shareholder Structure

3.4.1 There is no existing market for the Shares and an active or liquid market might not develop for the Shares.

Prior to this initial public offering of 5,980,000 Shares (the "**Offer Shares**") in the Company (the "**Offering**"), there has been no public offering of or public trading in the Shares. There can be no assurance that an active, liquid trading market for the Shares will develop or be sustained following the listing of the Shares on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) (the "**Listing**"). The price of the Offer Shares will be determined and established by the Company, MBB SE and Mr. Ingo Wojtynia (each a "**Selling Shareholder**" and, collectively, the "**Selling Shareholders**") after consultation with Joh. Berenberg, Gossler & Co. KG, Citigroup Global Markets Limited and Hauck & Aufhäuser Privatbankiers KGaA (collectively, the "**Underwriters**") on the basis of a book-building procedure. The price for the Offer Shares determined and established in this manner may not correspond to the price at which the Shares will be traded on the Frankfurt Stock Exchange after the Offering. Active trading in the Shares might not develop or continue after the Offering. If fewer than all Offer Shares are sold or the greenshoe option to purchase up to 780,000 additional Shares from the holdings of the Selling Shareholders (the "**Greenshoe Option**") is not exercised by the Underwriters in full or at all, the free float and thus the liquidity of the Shares after the Listing will be lower, which may have an additional adverse effect on investors' ability to trade the Shares. Investors may not be in a position to sell their Shares quickly or at all or at the market price if there is no active trading in the Shares. If an active market for the shares does not develop after the Listing, the liquidity and market price of the Shares may be adversely affected.

3.4.2 Even if all Offer Shares are placed in the Offering, our largest shareholder MBB SE will be able to continue to exercise substantial influence over the Company and its business activities. The interests our largest shareholder could conflict with the interests of our other shareholders.

Upon completion of the Offering, MBB SE, will hold approximately 53.6% of the issued Shares (assuming the placement of 5,980,000 Offer Shares and exercise of the Greenshoe Option in full). Due to its controlling stake, MBB SE will be in a position to exert substantial influence at the Company's general shareholders' meeting and, consequently, on matters decided by the general shareholders' meeting, including the appointment of Supervisory Board members, the distribution of dividends, and any proposed capital increases. MBB SE's future stake in the Company will allow it, depending on attendances at the general shareholder's meeting, to exercise significant influence on decisions of the Company's general shareholders' meeting. The interests of MBB SE may substantially deviate from, or conflict with, the interests of the Company's other shareholders. There can be no assurance that MBB SE will exercise its influence over the Company in a way that serves the interests of the Company's other shareholders.

3.4.3 Future sales of Shares or anticipated sales of a substantial number of Shares or similar transactions conducted by the Selling Shareholders or other groups of shareholders could adversely affect the Share price.

Assuming that all of the Offer Shares have been placed in the Offering (including the Greenshoe Shares), the Selling Shareholders, which currently hold all Shares in the Company, will continue to hold approximately 57.3% of the share capital of the Company. Future sales of Shares by the Selling Shareholders may have a material adverse effect on the price of the Shares. The Selling Shareholders and three members of the management have undertaken *vis-à-vis* the Underwriters that until the expiration of six or twelve months, respectively, after the first day of trading of the Shares on the Frankfurt Stock Exchange, they will sell additional Shares or enter into similar transactions only with the approval of the Joint Global Coordinators. However, should the Selling Shareholders or the management members take such actions – with or without the Joint Global Coordinators' approval – or should the market come to the conclusion that such events might happen, this could have a material adverse effect on the price of the Shares. The same applies if other groups of large shareholders make sales or of similar transactions with respect to a substantial number of Shares in the market, or if the market believes that such sales or similar transactions might occur. Such sales or similar transactions could also make it more difficult for the Company to issue new shares in the future at a time and price that the Company deems appropriate.

3.4.4 Future capital-related measures, such as future offerings of debt or equity securities by the Company or the exercise of possible future stock option programs, may adversely affect the market price of the Shares and could result in a substantial dilution of existing shareholdings in the Company.

The Company may require further capital in the future to finance its business operations and research and development. Therefore, the Company may seek to raise capital through offerings of debt securities (possibly including convertible debt securities), additional equity securities or to implement possible future stock option programs. An issuance of additional equity securities or securities with a right to convert into equity, such as convertible bonds or warrant bonds, or the exercise of a stock option program could adversely affect the market price of the Shares and would dilute the economic and voting interests of existing shareholders if made without granting subscription rights to existing shareholders. Even if existing shareholders were granted subscription rights, investors in certain jurisdictions may not be able to acquire and/or exercise any subscription rights due to local laws. Because the timing and nature of any future offering would depend on market conditions, it is not possible to predict or estimate the amount, timing or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued Shares, as well as a potential exercise of stock options and the issuance to our employees in the context possible future stock option programs, could lead to a dilution of the economic and voting interests of existing shareholders. Furthermore, a proposal to the general shareholders' meeting to take any of the abovementioned measures, with dilutive effects on existing shareholders, or any other announcement of such proposal, could adversely affect the market price of the Shares. Until the expiration of a period of six months after signing the Underwriting Agreement (as defined below) in relation to the Offering, the Company has undertaken not to directly or indirectly offer or sell its Shares, or announce such sale or take any other measures equivalent to a sale in economic terms. Nevertheless, it cannot be guaranteed that during these six months and beyond, the Company will not take such actions or propose such actions to the general shareholders' meeting or that the market will not come to the conclusion that this will occur. This could have material adverse effects on the price of the Shares.

3.4.5 The price at which the Shares will be traded and the trading volume of the Shares may be volatile, and investors could lose all or part of their investment.

Following the listing of the Shares, the price of the Shares will be affected primarily by supply and demand for such Shares and could fluctuate significantly due to changes and fluctuations in trading volumes in the Shares, a changing number of Shares in the free float and other factors such as fluctuations in our actual or projected operating results or those of our competitors, changes or failure to meet earnings projections and expectations of investors and analysts, changes in market valuation of similar companies, changes in investor and analyst perceptions of the Group and our industry, publications of research reports about the Group or our industry, the failure of analysts to cover the Shares after the Listing, changes in general economic conditions, changes in the shareholder structure and other factors, such as departure of key personnel, the activities of competitors and suppliers, litigation and governmental investigations or changes in the statutory framework in which we operate affecting us or the market in which we operate. In addition, general fluctuations in share prices and trading volumes, especially those of companies in the same industry in which we operate in, or general market conditions or a general downturn in worldwide or local stock markets, may put pressure on the price of the Shares without there being a specific reason for this relating to our business, actual results, financial condition or earnings outlook. In addition, the comparatively small free float in terms of absolute number of Shares may intensify these share price fluctuations. Fluctuations in the price of the Shares could itself have a material adverse effect on the overall price of the Shares. Fluctuations could also make it more difficult for the Company to issue new Shares in the future at a time and price that the Company deems appropriate.

3.4.6 The Offering may not take place.

The underwriting agreement entered into by the Company, the Selling Shareholder and the Underwriters (the "**Underwriting Agreement**") provides that the obligations of the Underwriters are subject to conditions, including, among other things, the conclusion of a pricing agreement, and also provides that the Underwriters may terminate the Underwriting Agreement under certain circumstances. In the event of a non-occurrence of conditions or a termination of the Underwriting Agreement, the Offering will not take place. Claims for securities commissions already paid and other costs incurred by investors in connection with their subscription are solely subject to the legal relationship between the respective investor and the institution where the purchase order was placed. Allotments to shareholders already affected will be void. In such a case, investors have no claim to receive Shares of the Company. Short sellers bear the risk of not being able to meet their share delivery obligations.

3.4.7 The Company's ability to pay dividends depends, among other things, on its financial condition and results of operations.

Any potential future determination by the Company to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the level of distributable profit for the respective year, our results of operations, financial condition, our investment policy, market developments and capital requirements based on the unconsolidated financial statements of the Company prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) as well as shareholders' consent. There can be no assurances that the Company’s or its subsidiaries' performance will allow the Company to pay dividends in the foreseeable future. In particular, the ability to pay dividends may be impaired if any of the risks described in this section "3. *Risk Factors*" were to occur.

Any of these factors, individually or in combination, could restrict the Company’s ability to pay dividends and could cause the price of the Shares to fall, in which case investors could lose some or all of their investment.

3.4.8 The Company will incur increased costs as a result of operating as a public company, and its management will be required to devote substantial time to additional compliance initiatives and to additional legal, regulatory and administrative requirements. If the Company fails to comply with these requirements, it will possibly damage its reputation and may affect an investment in the Shares.

As a public company whose shares are listed on the regulated market of the Frankfurt Stock Exchange in the sub-segment with additional post-admission obligations (Prime Standard), the Company incurs significant accounting, legal and other expenses that it did not incur as a private company. In particular, the Company will be required to issue half-year interim financial statements as well as quarterly interim reports (*Quartalsmitteilungen*) for the first time and will incur other significant costs associated with its compliance with the public company reporting requirements of the German Securities Trading Act (*Wertpapierhandelsgesetz* –"**WpHG**") (which have been partly replaced as of 3 July 2016 by Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC), the German Stock Exchange Act (*Börsengesetz*) and the Stock Exchange Regulation of the Frankfurt Stock Exchange (*Börsenordnung für die Frankfurter Wertpapierbörse*). Compliance with these rules and regulations will increase the Company's legal and financial compliance costs, introduce new costs (including stock exchange listing fees and costs related to investor relations and shareholder reporting), and make certain activities more time consuming and costly. They also might make it more difficult for the Company to obtain director and officer liability insurance at reasonable costs and the Company may incur substantial costs to maintain sufficient coverage.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies generally, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. The Company intends to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If the Company's efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us which could have an adverse effect. We cannot predict or estimate the amount or timing of additional costs we may incur in the future to respond to these continually evolving requirements. The impact of these requirements could also make it more difficult for the Company to attract and retain qualified persons to serve on its administrative board or in other senior management positions.

Furthermore, the Company might fail to establish and maintain effective systems of internal control over financial reporting or other obligations related to the Listing. These include the obligation to issue half-year interim financial statements and quarterly interim reports for the first time and no assurance can be given that the Company will comply with such regulations in the future given the fact that the Company is currently in the process of adjusting its internal functions towards such future requirements. If the Company fails to provide the necessary data or violates any other applicable rules and regulations, it might be faced with administrative proceedings which could, among other things, result in fines being imposed on the Company and ultimately the revocation of the listing order by the Frankfurt Stock Exchange. Furthermore, such non-compliance with the applicable rules and regulations would possibly damage the Company's reputation and may affect an investment in the Shares.

4. General Information

4.1 Responsibility for the contents of the Prospectus

Aumann AG, with its registered office at Dieselstraße 6, 48361 Beelen, Germany, a German stock corporation (*Aktiengesellschaft*) registered with the commercial register maintained by the local court (*Amtsgericht*) in Münster, Germany, under HRB 16399 (hereinafter the "**Company**" and, collectively with its consolidated subsidiaries, the "**Aumann Group**", the "**Group**", "**we**", "**us**" or "**our**"), together with Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany ("**Berenberg**") and Citigroup Global Markets Limited, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom ("**Citi**", together with Berenberg, the "**Joint Global Coordinators**"), and Hauck & Aufhäuser Privatbankiers KGaA, Kaiserstraße 24, 60311 Frankfurt/Main, Germany ("**Hauck & Aufhäuser**" and, together with the Joint Global Coordinators, the "**Joint Bookrunners**" or the "**Underwriters**"), assume responsibility for the content of the Prospectus pursuant to Section 5 (4) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and hereby declare that, to the best of their knowledge, the information contained in the Prospectus is correct and that no material circumstances have been omitted.

The information in the Prospectus will not be updated subsequent to the date hereof except for any significant new event or significant error or inaccuracy relating to the information contained in the Prospectus that may affect an assessment of the Shares and occurs or comes to light following the approval of the Prospectus, but before the completion of the public offering or inclusion of the Shares to trading, whichever is later. These updates must be disclosed in a supplement to the Prospectus in accordance with Section 16(1) Sentence 1 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*).

Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the respective national legislation of the relevant Member State of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

4.2 Subject matter of the Prospectus

The Prospectus relates to the public offering (the "**Offering**") of 5,980,000 ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*) of the Company, each such share with a notional interest of EUR 1.00 in the share capital and full dividend rights from 1 January 2017, consisting of:

- 1,500,000 newly issued bearer shares with no-par value from a capital increase against contributions in cash to be resolved by an extraordinary general shareholders' meeting of the Company presumably on 15 March 2017 (the "**New Shares**");
- 3,700,000 existing ordinary bearer shares with no-par value from the holdings of MBB SE and Mr. Ingo Wojtynia (each of these shareholders hereinafter, individually, a "**Selling Shareholder**", and, together, the "**Selling Shareholders**") (the shares offered by the Selling Shareholders in the Offering the "**Sale Shares**"); and
- 780,000 existing ordinary bearer shares with no-par value from the holdings of the Selling Shareholders for purposes of a potential over-allotment (the "**Over-Allotment Shares**", together with the New Shares and the Sale Shares the "**Offer Shares**").

Furthermore, for the purposes of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange, the Prospectus relates to up to 14,000,000 ordinary bearer shares of the Company (entire share capital, including the New Shares), each such share with no-par value and a notional interest of EUR 1.00 in the share capital and full dividend rights from 1 January 2017.

4.3 Forward-looking statements

The Prospectus contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of the Prospectus. This applies, in particular, to statements in the Prospectus containing information on future earnings capacity, plans and expectations regarding our business, growth and profitability, as well as the general economic and legal conditions and other factors to which we are exposed. Statements made using words such as "predicts", "forecasts", "plans", "endeavors" or "expects" may be an indication of forward-looking statements.

Forward-looking statements in the Prospectus relate to, *inter alia*:

- the implementation of our strategic plans and the impact of these plans on our business, financial position, cash flows and results of operations;
- our expectations regarding the impact of economic, operating, legal and other risks affecting our business; and
- other statements relating to our future business performance and general economic, regulatory and market trends and other circumstances relevant to our business.

The forward-looking statements contained in the Prospectus are based on our current estimates and assessments made to our best present knowledge. These forward-looking statements, which merely reflect the Company's opinion at the present time with respect to future events, are based on assumptions and are subject to risks, uncertainties and other factors, the occurrence or non-occurrence of which could cause actual circumstances – including with regard to the assets, financial position and results of operations as well as profitability of the Aumann Group – to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections in the Prospectus, particularly in the sections entitled "3. *Risk Factors*", "*11. Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*14. Business*" and "*26. Recent Developments and Outlook*". Even if future results of the Aumann Group meet the expectations expressed herein, they may not be indicative of the results of any succeeding periods.

In light of the uncertainties and assumptions, it is also possible that the future events mentioned in the Prospectus may not occur or may differ materially from actual events. In addition, the forward-looking estimates and forecasts included in the Prospectus from third-party reports could prove to be inaccurate – see "*-4.4 Information from third parties and Company estimates*". The foregoing may prevent the Company from achieving its financial and strategic objectives.

The business of the Aumann Group is subject to risks and uncertainties which may render a forward-looking statement, assessment or forecast incorrect. These risks (described in more detail in section "3. *Risk Factors*"), uncertainties, assumptions and other factors include in particular:

- changes in general economic conditions, in particular in the global industrial and automotive industries;
- changes in the markets in which we operate including changing market trends;
- changes in political conditions in countries in which we operate;
- changes in competition as well as downward pressure on prices and profitability;
- changes due to technological advances;
- the occurrence of commercial, performance or other operational risks;
- changes in prices and availability of raw materials and energy;
- changes in laws and regulations;

- changes affecting interest rate levels;
- changes affecting currency exchange rates;

and other factors described in the Prospectus.

Investors should therefore ensure that they have read the sections of the Prospectus "3. *Risk Factors*", "*10. Selected Consolidated Financial and Business Information*", "*11. Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*13 Key technology*", “*14. Business*” and "26. *Recent Developments and Outlook*", which include more detailed descriptions of factors that might influence our business performance and the markets in which we operate.

The forward-looking statements contained in the Prospectus speak only as of the date of this Prospectus. It should be noted that neither the Company nor any of the Underwriters assume any obligation and do not intend, except as required by law, to publicly release any updates or revisions to these forward-looking statements to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based or to adjust them in line with future events or developments. See "3. *Risk Factors*" for a further description of some of the factors that could influence our forward-looking statements.

4.4 Information from third parties and Company estimates

Information provided in the Prospectus on the market environment, developments, growth rates, trends, competitive situation in the markets and market segments in which we operate is based on data, statistical information, industry and market research reports, publicly available information and other third party information as well as on Company estimates, unless otherwise indicated.

The following, mainly publicly available third-party sources were used in the preparation of the Prospectus:

- Lienkamp, Status Elektromobilität, published 2016;
- AlixPartners, A watershed moment for the automotive industry, published 30 June 2016;
- Kampker, Burggräf, Nee, Costs, quality and scalability: Impact on the value chain of electric engine production, published 15 June 2012, https://www.researchgate.net/publication/269269529_Costs_quality_and_scalability_Impact_on_the_value_chain_of_electric_engine_production, last visited on 1 March 2017;
- Kampker, Elektromobilkonstruktion, 2014;
- KPMG International Cooperative, 17th global automotive executive survey, published 2016;
- McKinsey & Company, EVolution, published April 2014;
- International Energy Agency, Global EV Outlook 2016, Beyond one million electric cars, published 2016;
- UBS Global Research “Is the Diesel Era In Passenger Cars About To End?”, published 5 December 2016;
- Hagedorn, Sell-Le Blanc, Fleischer, Handbuch der Wickeltechnik für hocheffiziente Spulen und Motoren, Springer Vieweg Verlag, 2016;
- BMW, The high voltage batteries of the BMW i3 and BMW i8, February 2014;
- Zeit Online, VW will eigene Batteriefabrik bauen, 27 May 2016, http://www.zeit.de/wirtschaft/unternehmen/2016-05/elektromobilitaet-volkswagen-salzgitter-elektroautos-investition-batteriefabrik, last visited on 1 March 2017;

- BusinessWire, Global EV Charing Stations to Skyrocket by 2020, IHS Report Says, 28 May 2015, http://www.businesswire.com/news/home/20150528005122/en/Global-EV-Charging-Stations-Skyrocket-2020-IHS, last visited on 1 March 2017;
- Automobilwoche, VW setzt auf Elektromobilität, 16 June 2016, http://www.automobilwoche.de/article/20160616/AGENTURMELDUNGEN/306169942/strategie--vw-setzt-auf-elektromobilitaet, last visited on 1 March 2017;
- carit, Daimler investiert 500 Millionen in E-Mobility, 29 April 2016, http://www.car-it.com/daimler-investiert-500-millionen-in-e-mobility/id-0045883, last visited on 1 March 2017
- n-tv online, Geht der Plan mit dem Stecker auf? VW wil sich vollständig elektrisieren, 23 July 2016, http://www.n-tv.de/auto/VW-will-sich-vollstaendig-elektrisieren-article18233121.html, last visited oin 1 March 2017;
- heise online, Elektromobilität: Daimler steckt 500 Millionen Euro in Akku-Produktion, 2 March 2016, https://www.heise.de/newsticker/meldung/Elektromobilitaet-Daimler-steckt-500-Millionen-Euro-in-Akku-Produktion-3125055.html, last visited on 1 March 2017;
- heise online, E-Mobilität und Selbstfahrer bei BMW, 16 January 2017, https://www.heise.de/autos/artikel/E-Mobilitaet-und-Selbstfahrer-bei-BMW-3595681.html?artikelseite=3, last visited on 1 March 2017;
- Navigant Research, Electric Bicycles, second quarter 2016, https://www.navigantresearch.com/research/electric-bicycles, last visited on 1 March 2017;
- ichtragenatur, Das E-Bike erobert Europa, http://www.ichtragenatur.de/mobilitaet/652-das-e-bike-erobert-europa, last visited on 1 March 2017;
- European Cyclist Federation, European bicycle market analysis 2015, 1 September 2016; and
- car and driver, 2017 BMW i3: Now with More Electric Range, May 2016, http://www.caranddriver.com/news/2017-bmw-i3-revealed-more-range-leads-the-updates-news, last visited on 1 March 2017;
- statista, Home appliances worldwide, https://www.statista.com/outlook/256/100/home-appliances/worldwide#takeaway, last visited on 1 March 2017;
- statista, Consumer electronics worldwide, https://www.statista.com/outlook/251/100/consumer-electronics/worldwide, last visited on 1 March 2017;
- Speeches by Dr. Dieter Zetsche, Chairman of the Board of Managmeent of Daimler AG and Bodo Uebber, Member of the Board of Management of Daimler AG for Finance & Controlling and Daimler Financial Services at the annual press conference in Stuttgart on 2 February 2017, http://www.daimler.com/investors/, last visited on 1 March 2017;
- Automobilwoche, Elektroauto von VW: Erstes MEB-Modell läuft ab 2019 in Zwickau vom Band, 03 February 2017, www.automobilwoche.de/article/20170203/AGENTURMELDUNGEN/302029897/elektroauto-von-vw-erstes-meb-modell-laeuft-ab--in-zwickau-vom-band, last visited on 1 March 2017;
- Auto Express, 2017 Tesla Model 3: Production confirmed to begin in July, www.autoexpress.co.uk/tesla/model-3/87867/2017-tesla-model-3-production-confirmed-to-begin-in-july, last visited on 1 March 2017.

To the extent information in the Prospectus was derived from third-party sources, it has been reproduced accurately. As far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. However, industry and market research reports and analyses and other sources of third party information are frequently based on information and assumptions that may not be accurate, complete or technically correct, and their methodology is by nature forward-looking and speculative.

Such information generally states that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Irrespective of the assumption of responsibility for the contents of the Prospectus by the Company and the Underwriters (see "*4.1. Responsibility for the contents of the Prospectus*") and the validity of the statements made in the previous paragraph of this section, neither the Company nor the Underwriters have verified the figures, market data and other information used by third parties in their studies, publications and financial information, or the external sources on which the Company's estimates are based. The Company and the Underwriters cannot give any assurance as to the accuracy of market data contained in the Prospectus which have been taken or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. Therefore, however irrespective of the validity of the statements made in the previous paragraph of this section, the Company and the Underwriters do not assume any liability for and offer no guarantee of the accuracy of the data from studies and third-party sources contained in the Prospectus and/or for the accuracy of data on which the Company's estimates are based.

Furthermore, the Prospectus contains market estimates and other data and information which are based on our own assessments. These assessments, in turn, are based in part on our own observations of the market, on the evaluation of industry information and data that cannot be obtained from publications by market research institutes or from other independent sources or on internal assessments. We believe that our estimates of market and other data and the information that has been derived from such data assists investors to better understand the industry we operate in and our position within it. Our own estimates and the information derived from them have not been checked or verified externally. They may differ from estimates made by our competitors or from future studies conducted by market research institutes or other independent sources. We nevertheless assume that our own market observations are reliable.

4.5 Documents available for inspection

For the period during which the Prospectus is valid, copies of the following documents are available for inspection during regular business hours at the Company's registered office at Dieselstraße 6, 48361 Beelen, Germany:

- the Company's articles of association;
- the audited consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") as of and for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014;
- the audited unconsolidated financial statements of the Company prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) as of and for the financial year ended 31 December 2016.

Future annual and interim financial reports of the Company will be available at the Company's registered office (Dieselstraße 6, 48361 Beelen, Germany), on the Internet website of the Company (www.aumann-ag.com), and from the German Company Register (*Unternehmensregister*) (www.unternehmensregister.de). Annual financial reports will also be published in the electronic version of the German Federal Gazette (*Bundesanzeiger*).

4.6 Information regarding financial information and currency

4.6.1 Financial information

The financial information contained in the Prospectus is mainly taken or derived from the audited consolidated financial statements of the Company as of and for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014 (together, the "**Audited Consolidated Financial Statements**") and the audited unconsolidated financial statements of the Company as of and for the financial year ended 31 December 2016 (the "**Audited Unconsolidated Financial Statements**"), which are included in the section "*24 Financial Information*"of the Prospectus. The Consolidated Financial Statements have been prepared in accordance with IFRS. The Audited Unconsolidated Financial Statements have been prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*). Unless otherwise indicated, the term '**financial year**' refers to a financial year of the Company, i.e., a financial year beginning on 1 January in a given calendar year and ending on 31 December of the same calendar year.

The Audited Consolidated Financial Statements and the Audited Unconsolidated Financial Statement were audited by RSM Verhülsdonk GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Georg-Glock Str. 4, 40474 Düsseldorf, ("**RSM**"), who issued in each case an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*) thereon as included in the Prospectus. With respect to the Audited Consolidated Financial Statements and the Audited Unconsolidated Financial Statements, RSM conducted its audits in accordance with Section 317 German Commercial Code (*Handelsgesetzbuch*) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer e.V., IDW). For further details on the financial information see "*10. Selected Consolidated Financial and Business Information*" and "*11. Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Where financial information in the Prospectus is denoted as "audited", this means that it was taken from the Audited Consolidated Financial Statements or from the Audited Unconsolidated Financial Statements. The label "unaudited" is used in the Prospectus to indicate financial information that was not taken from the Audited Consolidated Financial Statements or the Audited Unconsolidated Financial Statements but that was either taken or derived from our internal accounting records or management reporting systems or is based on calculations of these figures or recomputed from the Audited Consolidated Financial Statements or Audited Unconsolidated Financial Statements.

4.6.2 Non-IFRS measures

Throughout the Prospectus, we present certain financial measures and adjustments that are not defined by IFRS, or any other internationally accepted accounting principles, including operating performance, total performance, EBITDA, EBIT, EBT, EBT margin, order backlog, order intake and book to bill ratio (collectively, the "**Non-IFRS Measures**"). We have defined each of the following Non-IFRS Measures as follows:

- "Operating performance" represents the sum of revenue and increase or decrease in finished goods and work in progress.
- "Total performance" represents the sum of (i) revenue, (ii) increase or decrease in finished goods and work in progress, and (iii) other operating income.
- "EBITDA" (i.e., earnings before interest, taxes, depreciation and amortization) represents our profit for the period before net finance cost, income taxes, other taxes, depreciation and amortization.
- "Adjusted EBITDA" represents our EBITDA (i.e. profit for the period before net finance cost, income taxes, other taxes, depreciation and amortization) adjusted for the costs in relation to consultancy services received from MBB SE (see "*20.1.2 Consultancy services of MBB SE*") and

from Anton Breitkopf (Chief Financial Officer of MBB SE) (see "*20.2 Executive management services of Anton Breitkopf*") as well as costs in connection with the 2015 Acquisition (see "*14.14.1 Acquisition of 75% of the shares in each of Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH*") as non-recurring or one-off items.

- "EBIT" (i.e., earnings before interest and taxes) represents our profit for the period before net finance costs, income taxes and other taxes.
- "EBIT margin" is defined as EBIT divided by total revenue.
- "Adjusted EBIT" represents our EBIT (i.e. profit for the period before net finance costs, income taxes and other taxes) adjusted for the costs in relation to consultancy services received from MBB SE (see "*20.1.2 Consultancy services of MBB SE*") and from Anton Breitkopf (Chief Financial Officer of MBB SE) (see "*20.2 Executive management services of Anton Breitkopf*") as well as costs in connection with the 2015 Acquisition (see "*14.14.1 Acquisition of 75% of the shares in each of Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH*") as non-recurring or one-off items.
- "EBT" (i.e., earnings before taxes) represents our profit for the period before income taxes and other taxes.
- "EBT margin" is defined as EBT divided by revenue.
- "Order intake" is defined as the annually compounded volume of legally binding orders. The Company uses order intake as an important key performance indicator to estimate future revenue and work load.
- "Order backlog" is defined as the remaining estimated amount of work and profit not yet recognized as revenue of our order intake. We do not use order backlog as a description of unbinding orders. The Company uses order intake as an important key performance indicator to estimate future revenue and work load.
- "Book to bill ratio" is defined as order intake (as defined above) divided by annual consolidated revenue. The Company uses the book to bill ratio as an important key indicator whether the business of the Group is likely to expand in the near future and at what rate.

We present these Non-IFRS Measures as (i) they are used by our management to measure operating performance, including in presentations to the members of our Management Board and Supervisory Board, and as a basis for strategic planning and forecasting, and (ii) they represent measures that we believe are widely used by certain investors, securities analysts and other parties as supplemental measures of operating and financial performance. These Non-IFRS Measures may enhance management's and investors' understanding of our financial performance by excluding items that are outside of our ongoing operations, such as income taxes, costs of capital and non-cash expenses. For example, we believe that EBIT is widely used by investors to measure our operating performance as it shows our operating performance before income taxes which enables investors to compare our EBIT with companies in other jurisdictions.

However, these Non-IFRS Measures are not defined by IFRS or any other internationally accepted accounting principles, and you should not consider such items as an alternative to the historical financial results or other indicators of our performance, liabilities or net assets based on IFRS measures. In particular, they should not be considered as alternatives to net income or income before tax as indicators of our performance, profitability or as alternatives to cash flows from operating activities as an indicator of our financial strength. The Non-IFRS Measures, as defined by us, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our Non-IFRS Measures are calculated. Even though the Non-IFRS Measures are used by management to assess ongoing operating performance and these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results, cash flows or assets and liabilities as reported under IFRS.

4.6.3 Information on currencies

In the Prospectus, "**Euro**" or "**EUR**" refer to the single European currency adopted by certain participating member states of the European Union, including Germany. The amounts in "**USD**" refer to the legal currency of the USA. The amounts in "**RMB**" refer to the legal currency of China.

Our principal functional currency is the Euro and we prepare our financial statements in Euro.

4.6.4 Note regarding figures and technical terms

Numerical figures contained in the Prospectus in units of thousands, millions or billions as well as percentages relating to numerical figures have been rounded in accordance with standard commercial practice. Therefore, totals or subtotals contained in tables may differ minimally from figures provided elsewhere in the Prospectus, which have not been rounded off. Due to rounding differences, individual numbers and percentages may not add up exactly to the totals or sub-totals contained in the tables or mentioned elsewhere in the Prospectus. In respect of financial data set out in the Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but is, or has been rounded to, zero.

A glossary of certain technical and financial terms and abbreviations used in the Prospectus is provided at the end of the Prospectus under the heading “*25 Glossary*”.

5. The Offering

5.1 Subject matter of the Offering

This Offering consists of 5,980,000 ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*) of the Company, each such share with a notional interest of EUR 1.00 in the share capital and with full dividend rights from 1 January 2017, comprising:

- 1,500,000 newly issued bearer shares with no-par value from a capital increase against contributions in cash (the "**Capital Increase**") to be resolved by an extraordinary general shareholders' meeting of the Company presumably on 15 March 2017 (the "**New Shares**");
- 3,700,000 existing ordinary bearer shares with no-par value from the holdings of the Selling Shareholders (the "**Sale Shares**"); and
- 780,000 existing ordinary bearer shares with no-par value from the holdings of the Selling Shareholders for purposes of a potential over-allotment (the "**Over-Allotment Shares**", together with the New Shares and the Sale Shares the "**Offer Shares**").

The Offering consists of (i) an initial public offering of the Offer Shares (a) in the Federal Republic of Germany ("**Germany**") and (b) the Grand Duchy of Luxembourg ("**Luxembourg**"), and (ii) a private placement to certain institutional investors in various other jurisdictions outside Germany. In the United States of America (the "**United States**"), the Offer Shares will be offered and sold only to persons reasonably believed to be qualified institutional buyers ("**QIBs**") as defined in Rule 144A ("**Rule 144A**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"), in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act. Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**").

The share capital of the Company amounts to EUR 12,500,000 as of the date of the Prospectus and is divided into 12,500,000 ordinary bearer shares with no-par value (all shares of the Company outstanding from time to time together the "**Shares**" and each share a "**Share**"). Each Share currently represents a notional interest of EUR 1.00 in the share capital of the Company.

Presumably on 15 March 2017, an extraordinary general shareholders' meeting of the Company will resolve on the Capital Increase in order to create the New Shares. Registration of this resolution with the commercial register and the implementation of the Capital Increase are expected on or before 23 March 2017. As of start of trading, the Company's total share capital will amount to up to EUR 14,000,000, divided into up to 14,000,000 Shares. All existing Shares are fully-paid-up and all New Shares will be fully paid-up upon issuance.

Solely to cover over-allotments, if any, in connection with the Offering, the Selling Shareholders have granted the Underwriters the Greenshoe Option, exercisable for 30 calendar days following the date on which the Shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange, to purchase up to 780,000 additional Shares from the holdings of the Selling Shareholders (the "**Greenshoe Shares**") at the Offer Price.

The Company will receive the proceeds from the sale of the New Shares (after deduction of commissions and expenses to be borne by the Company) and the Selling Shareholders will receive the proceeds from the sale of the Sale Shares and the Greenshoe Shares (after deduction of commissions and expenses to be borne by the Selling Shareholders), see "6 *Reasons for the Offering, Proceeds and Costs of the Offering, Use of Proceeds, and Interest of Persons Participating in the Offering – 6.1 Reasons for the Offering, proceeds and costs of the Offering, use of proceeds – 6.1.2 Proceeds and costs of the Offering*".

Prior to the Offering, the entire share capital of the Company was held by the Selling Shareholders, see "*19. Shareholder Structure (before and after the Offering)*". Following completion of the Offering and assuming full placement of the Offer Shares and full exercise of the Greenshoe Option, the Selling Shareholders will hold approximately 57.3% of the Company's share capital.

The Offer Shares carry the same rights as all other Shares and confer no additional rights or benefits. All Shares, including the Offer Shares, are subject to and governed by German stock corporation law.

5.2 Price Range, Offering Period, Offer Price and number of Offer Shares

5.2.1 Price Range

The price range within which purchase orders may be submitted is between EUR 35.00 and EUR 43.00 per Offer Share (the "**Price Range**").

5.2.2 Offering Period

The period during which purchase orders for Offer Shares can be submitted will commence on 13 March 2017 and is expected to end on 23 March 2017 at noon Central European Time ("**CET**") for retail investors and at 2:00pm CET for institutional investors (the "**Offering Period**"). Purchase orders are freely revocable until the Offering Period expires. Revocation of purchase orders cannot occur after allocation of the Offer Shares.

Purchase orders can be submitted for a minimum of one Offer Share and can be subject to a price limit within the Price Range. In the event of such limiting, the limit must be denominated as a multiple of EUR 0.25. Multiple purchase orders are permitted.

5.2.3 Changes of the terms of the Offering

Subject to the publication of a supplement to the Prospectus, if required under the German Securities Prospectus Act, the Company and the Joint Global Coordinators reserve the right after consultation with the Selling Shareholders to reduce or increase the number of Offer Shares, to lower or raise the lower and/or upper limit of the Price Range and/or to extend or shorten the Offering Period. If the number of Offer Shares, the Price Range and/or the Offering Period (collectively the "**Offering Terms**") is or are, as the case may be, changed, the change will be announced on the website of the Company (www.aumann-ag.com/en/investor-relations/shares.html) and be published via various media distributed across the entire European Economic Area (*Medienbündel*). To the extent required under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), a supplement to the Prospectus will be submitted to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**") and published after being approved by the BaFin on the website of the Company (www.aumann-ag.com/en/investor-relations/shares.html). Any changes of the Offering Terms will also be published by way of an ad-hoc announcement, if required under Art. 17 of the Market Abuse Regulation. Investors will not be notified individually. Changes to the Offering Terms will not invalidate purchase orders already submitted. Under the German Securities Prospectus Act, investors that have submitted a purchase order before a supplement is published have the right to revoke their purchase order within two business days after publication of the supplement. The revocation does not require any statement of grounds and is to be declared in text form to the person designated in the supplement as recipient of the revocation. Alternatively, investors that have submitted purchase orders prior to the publication of the supplement may, within two days after the publication of the supplement, change their purchase orders or submit new limited or unlimited purchase orders.

In the underwriting agreement entered into by the Company, the Selling Shareholders and the Underwriters for the offer and sale of the Offer Shares in connection with the Offering on 10 March 2017 (the "**Underwriting Agreement**"), the Underwriters have reserved the right to terminate the Offering under certain circumstances. The Offering may be terminated even after trading has commenced and until the Offer Shares have been delivered in book-entry form in exchange for payment of the Offer Price and the customary securities commissions. For further details see "*21 Underwriting*".

5.2.4 Determination of the Offer Price and the final number of Offer Shares to be placed

The offer price (the "**Offer Price**") and the final number of Offer Shares to be placed will be determined and established by the Company and the Selling Shareholders in consultation with the Joint Bookrunners using the order book prepared during the bookbuilding process after the Offer Period has expired; it is anticipated that this will take place on or around 23 March 2017. The determination of the Offer Price and the determination of the final number of Offer Shares to be placed will be based on the purchase orders submitted by investors during the Offering Period which will be collected in the order book. These orders will be evaluated according to the prices offered and the investment horizons of the respective investors. Consideration will also be given to whether the Offer Price and the number of Offer Shares to be placed allow for the reasonable expectation that the share price will demonstrate steady performance in the secondary market given the demand for the Offer Shares noted in the order book. Attention will be paid not only to the prices offered by investors and the number of investors wanting Offer Shares at a particular price but also to the composition of the group of shareholders in the Company that would result at a given price (so-called investor mix) and expected investor behavior. After the Offer Price and the final number of Offer Shares to be placed are determined, the Offer Shares will be allotted to investors (see "-*5.6. Allotment criteria*"). The Company will not specifically charge any expenses and taxes related to the Offering to investors.

5.2.5 Publication of the Offer Price and final number of Offer Shares

The Offer Price and the final number of Offer Shares (i.e. the results of the Offering) are expected to be published on 23 March 2017 by way of an ad-hoc announcement via various media distributed across the entire European Economic Area (*Medienbündel*) and on the Company's website (www.aumann-ag.com/en/investor-relations/shares.html). Investors that have submitted purchase orders through an Underwriter are expected to be able to inquire as to the Offer Price and the number of Offer Shares allotted to them at that Underwriter no earlier than from the bank business day following the determination of the Offer Price. The Offer Shares allotted are expected to be delivered in book-entry form against payment of the Offer Price and of the customary securities commissions payable to the depositary banks on 28 March 2017. The Joint Bookrunners, after consultation with the Company and the Selling Shareholders, reserve the right not to accept investors' orders, either in whole or in part.

5.3 Expected timetable for the Offering

The projected timetable for the Offering is as follows:

10 March 2017	Approval of the Prospectus by the BaFin
	Publication of the Prospectus on the Company's website (www.aumann-ag.com/en/investor-relations/shares.html)
	Notification of the approval of the Prospectus to the Luxembourg Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier (CSSF)*)
13 March 2017	Commencement of the Offering Period
	Application for admission of the Shares (entire share capital, including the New Shares) to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange and, simultaneously, to the subsegment thereof with additional post-admission obligations (Prime Standard)
23 March 2017	Determination of the final number of New Shares and registration of the implementation of the Capital Increase in the commercial register (*Handelsregister*)
	Approval of admission to the Frankfurt Stock Exchange and publication of the approval of admission on the Frankfurt Stock Exchange's website (www.boerse-frankfurt.com)
	Expiry of the Offering Period at noon for retail investors and 2:00 p.m. for institutional investors (CET)

	Pricing and allotment and publication of the Offer Price and the final number of Offer Shares by way of an ad-hoc announcement via various media distributed across the entire European Economic Area (*Medienbündel*) and on the Company's website (www.aumann-ag.com/en/investor-relations/shares.html)
24 March 2017	First day of trading
28 March 2017	Book-entry delivery of the Offer Shares allotted against payment of the Offer Price and customary securities commissions payable to the depositary banks

The Prospectus and any supplements thereto are scheduled to be published following approval thereof by the BaFin on the Company's website (www.aumann-ag.com/en/investor-relations/shares.html). Print copies of the Prospectus and any supplements thereto will also be available free of charge during regular bank business hours at the Company's registered office.

5.4 Information on the Offer Shares

5.4.1 Voting rights

Each Offer Share confers one vote at the General Shareholders' Meeting of the Company. There are no restrictions regarding the voting rights other than the restrictions provided by law in certain cases and there are no different classes of voting rights.

5.4.2 Dividend rights, right to share in the liquidation proceeds and subscription rights

The Offer Shares carry full dividend rights from 1 January 2017. The annual General Shareholders' Meeting of the Company, which is held once annually within the first eight months of the respective financial year, decides on the appropriation of any net retained profit and thus on the full or partial disbursement thereof to shareholders. The Management Board and the Supervisory Board are required to submit a recommendation on the appropriation of profit, but the annual General Shareholders' Meeting of the Company is not bound by such recommendation. Individual shareholders have no claim to the disbursement of dividends unless the annual General Shareholders' Meeting of the Company has passed a resolution to that effect. The annual General Shareholders' Meeting of the Company may decide to make an in-kind distribution in addition to, or instead of, a cash distribution.

By law, claims to the payment of dividends generally become time-barred after three years, after which time the Company may refuse to make any disbursement. Once the global share certificates representing the Shares are deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**"), Clearstream will automatically credit any dividends accruing on the Shares in the future to the securities accounts held at the respective custodian banks. Domestic custodian banks are under a corresponding obligation to their customers. Shareholders whose Shares are held in custodial accounts at foreign institutions should inform themselves about the procedure applicable at such institutions. Forfeited dividend claims shall accrue to the Company.

In the event the Company is dissolved, any liquidation proceeds would be distributed to the shareholders in proportion to their interest in the Company's share capital pursuant to Section 271 German Stock Corporation Act (*Aktiengesetz*).

Shareholders have the right to subscribe for new shares issued pursuant to any future capital increases in a ratio proportionate to the respective interest they hold in the Company's current share capital (subscription right). No subscription rights exist in the case of contingent capital increases; otherwise, subscription rights may be excluded by resolution of the annual General Shareholders' Meeting of the Company or, if the annual General Shareholders' Meeting of the Company so authorizes, by resolution of the Management Board, subject to the consent of the Supervisory Board (for further details see "*17. Information on the Company's Share Capital and further Material Provisions of the Articles of Association*").

5.4.3 Form and representation of Shares

All of the Shares are ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*), each such share with a notional interest of EUR 1.00 in the share capital, and have been issued based on the provisions of the German Stock Corporation Act (*Aktiengesetz*).

The Company's current share capital in the amount of EUR 12,500,000 is represented by one global share certificate without dividend coupons, which is held with Clearstream. An additional global share certificate without a dividend coupon will be issued for the New Shares resulting from the Capital Increase and will likewise be deposited with Clearstream on or around 23 March 2017.

The Management Board, in accordance with Section 4, paragraph 3 of the Company's current articles of association, determines the form and content of share certificates and any interim certificates, dividend coupons and renewal coupons. Section 4, paragraph 3, sentence 3 of the Company's current articles of association stipulates that the shareholders' right to the issuance of share certificates representing their respective Shares shall be excluded to the extent permitted by law and unless certification is required under the rules applicable at a stock exchange on which the Shares are admitted to trading. The relevant certificates are signed by the Management Board.

5.4.4 Delivery and settlement

The Offer Shares allotted will be made available to investors as co-ownership interests in the respective global share certificate. Delivery of the Offer Shares allotted against payment of the Offer Price and the customary securities commissions payable to the depositary banks is expected to take place on 28 March 2017. Shares purchased in the Offering will, at the shareholder's discretion, be credited to the securities account of a credit institution for the account of such investor at Clearstream or to the securities account of a member in Euroclear Bank S.A. / N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, as the operator of the Euroclear System, or to Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg, Luxembourg.

5.4.5 Transferability

The Offer Shares are freely transferable in accordance with the legal provisions applicable to bearer shares. With the exception of the restrictions set out in section "*-5.10. Lock-up agreements*", there are no restrictions on the transferability or lock-ups affecting the Shares.

5.4.6 ISIN, WKN and trading symbol

International Securities Identification Number (ISIN)	DE000A2DAM03
German Securities Code (Wertpapier-Kenn-Nummer) (WKN)	A2DAM0
Trading Symbol	AAG

5.5 Selling Shareholders

Immediately prior to the Offering, the Selling Shareholders hold 100% of the Company’s outstanding share capital. The Selling Shareholders plan to place part of their Shares from their respective holdings in connection with the Offering. It is expected that the Selling Shareholders will continue to hold approximately 57.3% of the Company’s outstanding share capital upon completion of the Offering (assuming full exercise of the Greenshoe Option). For further details on the ownership structure of the Company see "*19. Shareholder Structure (before and after the Offering)*".

5.6 Allotment criteria

No agreement exists between the Company, the Selling Shareholders and the Underwriters as to the allotment procedure. The ultimate decision rests with the Company and the Selling Shareholders after consultation with the Joint Global Coordinators. Allotments to institutional investors will be made on the basis of the quality of the individual institutional investor (among others expected holding strategy and order size) and individual orders and other important allotment criteria to be determined after consultation with the Joint Global Coordinators. The allocation to retail or private investors (individuals) will be compatible with the "Principles for the Allotment of Share Issues to Private Investors" (i.e. drawing lots, allotment according to order size, allotment by means of a specific quote, allotment after the point in time of receipt of the purchase offer or selection according to other objective criteria), published by the Commission of Stock Exchange Experts (*Börsensachverständigenkommission*). "Qualified investors" (*qualifizierte Anleger*) under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), as well as "professional clients" (*professionelle Kunden*) and "suitable counterparties" (*geeignete Gegenparteien*) as defined under the German Securities Trading Act (*Wertpapierhandelsgesetz*), are not viewed as "private investors" (*Privatanleger*) within the meaning of the allocation rules.

5.7 Preferential allocation

On 9 February 2017, the Company established a phantom stock program for the members of the Management Board, Mr. Rolf Beckhoff, Mr. Ludger Martinschledde and Mr. Sebastian Roll, which will enter into force on the day of the admission (*Zulassung*) of the share capital of the Company to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (the "**New Phantom Stock Program**"). The New Phantom Stock Program replaces as of the Admission Date (as defined below) the Old Phantom Stock Program (see "*18.2.3 Service agreements and compensation of the members of the Management Board; ownership of Shares*"), to which Mr. Rolf Beckhoff, Mr. Ludger Martinschledde and Mr. Sebastian Roll are entitled under their service agreements with MBB Fertigungstechnik GmbH. The New Phantom Stock Program provides for a certain pay-out taking into account the shareholder value created for the Company (for more detailed information see "*18.2.3 Service agreements and compensation of the members of the Management Board; ownership of Shares*"). The beneficiaries of the New Phantom Stock Program may exercise their option rights on the day of the admission of the share capital of the Company to trading on the regulated market of the Frankfurt Stock Exchange (the "**Admission Date**") and will be obliged to re-invest 50% of the respective gross amount payable upon exercise of the option granted under the New Phantom Stock Program to each beneficiary less calculated income tax on such gross amount based on a hypothetical maximum of 45% income tax plus German solidarity tax (*Solidaritätszuschlag*) and church tax (if applicable) (*Kirchensteuer*) (the "**Mandatory Investment Amount**") by purchasing Offer Shares in connection with the Offering.

The Company set up a preferential allocation program for the benefit of the beneficiaries under the New Phantom Stock Program under which they will receive a guaranteed allocation of Offer Shares up to an investment amount corresponding to the Mandatory Investment Amount (the "**Preferential Allocation Program**"). Assuming the exercise of the options under the New Phantom Stock Program by each beneficiary and an Offer Price at the mid-point of the Price Range, Mr. Rolf Beckhoff will acquire 28,940 Offer Shares, equivalent to the amount of EUR 1,128,660, Mr. Ludger Martinschledde will acquire 28,940 Offer Shares, equivalent to the amount of EUR 1,128,660, and Mr. Sebastian Roll will acquire 18,680 Offer Shares, equivalent to the amount of EUR 728,520. The Offer Shares acquired pursuant to the Preferential Allocation Program will be subject to a lock-up (for further information see below "*5.10 Lock-up agreements*").

5.8 Stock exchange admission and commencement of trading

On 13 March 2017, we intend to apply for the admission of the Shares (entire share capital, including the New Shares) to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard). The Shares are expected to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) on 23 March 2017 (the "**Listing**"). The decision on the admission of the Shares to trading will be made solely at the discretion of the Frankfurt Stock Exchange. Trading in the Shares on the Frankfurt Stock Exchange is planned to commence on 24 March 2017.

5.9 Stabilization measures, Over-Allotment and Greenshoe Option

In connection with the placement of the Offer Shares and to the extent permitted by Article 5 (4) of the Market Abuse Regulation in conjunction with the regulatory technical standards issued, Berenberg or persons acting on its behalf, acting as stabilization manager for the account of the Underwriters (the "**Stabilization Manager**"), may make over-allotments or effect transactions aimed at supporting the stock exchange or market price of the Shares in order to counteract any selling pressure that may exist. Stabilization measures may not necessarily occur. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time without prior notice. Such measures may be taken from the date the Shares of the Company are traded for the first time on the regulated market of the Frankfurt Stock Exchange and must be terminated no later than 30 calendar days after such date ("**Stabilization Period**"). Stabilization measures aim at supporting the market price of the shares during the Stabilization Period in order to counteract any selling pressure that may exist. Stabilization measures may cause the stock exchange or market price of the Shares to be higher than it would otherwise have been. In addition, the stock exchange or market price may temporarily, be at a level that is not sustainable. The Stabilization Manager may undertake stabilization measures on the Frankfurt Stock Exchange.

With regard to potential stabilization measures and to the extent permitted by law, investors may, in addition to the Sale Shares being offered, be allocated up to 780,000 additional Shares in the Offering (the "**Over-Allotment**"). In connection with a potential Over-Allotment, the Stabilization Manager will be provided for the account of the Underwriters in the form of a securities loan (*Wertpapierdarlehen*) with up to 780,000 Shares from the holdings of the Selling Shareholders without charge; this number of Shares will not exceed 15% of the sum of the New Shares and the Sale Shares.

In this context, the Selling Shareholders will grant the Underwriters the Greenshoe Option to acquire up to 780,000 Greenshoe Shares (up to 15% of the sum of the New Shares and the Sale Shares) from the Selling Shareholders at the Offer Price less agreed commission, thus satisfying the retransfer obligation under the securities loan. The Greenshoe Option shall be exercisable by the Stabilization Manager for the account of the Underwriters. The Greenshoe Option will expire 30 calendar days after stock exchange trading in the Shares commences and may only be exercised to the extent that Shares have been placed by way of Over-Allotment.

Within one week following the end of the Stabilization Period, an announcement will be published via various media distributed across the entire European Economic Area (*Medienbündel*) as to whether or not any stabilization measures were taken, when price stabilization started and finished, the date on which the last stabilization measure was taken, and the Price Range within which stabilization measures were taken (for each date on which a stabilization measure was taken), and the trading venues on which stabilization measures were carried out. Any Over-Allotments and exercise of the Greenshoe Option, the date hereof and the number and type of the Shares concerned will also be published promptly in the manner previously stated.

5.10 Lock-up agreements

The Company has agreed with the Underwriters that during the period commencing on the date of this Prospectus and ending six months after the first day of trading of the Shares on the Frankfurt Stock Exchange, without the prior written consent of the Joint Global Coordinators, the Company, the Management Board or the Supervisory Board will not:

- announce or effect an increase of the share capital of the Company out of authorized capital;
- submit a proposal for a capital increase to any shareholders' meeting for resolution;
- announce to issue, effect or submit a proposal for the issuance of any securities convertible into Shares, with option rights for Shares; or
- enter into a transaction or perform any action economically similar to those described above.

The Company may, however, issue or sell Shares or other securities to employees and members of executive bodies of the Company or its subsidiaries under management participation plans.

In addition, the Selling Shareholders have agreed with the Underwriters that during the period commencing on the date of this Prospectus and ending six months after the first day of trading of the Shares on the Frankfurt Stock Exchange, without the prior written consent of the Joint Global Coordinators, the Selling Shareholders will not:

- offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares or other securities of the Company, including securities convertible into or exercisable or exchangeable for Shares;
- make any demand for, or exercise any right with respect to, the registration under U.S. securities laws of any Shares or any security convertible into or exercisable or exchangeable for Shares;
- propose any increase in the share capital of the Company, vote in favor of such a proposed increase or otherwise support any proposal for the issuance of any securities convertible into Shares, with option rights for Shares; or
- enter into a transaction or perform any action economically similar to those described above, in particular enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise.

Furthermore, the members of the Management Board have agreed with the Underwriters to the same commitments as the Selling Shareholders, however, for a period commencing on the date of this Prospectus and ending twelve months after the first day of trading of the Shares on the Frankfurt Stock Exchange.

5.11 Designated sponsors, paying agent and settlement agent

Berenberg has agreed to assume the function of a designated sponsor of the Shares traded on the Frankfurt Stock Exchange for a period of at least two years and is entitled to designate an appropriately admitted third party to perform its functions. Pursuant to the designated sponsor agreement expected to be entered into by Berenberg and the Company, Berenberg will, among other things, place limited buy and sell orders for Shares in the electronic trading system of the Frankfurt Stock Exchange during regular trading hours against customary remuneration. This is intended to achieve greater liquidity in the market for the Shares. Among other things, the designated sponsor shall be available at all times during trading hours and, upon receipt of a request for a quote, shall promptly supply quotes and enter into transactions on such basis. In addition, the designated sponsor shall provide quotes throughout the auction.

Berenberg will act as settlement agent. DZ Bank AG has been appointed as paying and registration agent at which any and all measures required with respect to the Shares may be effected free of charge.

6. Reasons for the Offering, Proceeds and Costs of the Offering, Use of Proceeds, and Interest of Persons Participating in the Offering

6.1 Reasons for the Offering, proceeds and costs of the Offering, use of proceeds

6.1.1 Reasons for the Offering

The Company seeks to expand its market leadership in the fast-growing market for e-mobility solutions. In the opinion of the Company, the Listing will ensure better visibility of the Company's brand and improve the Company's access to the capital markets and diversify its shareholder base, all of which will contribute to the Company being an attractive employer for existing and in particular new employees.

The Selling Shareholders have informed us that they intend to reduce their shareholding in the Company through the placement of the Sale Shares and that they believe the Offering to be in the interest of the Company as the Listing supports our growth and development as a leading provider of e-mobility solutions. At the same time the placement of Shares from MBB SE will serve to create a freefloat which will help to ensure an attractive liquidity in the Shares with the ambition to be listed on the TecDax index of Frankfurt Stock Exchange in the future. Notwithstanding this, our main shareholder MBB SE will continue to hold a substantial stake in the Company (at least approximately 53.6% (assuming (i) the full placement of the Offer Shares and (ii) the full exercise of the Greenshoe Option).

6.1.2 Proceeds and costs of the Offering

The Company will receive the proceeds resulting from the sale of the New Shares (after deduction of fees and commissions to be borne by the Company). The Company will not receive any proceeds from the sale of Sale Shares and Greenshoe Shares (if any) from the holdings of the Selling Shareholders. With the Offering, the Selling Shareholders intend to partially divest and monetize their stakes in the Company and will receive any proceeds from the sale of Sale Shares and Greenshoe Shares to the extent the Greenshoe Option is exercised (in each case after deduction of fees and commissions to be borne by the Selling Shareholders).

The amount of the gross proceeds from the sale of the Offer Shares under the Offering depends on the number of Offer Shares placed and the Offer Price.

Assuming that the maximum number of Offer Shares (5,980,000 Shares) is placed and that the Greenshoe Option (780,000 Shares) is exercised in full, the Company estimates that at the low end, mid-point and high end of the Price Range, gross proceeds to the Company would amount to approximately EUR 52,500 thousand, EUR 58,500 thousand and EUR 64,500 thousand, respectively, and gross proceeds to the Selling Shareholders would amount to approximately EUR 156,800 thousand, EUR 174,720 thousand and EUR 192,640 thousand, respectively.

Due to the fact that the costs related to the Offering and the Listing are contingent on the total number of Offer Shares placed in the Offering and the Offer Price, which also affect the amount of the Underwriters' commissions (in particular the payment of the incentive fee, which depends upon the discretion of the Company and the Selling Shareholders), it is not possible as of the date of the Prospectus to reliably predict the exact amount of the costs which have to be borne by the Company and by the Selling Shareholders.

The Company believes that the total costs (excluding tax effects) related to the Offering and the Listing will amount to approximately EUR 10,955 thousand at the low-end, EUR 11,912 thousand at the mid-point and EUR 12,869 thousand at the high-end of the Price-Range, respectively, including underwriting and placement commissions to be paid to the Underwriters (assuming (i) the full placement of the Offer Shares, (ii) the full exercise of the Greenshoe Option and (iii) the payment in full of the incentive fee of up to 1.5% of the aggregate gross Offering proceeds). Of these estimated total costs, 25.1% would be attributable to the sale of the New Shares and would have to be borne by the Company and the remaining 74.9% would be attributable to the sale of the Sale Shares and Over-Allotment Shares and would – partly directly and partly through reimbursing the Company – have to be borne by the Selling Shareholders (for further information see "*20. Related Party Transactions – 20.1 Transactions with shareholders – 20.1.1 Cost Sharing and*

Indemnity Agreement"). The Company will bear the costs associated with a phantom stock program for the members of the Management Board, which was established already in 2013.

Accordingly, assuming (i) the full placement of the Offer Shares (5,980,000 Shares), (ii) the Greenshoe Option is exercised in full and (iii) the incentive fee of up to 1,5% of the aggregate gross Offering proceeds is paid in full, the Company estimates that at the low end, mid-point and high end of the Price Range, net proceeds to the Company from the sale of the New Shares would amount to approximately EUR 49,752 thousand, EUR 55,512 thousand and EUR 61,272 thousand, respectively, and net proceeds to the Selling Shareholders from the sale of the Sale Shares and the Over-Allotment Shares would amount to approximately EUR 148,593 thousand, EUR 165,796 thousand and EUR 182,999 thousand, respectively.

6.1.3 Use of proceeds

Subject to the restriction mentioned below, we intend to use the net proceeds received from the sale of New Shares in connection with the Offering to fund our growth, in particular as follows:

Assuming net proceeds of approximately EUR 55,512 thousand (the "**Net Proceeds**") at the mid-point of the Price Range, the Company intends to use approximately

- 50% to 70% of the Net Proceeds to expand overall delivery capacity by building or buying additional shop floor and office space throughout 2017 and beyond;
- 15% to 35% of the Net Proceeds for machinery and equipment for new buildings and the implementation of service hubs globally including new research and development ("**R&D**") centers and for the expansion of the active service sales organisation;
- 5% to 15% of the Net Proceeds for investments in hard- and software in connection with IT projects; and
- up to 10% of the Net Proceeds for general business development and R&D activities to expand our intellectual property base in order to secure our technological advantage and maintain entry barriers.

Any strategic acquisition to increase the Company’s overall delivery capacity through the acquisition of additional space and manpower or through the acquisition of complementary service organisations could reduce the above percentages.

Although we strongly intend to use the proceeds as described above, our actual use of these proceeds may differ depending on market developments, unexpected significant events, or other factors. Such differences may be slight changes, in the case of market developments for example, that only affect the amount of a particular use of proceeds or the order of the use of proceeds or even significant, in the case of an unexpected significant event, if such event substantially affects our business. In any case, the Company will critically review the possible uses of proceeds on a regular basis and, where appropriate, adjust such uses to the occurrence of any particular developments or events.

6.2 Interests of persons participating in the Offering and the listing of the Shares

In connection with the Offering and the admission to trading of the Shares on the Frankfurt Stock Exchange, the Underwriters have entered into a contractual relationship with the Company and the Selling Shareholders. Berenberg and Citi have been appointed by the Company and the Selling Shareholders as Joint Global Coordinators. The Joint Global Coordinators and Hauck & Aufhäuser have been appointed by the Company and the Selling Shareholders as Underwriters. The Joint Global Coordinators are advising the Company and the Selling Shareholders on the Offering and coordinate the structuring and execution of the Offering. In addition, Berenberg has been appointed to act as designated sponsors for the Shares. Upon successful implementation of the Offering, the Underwriters will receive a commission. As a result of these contractual relationships, the Underwriters have a financial interest in the success of the Offering.

Furthermore, in connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as investors for their own account, may acquire Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Shares. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so or as disclosed in the Prospectus.

The Company maintains business relationships with Berenberg relating to deposit services. Some of the Underwriters or their affiliates have, and may from time to time in the future continue to have, business relations with the Aumann Group (including lending activities) or may perform services for the Aumann Group in the ordinary course of business.

The Selling Shareholders will receive the proceeds of the Sale Shares and any Over-Allotment Shares. Assuming a full placement of all Sale Shares and Over-Allotment Shares at the mid-point of the Price Range, and after deducting fees and expenses to be paid by the Selling Shareholders in connection with the Offering, the proceeds to the Selling Shareholders would amount approximately to EUR 165,796 thousand, or 74.9% of the total net Offering proceeds.

Since the Company will receive the proceeds from the Offering of the New Shares and these will strengthen the equity capital basis of the Company, the Selling Shareholders have an interest in the implementation of the Capital Increase.

The members of the Management Board, Mr. Rolf Beckhoff, Mr. Ludger Martinschledde and Mr. Sebastian Roll also have a personal interest in the Offering as a result of their interests in the Preferential Allocation Program to potentially acquire Shares in the course of the Offering (see "*5.7 Preferential allocation*").

In addition to the afore-mentioned interests, the Company is not aware of any interests which are material to the Offering and which could be considered conflicting.

7. Earnings and Dividends per Share; Dividend Policy

7.1 General rules on allocation of profits and dividend payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a stock corporation (*Aktiengesellschaft*) under German Law, the distribution of dividends for a given financial year and the amount and payment date thereof, are resolved by the general shareholders' meeting of the subsequent financial year upon a joint proposal or separate proposals by the management board and the supervisory board. However, the general shareholders' meeting is not bound by those proposals. The general shareholders' meeting must be held within the first eight months of each financial year.

Under German law, dividends may only be distributed from the distributable profit (*Bilanzgewinn*) of the Company. The distributable profit is calculated based on the Company's annual financial statements prepared in accordance with the accounting principles of the German Commercial Code (*Handelsgesetzbuch*). Accounting regulations under the German Commercial Code differ from the IFRS, which is used for the Group's accounting, in material aspects.

When determining the distributable profit, the profit or loss for the financial year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for profits or losses carried forward (*Gewinn-/ Verlustvorträge*) from previous financial years as well as for withdrawals from and transfers to reserves. Certain reserves are required to be set by law and must be deducted when calculating the distributable profits. Certain additional limitations apply if self-created intangible assets or deferred tax assets have been capitalized or certain plan assets that exceed corresponding pension liabilities have been capitalized. The management board must prepare the annual financial statements (balance sheet, statement of income and notes to the financial statements) and the management report for the previous financial year by the statutory deadline, and present these to the auditors and the supervisory board immediately after preparation. At the same time, the management board must present to the supervisory board a proposal for the allocation of the Company's distributable profit pursuant to Section 170 (2) of the German Stock Corporation Act (*Aktiengesetz*). Pursuant to Section 171 of the German Stock Corporation Act, the supervisory board must review the annual financial statements, the management board's management report and the proposal for the allocation of the distributable profits, and report to the general shareholders' meeting in writing on the results. The supervisory board must submit its report to the management board within one month after the documents were received. If the supervisory board approves the annual financial statements after its review, these are deemed to be adopted unless the management board and supervisory board resolve to assign the adoption of the annual financial statements to the general shareholders' meeting. If the management board and supervisory board choose to allow the general shareholders' meeting to adopt the annual financial statements, or if the supervisory board does not approve the annual financial statements, the management board must convene a general shareholders' meeting without delay.

The general shareholders' meeting's resolution on the allocation of the distributable profit requires a simple majority of the votes cast. If the management board and the supervisory board adopt the annual financial statements, they can, in principle, allocate an amount of up to half of the Company's net income for the year to other surplus reserves. Additions to the legal reserves and loss carry-forwards must be deducted in advance when calculating the amount of net income for the year to be allocated to other surplus reserves. The general shareholders' meeting may also resolve to distribute the distributable profit by way of a dividend in kind in addition to or instead of a cash dividend, or it may allocate further amounts to retained earnings or carry such amounts forward as profit in the resolution on the appropriation of the distributable profits. Dividends resolved by the general shareholders' meeting are due and payable annually immediately after the general shareholders' meeting, unless provided otherwise in the dividend resolution, in compliance with the rules of the respective clearing system. Clearstream will transfer the dividends to the shareholders' custodian banks for crediting to their accounts and German custodian banks are under an obligation to distribute the funds to their customers. Shareholders using a custodian bank outside Germany must inquire at their respective bank regarding the terms and conditions applicable in their case. Notifications of any distribution of dividends resolved upon are published in the electronic version of German Federal Gazette (*Bundesanzeiger*) immediately after the general shareholders' meeting and in at least one national newspaper designated for exchange notices by the Frankfurt Stock Exchange. To the extent dividends can be distributed by the Company in accordance with the German Commercial Code (*Handelsgesetzbuch*) and corresponding decisions are taken, there are no restrictions on shareholder rights to receive dividends. Any dividends not claimed within the past three years become time-barred. If dividend payment claims expire, the Company becomes the beneficiary of the dividends. Under German law, there are no special procedures for non-resident holders for the exercise of the rights attached to the shares.

The Offer Shares will be entitled to profit participation beginning 1 January 2017, i.e., for the full financial year ending 2017 and for all subsequent financial years.

Generally, withholding tax (*Kapitalertragsteuer*) of 25% plus the 5.5% solidarity surcharge (*Solidaritätszuschlag*) thereon is withheld from the dividends paid. For more information on the taxation of dividends, see "*22.Taxation in the Federal Republic of Germany*" and "*23. Taxation in Luxembourg*".

7.2 Dividend policy

The Company paid dividends for the financial year 2016 and, prior to its transformation into a stock corporation on 8 December 2016, already distributed profits and intends to continue to pay dividends in the future. The Company’s intention is to pay dividends in a range of approximately 25% to 30% of the distributable profit. Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the level of distributable profit for the respective year, our results of operations, financial condition, our investment policy, market developments and capital requirements based on the unconsolidated financial statements of the Company prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) as well as shareholders' consent.

The table below sets forth the (i) consolidated net income (loss) of our Group; (ii) the Group's earnings per share; (iii) unconsolidated net income of the Company as well as (iv) dividend per Share paid by the Company for the financial years ended 31 December 2016, 2015 and 2014:

	For the year ended 31 December		
	2016	**2015**	**2014**
Net income for the year (IFRS, in EUR thousand, audited)	12,791	7,167	6,145
Net income for the year attributable to shareholders of the owners of the Company (IFRS, in EUR thousand, audited)	12,791	6,920	6,145
Earnings per share (IFRS, in EUR, audited, basic and diluted) *	1.08	n/a	n/a
Net income (*Bilanzgewinn*) for the year of the Company (German Commercial Code (*HGB*), in EUR thousand, audited)	14,197	12,706	11,278
Dividend (German Commercial Code (*HGB*), in EUR thousand, unaudited)	4,500	2,500	3,500

* Based on 11,850,000 weighted average number of Shares.

8. Capitalization, Indebtedness, Debt Financing Requirements and Working Capital

The following tables show the Company's consolidated capitalization and the net financial indebtedness before and after the Offering as of 31 December 2016. The financial information before the Offering in the first column of the tables is taken or derived from the Audited Consolidated Financial Statements and our internal accounting records. The financial information after the Offering in the second column of the tables is based on the figures of the first column adjusted for the implementation of the Capital Increase (as explained in more detail in the footnotes to the following tables).

Investors should read this table in conjunction with "*10. Selected Consolidated Financial and Business Information*" and "*11. Management's Discussion and Analysis of Financial Condition and Results of Operations*".

8.1 Capitalization

	As of 31 December 2016	
(in EUR thousand)	**Before the Offering (audited)**	**After the Offering (unaudited)[1]**
Total current debt[2]	**52,883**	**52,883**
Guaranteed	0	0
Secured[3]	2,717	2,717
Unguaranteed / Unsecured	50,166	50,166
Total non-current debt (excluding current portion of long-term debt)[4]	**37,694**	**37,694**
Guaranteed	0	0
Secured[3]	16,666	16,666
Unguaranteed / Unsecured	21,028	21,028
Shareholders' equity[5]	**41,437**	**96,949**
Share capital[6]	12,500	14,000
Legal Reserve[7]	4,188	58,200
Other Reserves[8]	24,749	24,749
Total[9]	**132,014**	**187,526**

1. It is assumed that all New Shares were fully placed at the mid-point of the Price Range and generate net proceeds of EUR 55,512 thousand; it is further assumed that the proceeds generated are used as described under "6. *Reasons for the Offering, Proceeds and Costs of the Offering, Use of Proceeds, and Interest of Persons Participating in the Offering – 6.1 Reasons for the Offering, proceeds and costs of the Offering, use of proceeds – 6.1.3. Use of proceeds*".
2. Total current debt corresponds to "Current liabilities" in our Audited Consolidated Financial Statements for the Financial Year 2016 (as defined below).
3. Current and non-current bank liabilities are secured through registered mortgages on the plot of land in Dieselstraße 6, 48361 Beelen (EUR 10,000 thousand to the benefit of DZ Bank AG and COMMERZBANK) and on the plot of land in In der Tütenbeke 37, 32339 Espelkamp (EUR 2,100 thousand for the benefit of Stadtparkasse Rahden as well as a subordinate mortgage of EUR 1,800 thousand for the benefit of Deutsche Bank AG). In addition, three hydraulic presses of MBB Fertigungstechnik GmbH serve as collateral.
4. Total non-current debt corresponds to "Non-current liabilities" in our Audited Consolidated Financial Statements for the Financial Year 2016 (as defined below).
5. Shareholders equity corresponds to "Equity" in our Audited Consolidated Financial Statements for the Financial Year 2016 (as defined below).
6. Share capital corresponds to "issued capital" in our Audited Consolidated Financial Statements for the Financial Year 2016 (as defined below).
7. Legal Reserve corresponds to "capital reserves" in our Audited Consolidated Financial Statements for the Financial Year 2016 (as defined below).
8. Other Reserves corresponds to "retained earnings" in our Audited Consolidated Financial Statements for the Financial Year 2016 (as defined below).
9. Total corresponds to "total equity and liabilities" in our Audited Consolidated Financial Statements for the Financial Year 2016 (as defined below).

8.2 Net financial indebtedness

Net financial debt (in EUR thousand)	As of 31 December 2016 Before the Offering (audited)	After the Offering (unaudited)[1]
A. Cash	6	55,518
B. Cash equivalent	38,177	38,177
C. Trading securities	7,663	7,663
D. Liquidity (A)+(B)+(C)	**45,846**	**101,358**
E. Current financial receivables	0	0
F. Current bank debt[2]	2,717	2,717
G. Current portion of non-current debt[2]	0	0
H. Other current financial debt[3]	65	65
I. Current financial debt (F)+(G)+(H)	**2,782**	**2,782**
J. Net current financial indebtedness (I)-(E)-(D)	**-43,064**	**-98,576**
K. Non-current bank loans[4]	16,666	16,666
L. Bonds issued	0	0
M. Other non-current financial debt (including finance leases)[5]	66	66
N. Non-current financial indebtedness (K)+(L)+(M)	**16,732**	**16,732**
O. Net financial indebtedness (J)+(N)	**-26,332**	**-81,844**

1 It is assumed that all New Shares were fully placed at the mid-point of the Price Range and generate net proceeds of EUR 55,512 thousand; it is further assumed that the proceeds generated are used as described under "6. Reasons for the Offering, Proceeds and Costs of the Offering, Use of Proceeds, and Interest of Persons Participating in the Offering – 6.1 Reasons for the Offering, proceeds and costs of the Offering, use of proceeds – 6.1.3. Use of proceeds".

2 "Current bank debt" and "Current portion of non-current debt" together correspond to "Liabilities to banks" as shown under "Current liabilities" in our Audited Consolidated Financial Statements for the Financial Year 2016 (as defined below).

3 "Other current financial debt" represents current liabilities from finance leases.

4 "Non-current bank loans" corresponds to "Liabilities to banks" as shown under "Non-current liabilities" in our Audited Consolidated Financial Statements for the Financial Year 2016 (as defined below).

5 "Other non-current financial debt" represents non-current liabilities from finance leases.

8.3 Contingencies and other financial obligations

For information on the Group's contingent liabilities and off-balance sheet commitments, see "*11.9.6 Off-balance sheet arrangements*".

8.4 Statement on working capital

In the Company's opinion the Group's working capital is sufficient for the Group's present requirements, i.e. for a minimum of 12 months following the date of the Prospectus.

8.5 Significant changes in financial or trading position

There have been no significant changes in the Group's financial or trading position between 31 December 2016 and the date of the Prospectus.

9. Dilution

The net book value attributable to the shareholders of the Company including non-controlling interests (which is calculated as follows: total assets (EUR 132,014 thousand) less non-current (EUR 37,694 thousand) and current liabilities (EUR 52,883 thousand), each on a consolidated basis) amounted to EUR 41,437 thousand as of 31 December 2016, and would amount to EUR 3.31 per Share, based on 12,500,000 outstanding Shares as of the date of the Prospectus (i.e., prior to the Capital Increase).

Assuming total Offering and Listing costs of the Company of EUR 2,988 thousand and that all 1,500,000 New Shares are sold in the Offering for an Offer Price of EUR 39.00 (mid-point of the Price Range), the aggregate net proceeds to the Company from the issuance of the New Shares would amount to approximately EUR 55,512 thousand. On the assumption that the Offering had been fully implemented by and the Company had already received the aggregate net proceeds at 31 December 2016, the carrying amount of the thus adjusted equity on the Company's consolidated statement of financial position as of 31 December 2016 would have been EUR 96,949 thousand; this corresponds to EUR 6.92 per Share (calculated on the basis of 14,000,000 Shares outstanding after implementation of the Capital Increase). Assuming an Offer Price of EUR 39.00 at the mid-point of the Price Range, that would correspond to a direct dilution of EUR 32.08 (-82%) per Share for the parties acquiring the New Shares.

The table below illustrates by which amount the low-, mid- and high-point of the Price Range per Share exceeds the adjusted net book value as of 31 December 2016 per Share after completion of the Capital Increase (all data unaudited):

	Low End	**Mid-Point**	**High End**
Offer Price (in EUR)	35.00	39.00	43.00
Net book value per share (based on 12,500,000 shares) as of 31 December 2016 (in EUR)	3.31	3.31	3.31
Adjusted net book value per share as of 31 December 2016 following the Capital Increase and based on 14,000,000 outstanding Shares of the Company (in EUR)	6.51[1]	6.92[2]	7.34[3]
Amount by which the Offer Price per New Share exceeds the adjusted net book value per share (direct dilution per share for the parties acquiring the New Shares) (in EUR)	28.49	32.08	35.66
Direct dilution per share for the parties acquiring the New Shares (%)	-81	-82	-83
Amount by which the Offer Price exceeds the net book value per shares attributable to the Selling Shareholders (i.e. the net book value per share before the implementation of the Capital Increase) (immediate accretion per share) (in EUR)	31.69	35.69	39.69
Immediate accretion per share to the Selling Shareholders (%)	96	109	121

1. Total costs of the Offering and Listing of the Company being EUR 2,748 million in this case.
2. Total costs of the Offering and Listing of the Company being EUR 2,988 million in this case.
3. Total costs of the Offering and Listing of the Company being EUR 3,228 million in this case.

Under the assumption that the Capital Increase is fully implemented, the aggregate shareholdings of the Selling Shareholders, who hold all Shares prior to the Offering, will be immediately diluted by 42.7% (regarding their voting rights).

10. Selected Consolidated Financial and Business Information

The financial information in the following tables is taken or derived from the Audited Consolidated Financial Statements, the Audited Unconsolidated Financial Statements and the Company's internal accounting records and its management reporting system. The Audited Consolidated Financial Statements have been prepared in accordance with IFRS. Unless otherwise indicated, the term "financial year" refers to a financial year of the Company, i.e., a financial year beginning on 1 January in a given calendar year and ending on 31 December of the same calendar year.

The Audited Consolidated Financial Statements and the Audited Unconsolidated Financial Statements were audited by RSM, who issued in each case an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*) thereon as included in the Prospectus.

Where financial information in the following tables is denoted as "audited", this means that it was taken from the Audited Consolidated Financial Statements. The label "unaudited" is used in the following tables to indicate financial information that was not taken from the Audited Consolidated Financial Statements or the Audited Unconsolidated Financial Statements but that was either taken or derived from our internal accounting records or management reporting systems or is based on calculations of these figures or recomputed from the Audited Consolidated Financial Statements or Audited Unconsolidated Financial Statements.

All of the financial information presented in the following tables is shown in Euro (EUR) or thousand of Euro (EUR thousand). Numerical figures contained in the following tables in thousands or millions, as well as percentages relating to numerical figures have been rounded in accordance with standard commercial practice. Therefore, totals or subtotals contained in the following tables may differ minimally from figures provided elsewhere in the Prospectus, which have not been rounded off. Due to rounding differences, individual numbers and percentages may not add up exactly to the totals or sub-totals contained in the following tables or mentioned elsewhere in the Prospectus. In respect of financial data set out in the prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but is, or has been rounded to, zero.

The following selected financial information should be read in conjunction with Section "*11. Management's Discussion and Analysis of Financial Condition and Results of Operations*".

10.1 Selected items from the consolidated income statement

The following table shows selected items from the consolidated income statement of the Company for the financial years ended 31 December 2016, 2015 and 2014:

	For the year ended 31 December			
	2016	**(Like-for-Like) 2015**	**2015**	**2014**
in EUR thousand	**(audited)**			
Revenue	**156,016**	**121,696**	**93,415**	**96,144**
Increase(+)/decrease(-) in finished goods and work in progress	-213	702	116	0
Operating performance[1]	**155,803**	**122,398**	**93,531**	**96,144**
Other operating income	2,950	2,744	1,650	945
Total performance[2]	**158,753**	**125,142**	**95,181**	**97,089**
Cost of raw materials and supplies	-80,806	-61,488	-46,635	-50,511
Cost of purchased services	-9,320	-5,530	-3,328	-3,750
Cost of materials	**-90,126**	**-67,018**	**-49,963**	**-54,261**
Wages and salaries	-29,949	-26,382	-19,854	-17,536
Social security and pension costs	-9,987	-9,856	-8,529	-8,330
Staff costs	**-39,936**	**-36,238**	**-28,383**	**-25,866**
Other operating expenses	-8,545	-9,066	-5,593	-6,302
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)[3]	**20,146**	**12,820**	**11,242**	**10,660**
Amortisation and depreciation expense	-1,698	-1,359	-1,052	-917
Earnings before interest and taxes (EBIT)[4]	**18,448**	**11,461**	**10,190**	**9,743**
Other interest and similar income	655	577	577	450
Interest and similar expenses	-1,245	-1,052	-891	-1,044
Net finance costs	**-590**	**-475**	**-314**	**-594**
Earnings before taxes (EBT)[5]	**17,858**	**10,986**	**9,876**	**9,149**
Income tax expense	-4,920	-3,039	-2,672	-2,972
Other taxes	-147	-58	-37	-32
Profit or loss for the period	**12,791**	**7,889**	**7,167**	**6,145**
Non-controlling interests	0	n/a	-247	0
Consolidated net profit	**12,791**	n/a	**6,920**	**6,145**

1 "Operating performance" represents the sum of revenue and increase or decrease in finished goods and work in progress.

2 Total performance" represents the sum of (i) revenue, (ii) increase or decrease in finished goods and work in progress, and (iii) other operating income.

3 "EBITDA" (i.e., earnings before interest, taxes, depreciation and amortization) represents our profit for the period before net finance cost, income taxes, other taxes, depreciation and amortization.

4 "EBIT" (i.e., earnings before interest and taxes) represents our profit for the period before net finance costs, income taxes and other taxes.

5 "EBT" (i.e., earnings before taxes) represents our profit for the period before income taxes and other taxes.

10.2 Selected items from the consolidated statement of financial position

The following table shows selected items from the consolidated statement of financial position of the Company as of 31 December 2016, 2015 and 2014:

	As at 31 December		
	2016	2015	2014
in EUR thousand		(audited)	
Assets			
Non-current assets			
Concessions, industrial property rights and similar rights	840	1,186	1,070
Goodwill	10,057	10,057	0
Intangible assets	**10,897**	**11,243**	**1,070**
Land and buildings including buildings on third-party land	11,868	10,738	7,409
Technical equipment and machinery	1,179	1,144	328
Other equipment, operating and office equipment	1,444	1,396	1,000
Advance payments and assets under development	947	245	334
Property, plant and equipment	**15,438**	**13,523**	**9,071**
Financial assets	**0**	**7,446**	**3,169**
Deferred tax assets	**380**	**405**	**352**
	26,715	**32,617**	**13,662**
Current assets			
Raw materials and supplies	1,414	1,699	447
Work in progress	34	702	0
Finished goods and commodities	454	0	211
Advance payments	2,137	947	1,344
Inventories	**4,039**	**3,348**	**2,002**
Trade receivables	13,969	16,799	10,953
Receivables from construction contracts	39,660	27,155	26,561
Other current assets	1,785	1,668	706
Trade receivables and other current assets	**55,414**	**45,622**	**38,220**
Securities	7,663	11,738	7,633
Available-for-sale financial assets	**7,663**	**11,738**	**7,633**
Cash in hand	6	4	6
Bank balances	38,177	12,594	26,101
Cash in hand, bank balances	**38,183**	**12,598**	**26,107**
	105,299	**73,306**	**73,962**
Total assets	**132,014**	**105,923**	**87,624**
Equity and liabilities			
Equity			
Issued capital	12,500	25	25
Capital reserve	4,188	8,500	8,500
Retained earnings	24,749	23,762	19,130
Non-controlling interests	0	1,895	0
	41,437	**34,182**	**27,655**
Non-current liabilities			
Liabilities to banks	16,666	9,788	5,313
Other liabilities	66	131	0
Pension provisions	18,514	16,701	16,640
Other provisions	1,235	833	524
Deferred tax liabilities	1,213	304	0
	37,694	**27,757**	**22,477**
Current liabilities			
Liabilities to banks	2,717	3,043	1,022
Advance payments received	12,157	7,760	2,790
Trade payables	11,475	9,063	7,172
Other liabilities	3,112	2,462	1,699
Provisions with the nature of a liability	6,780	4,976	3,989
Tax provisions	991	1,414	2,068
Other provisions	15,651	15,266	18,752
	52,883	**43, 984**	**37,492**
Total equity and liabilities	**132,014**	**105,923**	**87,624**

10.3 Selected items from the consolidated statement of cash flows

The following table shows selected items from the consolidated statement of cash flows of the Company as of and for the financial years ended 31 December 2016, 2015 and 2014:

	For the year ended 31 December		
	2016	2015	2014
in EUR thousand		(audited)	
1. Cash flow from operating activities			
Earnings before interest and taxes (EBIT).....................	18,448	10,190	9,743
Adjustments for non-cash transactions.....................			
Write-downs on non-current assets...............................	1,698	1,052	917
Increase (+) / decrease (-) in provisions.........................	1,230	-7,105	3,495
Gains (-) / Losses (+) from disposal of PPE	-158	-20	-10
Other non-cash expenses/income..................................	-3	0	-83
Change in working capital:			
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-10,788	5,637	-762
Decrease (-) / increase (+) in trade payables and other liabilities	9,198	5,539	-1,300
Income taxes paid..	-4,251	-3,918	-5,950
Interest received	655	577	450
Cash flow from operating activities	**16,029**	**11,952**	**6,500**
2. Cash flow from investing activities			
Investments (-) / divestments (+) intangible assets........	-210	-292	-396
Investments (-) / divestments (+) property, plant and equipment	-3,057	-327	-542
Investments (-) / divestments (+) of available-for-sale financial assets and securities....................................	11,490	-8,487	-2,152
Cash from disposal from assets	158	20	10
Disposal (+) / acquisition (-) of consolidated companies (less cash and cash equivalents sold / received)	0	-12,784	0
Cash flow from investing activities	**8,381**	**-21,870**	**-3,080**
3. Cash flow from financing activities			
Profit distribution to shareholders.................................	-4,500	-2,500	-3,500
Proceeds from borrowing financial loans	8,617	594	263
Repayment of financial loans	-2,065	-1,175	-3,476
Interest payments...	-865	-512	-600
Cash flow from financing activities	**1,187**	**-3,593**	**-7,313**
Cash and cash equivalents at the end of the period			
Change in cash and cash equivalents (Subtotal 1-3)	25,597	-13,511	-3,893
Foreign exchange differences..	-12	2	0
Cash and cash equivalents at the start of the period.......	12,598	26,107	30,000
Cash and cash equivalents at the end of the period......	**38,183**	**12,598**	**26,107**
Composition of cash and cash equivalents			
Cash in hand..	6	4	6
Bank balances..	38,177	12,594	26,101
Reconciliation to liquidity reserve on 31 December			
Cash and cash equivalents at end of period	38,183	12,598	26,107
Securities...	7,663	19,184	10,802
Liquidity reserve on 31 December	**45,846**	**31,782**	**36,909**

10.4 Selected segment and geographical data

The following table shows selected key financial segment data of the Group as of and for the financial years ended 31 December 2016, 2015 and 2014:

	For the year ended 31 December			
	2016		2015	
		%		%
in EUR thousand (except percentage data)	(audited, except for percentage figures)			
Revenue				
e-mobility	42,461	27.2	5,704	6.1
classic	113,555	72.8	87,711	93.9
Total Group revenue	**156,016**	**100**	**93,415**	
EBIT[1]				
e-mobility	7,249	40.9	1,587	15.3
classic	10,486	59.1	8,773	84.7
Reconciliation[2]	713		-170	
Total Group EBIT[1]	**18,448**		**10,190**	
EBT[3]				
e-mobility	7,069	42.9	1,534	16.2
classic	9,421	57.1	7,936	83.8
Reconciliation[4]	1,368		406	
Total Group EBT[3]	**17,858**	**100**	**9,876**	**100**

1 "EBIT" (i.e., earnings before interest and taxes) represents our profit for the period before net finance costs, income taxes and other taxes.

2 Reconciliation comprises income and expenses from investment activities and management fees to MBB SE.

3 "EBT" (i.e., earnings before taxes) represents our profit for the period before income taxes and other taxes.

4 Reconciliation comprises income and expenses from investment activities, management fees to MBB SE and interest income.

The following table provides our revenue by regions for the periods indicated:

	For the year ended 31 December					
	2016		2015		2014	
		Percentage of total revenue		Percentage of total revenue		Percentage of total revenue
in EUR thousand (except percentage data)	(audited, except for percentage figures)					
Revenue						
Europe	140,681	90.2	87,008	93.2	78,169	81.3
China	6,431	4.1	4,802	5.1	12,281	12.8
NAFTA*	7,730	5.0	1,140	1.2	270	0.3
Other	1,174	0.7	465	0.5	5,424	5.6
Total Group revenue	**156,016**	**100**	**93,415**	**100**	**96,144**	**100**

* North American Free Trade Agreement.

10.5 Selected other key operational data

The following table shows selected key operational data of the Group as of and for the financial years ended 31 December 2016, 2015 and 2014:

	2016	2015	2014
	(audited, except as indicated otherwise)		
Employees as of 31 December	**558**	**475**	**326**
Order intake for the year ended 31 December[1, 2] (in Euro thousand)	**190,110**	**141,156**	**83,157**
Thereof e-mobility segment[3]	*50,877*	*25,961*	*n/a*
Thereof classic segment[4]	*139,233*	*115,195*	*n/a*
Order backlog as of 31 December[5] (in Euro thousand)	**132,192**	**98,098**	**50,238**
Thereof e-mobility segment	*29,201*	*20,785*	*n/a*
Thereof classic segment	*102,992*	*77,313*	*n/a*
Book to bill ratio as of 31 December[6] (in %) (unaudited)	**122%**	**116%**	**87%**

1 "Order intake" is defined as the annually compounded volume of legally binding orders. The Company uses order intake as an important key performance indicator to estimate future revenue and work load.

2 "Order intake" in 2015 includes the order backlog of the Acquired Entities at the date of first time consolidation (1 November 2015) amounting to EUR 25.2 million.

3 "Order intake" in 2015 for the e-mobility segment includes the order backlog of the Acquired Entities at the date of first time consolidation (1 November 2015) amounting to EUR 21.3 million.

4 "Order intake" in 2015 for the classic segment includes the order backlog of the Acquired Entities at the date of first time consolidation (1 November 2015) amounting to EUR 3.9 million.

5 "Order backlog" is defined as the remaining estimated amount of work and profit not yet recognized as revenue of our order intake. We do not use order book as a description of unbinding orders. The Company uses order backlog as an important key performance indicator to estimate future revenue and work load.

6 "Book to bill ratio" is defined as order intake (as defined above) divided by annual consolidated revenue. As order intake for 2015 comprises the order backlog of the Acquired Entities at the date of first time consolidation (1 November 2015) amounting to EUR 25.2 million, the book to bill ratio is calculated based on the Like-for-Like revenues of 2015. The Company uses the book to bill ratio as an important key indicator whether the business of the Group is likely to expand in the near future and at what rate.

11. Management's Discussion and Analysis of Financial Condition and Results of Operations

Investors should read the following discussion of our financial condition and results of operations in conjunction with the audited consolidated financial statements of the Company as of and for the financial years ended 31 December 2016, 2015 and 2014 (individually, the "**Audited Consolidated Financial Statements for the Financial Year 2016**", the "**Audited Consolidated Financial Statements for the Financial Year 2015**", and the "**Audited Consolidated Financial Statements for the Financial Year 2014**" and together, the "**Audited Consolidated Financial Statements**") and the audited unconsolidated financial statements of the Company for the financial year ended 31 December 2016 (the "**Audited Unconsolidated Financial Statements**"). The Audited Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). The Audited Unconsolidated Financial Statements have been prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*, "**HGB**"). The Audited Consolidated Financial Statements and the Audited Unconsolidated Financial Statements (which are included in this Prospectus beginning on page F-1) were audited by RSM, who issued in each case an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*) thereon as included in this Prospectus. IFRS and HGB may differ in material respects.

Some of the statements contained below include forward-looking statements. These statements involve inherent uncertainties and actual results may differ materially. Investors can find a discussion of these uncertainties in "4. *General Information – 4.3 Forward-looking statements*". In addition, investing in the Shares involves risks. Investors can find a discussion of these risks in "3. *Risk Factors*".

Where financial information in the following tables is denoted as "audited", this means that it was taken from the Audited Consolidated Financial Statements or from the Audited Unconsolidated Financial Statements. The label "unaudited" is used in the following tables to indicate financial information that was not taken from the Audited Consolidated Financial Statements or the Audited Unconsolidated Financial Statements but that was either taken or derived from our internal accounting records or management reporting systems or is based on calculations of these figures or recomputed from the Audited Consolidated Financial Statements or Audited Unconsolidated Financial Statements. This section contains certain Non-IFRS financial measures and ratios including operating performance, total performance, EBITDA, EBIT, EBT, EBT margin, order intake and order backlog which are not required by, or presented in accordance with, IFRS (for further information see "*4.6.2 Non-IFRS measures").*

All of the financial information presented in the following tables is shown in Euro ("**EUR**"), thousands of Euro ("**EUR thousand**") or millions of Euro ("**EUR million**"). Numerical figures contained in the following tables in thousands or millions, as well as percentages relating to numerical figures have been rounded in accordance with standard commercial practice. Therefore, totals or subtotals contained in the following tables may differ minimally from figures provided elsewhere in this Prospectus, which have not been rounded off. Due to rounding differences, individual numbers and percentages may not add up exactly to the totals or sub-totals contained in the following tables or mentioned elsewhere in this Prospectus. In respect of financial data set out in the Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but is, or has been rounded to, zero.

11.1 Overview

We believe that we are a leading manufacturer of specialized machinery and production lines for components of electrified drivetrains and an international equipment supplier to the automotive, aerospace, consumer electric and other industries. A significant majority of our revenues and EBIT are generated from sales to customers in the automotive sector. Our offering comprises high-quality and technologically advanced specialized machinery, production lines for components and products as well as complementary services. Our specialized machinery and production lines can be technically designed as industry 4.0 solutions. Our precision-made specialized machinery and production lines enable our customers to produce state-of-the-art components for all of the above mentioned industries based on our innovative technology and automated manufacturing processes.

Our specialized machinery for electrified drivetrain ("**E-Drivetrain**") manufacturing for electric vehicles and hybrid vehicles (together "**Electric Vehicles**"), in particular for electric motors ("**E-Motors**"), contributes to optimized customer end-products and efficient mass production scalability. In addition, our products for customers in the automotive sector for conventional drivetrains based on internal combustion engines ("**ICEs**") ("**Conventional Drivetrains**") allow our customers to produce components that further help to reduce the CO2 emissions of their fleet, while also providing significant benefits in the manufacturing process of those components.

We often work jointly to develop and optimize a customer's end product. As a result, a large portion of our staff consists of highly educated people, including software engineers and mechatronic specialists, whom we also train at our own training facility. Many of our experts have a combination of technical expertise as engineers and management skills in operating businesses. As our business model focuses on the most value-adding steps of the value chain, this combination enables us to recognize which steps of the value chain can most effectively be outsourced and which can most effectively be completed in-house. This organizational approach allows us to scale our capacity by the use of third parties which we believe to be an essential enabler for growth.

Based on our experience in the market, we believe that our specialized machinery and production lines enable our customers to manufacture efficient E-Motors. We believe that our innovative processes and technologies, our strategic focus on e-mobility manufacturing solutions, high product quality and reliable delivery, long-standing and diversified customer relationships, with a particular emphasis on original equipment manufacturers ("**OEMs**") and Tier 1 customers, and our complementary service offering position us well for the future.

In the financial year ended 31 December 2016, we generated revenues of EUR 156,016 thousand (EUR 93,415 thousand in the financial year ended 31 December 2015 and on a Like-for-Like basis EUR 121,696 thousand in the financial year ended 31 December 2015) and an EBIT of EUR 18,448 thousand (EUR 10,190 thousand in the financial year ended 31 December 2015 and on a Like-for-Like basis EUR 11,461 thousand in the financial year ended 31 December 2015).

We believe that we have a strong European presence and a developing global presence and, with our plant in Changzhou, we already have a fully-integrated operational unit in the fast growing Chinese market. Our business activities are divided into the regions Europe (90.2% of our revenues in 2016), China (4.1% of our revenues in 2016) and the NAFTA market (5.0% of our revenues in 2016). We generate most of our business in Europe and ship our specialized machinery and production lines to our customers' locations around the world from our facilities in Germany and China. As of 31 December 2016, we had three manufacturing facilities in Germany and one in China and 558 employees.

11.2 Segments

The activities of our Group are reported by operating segment on the basis of IFRS 8 (Operating Segments). Segmentation is based on internal management and reporting on the basis of legal units.

We divide our business into two business segments and sell our specialized machinery, production lines and services to many of our customers across both segments:

- **e-mobility:** In our e-mobility segment, we primarily design, manufacture and sell specialized machinery and automated production lines for the automotive, aerospace, railway and other mobility industries with a principal focus on the automotive industry. Our offerings enable our e-mobility customers to produce highly efficient and advanced E-Motors on a mass production scale using direct winding technology ranging from linear, flyer and needle winding to highly advanced continuous hairpin and distributed needle winding as well as sophisticated automated solutions for surrounding processes. Large customers from the automotive and e-bike industries such as

Volkswagen Group and Bosch use our technology to produce their latest generation of E-Motors. We also offer specialized machinery and production lines for the manufacturing of energy storage systems and provide complementary product support services such as maintenance, repair and spare part supply as well as joint development services throughout the whole segment. The e-mobility segment accounted for 27.2% of our Group revenue and 40.9% of our Group EBIT (before reconciliation of EUR 713 thousand) in 2016.

- **Classic:** In our classic segment we primarily design, manufacture and sell specialized machinery and automated production lines for the automotive, aerospace, railway, consumer electric, agricultural and cleantech industries. Our solutions include specialized machinery for the production of ICE drivetrain components (including built camshafts, camshaft modules, built cylinder activation and deactivation modules and components for valve control systems) and light weight structural components for our automotive customers such as BMW, Daimler and ThyssenKrupp Presta, which enable OEMs that use these components to reduce their fleets' CO2 emissions and provide significant manufacturing benefits. We also provide assembly and logistical solutions for the consumer electric industry, transport jigs for the aerospace industry as well as specific solutions for other industries. We also offer complementary product support services as well as production services, such as measuring, prototyping and machining and others. In addition, we produce and sell to a limited extent certain serial parts in particular to automotive and agriculture customers. The classic segment accounted for 72.8% of our Group revenue and 59.1% of our Group EBIT (before reconciliation of EUR 713 thousand) in 2016.

11.3 Accounting implications of the acquisition of the Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH

On 19 November 2015, we acquired 75% of each of Aumann GmbH, Espelkamp, Aumann Berlin GmbH, Henningsdorf and Aumann Immobilien GmbH, Espelkamp (these acquisitions, the "**2015 Acquisition**" and these acquired companies together, the "**Acquired Entities**"). In December 2016, we increased our shareholding in Aumann GmbH and Aumann Berlin GmbH to 100% and in Aumann Immobilien GmbH to 94.9%. For more detailed information, see "*14.14.1 Acquisition of 75% of the shares in each of Aumann GmbH, Aumann Berlin GmbH and Aumann* Immobilien GmbH" and "*14.14.3 Acquisition of the remaining 25% of the stated capital in Aumann GmbH and Aumann Berlin GmbH and of additional 19.9% stated capital of Aumann Immobilien GmbH*".

Following the 2015 Acquisition, we prepared our consolidated financial statements in accordance with IFRS for the financial year ended 31 December 2015, although these statements only included trading activity for the period subsequent to 1 November 2015, which was the effective date of the 2015 Acquisition. Consequently, our Audited Consolidated Financial Statements for the financial year 2015 are not comparable to our Audited Consolidated Financial Statements for the financial year 2016.

In order to improve the comparability of our Audited Consolidated Financial Statements for the financial year 2015 to the Audited Consolidated Financial Statements for the financial year 2016, we prepared like-for-like financial information for all income statement line items in the notes to our Audited Consolidated Financial Statements for the Financial Year 2015 ("**Like-for-Like Financial Information**" or "**Like-for-Like**"). Such Like-for-Like Financial Information presents income statement line items as if the Acquired Entities had been part of our Group for the full financial year 2015. When financial information for the financial year 2015 is referred to as "Like-for-Like" in this Prospectus, the numbers refer to the Like-for-Like Financial Information.

In the financial year ended 31 December 2016, we generated revenues of EUR 156,016 thousand (EUR 93,415 thousand in the financial year ended 31 December 2015 and on a Like-for-Like basis EUR 121,696 thousand in the financial year ended 31 December 2015) and an EBIT of EUR 18,448 thousand (EUR 10,190 thousand in the financial year ended 31 December 2015 and on a Like-for-Like basis EUR 11,461 thousand in the financial year ended 31 December 2015).

At the first-time consolidation of the Acquired Entities in 2015 future earnings contributions of the existing order backlog were taken into account as they had been recognized in receivables from construction contracts according to the individual project's stage of completion. Further earnings contributions of the existing order backlog were not recognized as an intangible asset.

According to the view of the Management Board a further recognition of the order backlog as an intangible asset was not appropriate due to the inherent uncertainties. A further recognition of the order backlog would have led to an intangible asset in the amount of EUR 600 thousand, based on an average margin, which would have reduced the goodwill by approximately EUR 420 thousand (after deferred taxes).

In this case, and considering an average project period of 12 months, amortisation of the intangible asset in the amount of EUR 100 thousand would have been recognised and earnings before tax would have been lower by this amount in 2015. On the other hand, deferred tax liabilities would have increased earnings after tax by about EUR 30 thousand. Overall, profit for the period and equity would have been reduced by EUR 70 thousand. In 2016 this case would have led to amortisation of intangible assets of EUR 500 thousand and reduced earnings before taxes by the same amount. After taking into account deferred taxes, profit for the period and equity would have been reduced by EUR 350 thousand.

11.4 Key factors affecting our results of operations

11.4.1 Economic conditions affecting our business

Our business depends on the demand of our customers for our machinery, production lines and services in the e-mobility and classic segments, which in turn depends to a large extent on the general economic conditions in the markets in which our customers use our products, in which end consumers are located or in which we operate.

When general economic conditions in the markets in which our customers use our products, in which end consumers are located or in which we operate deteriorate, demand from our customers for our specialized machinery, production lines and services also tends to be adversely affected, particularly in those industry sectors or markets which are most affected by such changes. Such changes, particularly when they are widespread and pronounced, can therefore materially affect our results of operations. For example, between 2014 and the 2015 Acquisition, we experienced a reduction in our order intake as a result of a deterioration in general economic conditions in Asia, where a number of our important customers use our specialized machinery and production lines at their production sites. As a result of this reduction in demand from our customers, our order intake decreased during this period, which in turn led to a decrease in our revenues by 2.8% from 2014 to 2015.

Starting with our shift to e-mobility following the 2015 Acquisition, the rapid increase in demand for e-mobility products and the stable growth of our classic segment, our business became more resilient to general adverse economic effects in our major markets such as Asia. As a result of these effects, especially the consolidation of the first two months of revenue from the Acquired Entities our revenues and EBIT increased in both segments from 2015 and 2016:

	For the year ended 31 December		
	2016	(Like-for-Like) 2015	2015
		(audited)	
in EUR thousand			
Revenue	156,016	121,696	93,415
EBIT	18,448	11,461	10,190

11.4.2 Developments in the global automotive market

We supply large original equipment manufacturers ("**OEM**") and Tier 1 and Tier 2 suppliers (Tier 1 and Tier 2 suppliers refer to the globally largest suppliers for OEMs) in the automotive industry and therefore are highly dependent on developments in the global automotive market. The significant majority of our revenues and EBIT are generated by sales to our customers in the automotive sector.

Our business is directly affected by the demand for new light vehicles expected by our OEM customers and the corresponding investment decisions of OEM, Tier 1 and Tier 2 customers. The term light vehicles is defined as passenger cars and light trucks ("**Light Vehicles**"). Production of new Light Vehicles in Europe increased from 20.9 million in 2015 to 21.5 million in 2016 and production of Light Vehicles increased globally from 88.7 million in 2015 to 91.9 million in 2016 (source: Company information based on market data from an international research company). Partially as a result of this positive development, we generated revenues of EUR 156,016 thousand in the financial year 2016, compared to EUR 121,696 thousand on a Like-for-Like basis in the financial year ended 31 December 2015 and EUR 96,144 thousand in the financial year ended 31 December 2014. Our EBIT amounted to EUR 18,448 thousand in the financial year 2016 compared to EUR 11,461 thousand on a Like-for-Like basis in the financial year ended 31 December 2015 and EUR 9,743 thousand in the financial year ended 31 December 2014. As a result, we believe that any investment decisions of OEM, Tier 1 and Tier 2 customers in anticipation of expected increases in sales of new Light Vehicles positively affected sales of our specialized machinery, production lines and services.

Our business is also indirectly affected by the impact of certain economic factors on our customers' businesses including factors as unemployment, interest rates, fuel prices, consumer confidence, levels of international trade and regulatory policies. In the last several years, the main markets in which we operate (i.e. Germany) experienced relatively low levels of unemployment, low interest rates, high levels of consumer confidence and stable international trade and regulatory policies. As a result, we believe that these conditions positively indirectly affected the business of our OEMs and Tier 1 and Tier 2 suppliers and thereby positively affected our results of operations.

In addition, any new developments in the near future, including any decision by the new American Administration to implement protectionist trade policies, could have an effect on our customers' ability to produce their products in Mexico or other countries, through the imposition of tariffs when such products are shipped into the United States. Any such developments could have an adverse impact on our results of operations (see below "3.1.2 *The introduction of economic protectionist policies in the United States by the new American administration or policies which support the use of ICE vehicles could adversely affect the business operations of our* customers in certain NAFTA markets, which may adversely *affect our business.*").

11.4.3 Developments in the global e-mobility market

The 2015 Acquisition had a limited positive impact on our results of operations for 2015 and a significant impact on our results of operations for 2016. Revenues in the e-mobility segment amounted to EUR 5,704 thousand in 2015, most of which are attributable to the Acquired Entities. In 2016, revenues in the e-mobility segment increased to EUR 42,461 thousand.

As a result of the 2015 Acquisition, our growth for the end of the financial year 2015 and for the financial year 2016 was dependent and our future growth will depend on the growth of the market for Electric Vehicles and the corresponding investment decisions of OEM, Tier 1 and Tier 2 customers. The market for Electric Vehicles is expected to grow from 2.5 million produced vehicles in 2015 to 32.1 million in 2025 (source: Company information based on market data from an international research company). The market for Electric Vehicles is, however, characterized by rapidly changing technologies, price competition, entrance of new competitors, evolving government regulations and industry standards, frequent new vehicle announcements and changing consumer demands and behaviors. Factors that may influence the adoption of Electric Vehicles are perceptions about Electric Vehicle quality, developments in alternative technologies, and improvements in the fuel economy of the ICE, the availability of infrastructure and service for Electric Vehicles and limited availability of components to produce the necessary volume of components of Electric Vehicles. These factors had and will likely have influence on the corresponding investment decisions of OEM, Tier 1 and Tier 2 customers.

11.4.4 Changes in the regulatory environment

Our business is affected by a number of existing governmental regulations and will be affected by additional regulations in the future. Existing and future regulations to reduce emissions, to ban outright or limit the use of ICEs, to encourage the purchase of Electric Vehicles, to increase energy efficiency of electric devices and to introduce measures beneficial to the environment would have a positive impact on our results of operations. Alternatively, the introduction of any future regulations to lift the ban on emissions, to encourage the purchase of ICEs, to promote the introduction of new engine technologies rendering our winding technologies obsolete or other alternative technologies in general, to promote the development of new fuel-efficient ICEs as well as any regulations to support the use of fossil fuels may have an adverse impact on our results of operations.

11.4.5 Fluctuations in order intake

As we design, manufacture and sell from a single machine to complete production lines, our customers' orders generally range in volume between hundreds of thousands of Euros to large contracts worth tens of millions of Euros. The frequency of large scale orders from customers has historically affected and will in the future affect our results of operations.

We anticipate our revenues for any particular period based on our order intake and our order backlog. We base our estimate of the amount of these revenues on the number of projects and contracts or orders for any particular period. If any contracts and/or orders for our specialized machinery, production lines and services are cancelled or delayed, this could lead to lower revenues than anticipated. In the financial year 2014, we experienced a reduction in our order intake particularly due to a temporary slowdown in our Asian markets. As a result of this reduction in order intake, our revenues decreased by 2.8% in the financial year 2015 compared to the financial year 2014. The following table shows the order intake at the end of the last three financial years, the order backlog at the end of the last three financial years and the book to bill ratio at the end of the last three financial years:

	2016	2015	2014
		(audited)	
Order intake for the year ended 31 December[1, 2] (in Euro thousand)	**190,110**	**141,156**	**83,157**
Thereof e-mobility segment[3]	*50,877*	*25,961*	*n/a*
Thereof classic segment[4]	*139,233*	*115,195*	*n/a*
Order backlog as of 31 December[5] (in Euro thousand)	**132,192**	**98,098**	**50,238**
Thereof e-mobility segment	*29,201*	*20,785*	*n/a*
Thereof classic segment	*102,992*	*77,313*	*n/a*
Book to bill ratio as of 31 December[6] (in %)	**122%**	**116%**	**87%**

1 "Order intake" is defined as the annually compounded volume of legally binding orders. The Company uses order intake as an important key performance indicator to estimate future revenue and work load.

2 "Order intake" in 2015 includes the order backlog of the Acquired Entities at the date of first time consolidation (1 November 2015) amounting to EUR 25.2 million.

3 "Order intake" in 2015 for the e-mobility segment includes the order backlog of the Acquired Entities at the date of first time consolidation (1 November 2015) amounting to EUR 21.3 million.

4 "Order intake" in 2015 for the classic segment includes the order backlog of the Acquired Entities at the date of first time consolidation (1 November 2015) amounting to EUR 3.9 million.

5 "Order backlog" is defined as the remaining estimated amount of work and profit not yet recognized as revenue of such orders. We do not use order book as a description of unbinding orders. The Company uses order backlog as an important key performance indicator to estimate future revenue and work load.

6 "Book to bill ratio" is defined as order intake (as defined above) divided by annual consolidated revenue. As order intake for 2015 comprises the order backlog of the Acquired Entities at the date of first time consolidation (1 November 2015) amounting to EUR 25.2 million, the book to bill ratio is calculated based on the Like-for-Like revenues of 2015. The Company uses the book to bill ratio as an important key indicator whether the business of the Group is likely to expand in the near future and at what rate.

In the financial year 2015, we experienced an overall increase in our order intake as a result of the two month consolidation of the Acquired Entities, which off-set the decrease in order intake from our customers before 1 November 2015. Accordingly, our revenues increased by 28% in the financial year 2016 compared to the financial year 2015 on a Like-for-Like basis. In the financial year 2016, our order intake increased strongly by 35% compared to the financial year 2015 as a result of a rapid increase in demand in the e-mobility segment and the effect of the full-year consolidation of the Acquired Entities.

11.4.6 Combination of automation and winding experience and technology

As a result of the acquisition of Aumann GmbH and Aumann Berlin GmbH, we combined our existing automation experience and technology as well as our experience in handling large orders and OEM customers with the winding experience and technology of these entities. Taken together, these combined operations enable us to better serve our existing customers and to approach new customers in terms of experience, technology and size, which had a significant positive impact on our results of operations for 2016. Under the assumption that market demand for our products remains strong, this would result in increased orders for our specialized machinery and production lines and, with a certain delay, ultimately our services, which would positively affect our result of operations. The percentage share of our services business has grown significantly from 2% of revenue in 2014 to 6% of revenue in 2016. We derive service revenue from both our classic and e-mobility segments. We estimate that our services business will continue to grow in the future as our customers increasingly rely on our technological expertise to provide services for the complex specialized machinery and production lines they purchase from us.

11.4.7 Research and development expenses

Innovation and continuous improvement in product development, production technology and automation solutions with a technological edge are important in order to maintain our market share and the profitability of our business in the long term. Historically, our customers directly or indirectly paid the largest part of research and development costs for new machinery in both of our segments. Therefore, we do not account for R&D expenses separately.

Based on our very conservative approach, we anticipate that we will assume a significant portion of these research and development investment costs and capitalize them in the future as we upgrade our machinery and products and enhance our technologies in order to strive for market leadership in e-mobility. This could also lead to impairments should newly developed technology not result in planned commercial sales.

11.5 Key performance indicators

We anticipate our revenues for any particular period based on our order intake and our order back log. We base our estimate of the amount of these revenues on the number of projects and contracts or orders for any particular period. If there is any delay in the implementation of projects or the cancellation of contracts and/or orders for our specialized machinery, production lines and services, this could lead to lower revenues than anticipated in our order intake and our order back log.

Throughout the Prospectus, we present certain financial measures and adjustments that are not defined by IFRS, or any other internationally accepted accounting principles, including operating performance, total performance, EBITDA, EBIT, EBT, EBT margin, order backlog, order intake and book to bill ratio (collectively, the "**Non-IFRS Measures**"). We have defined each of the following Non-IFRS Measures as follows:

- "Operating performance" represents the sum of revenue and increase or decrease in finished goods and work in progress.
- "Total performance" represents the sum of (i) revenue, (ii) increase or decrease in finished goods and work in progress, and (iii) other operating income.
- "Adjusted EBITDA" represents our EBITDA (i.e. profit for the period before net finance cost, income taxes, other taxes, depreciation and amortization) adjusted for the costs in relation to consultancy services received from MBB SE (see "*20.1.2 Consultancy services of MBB SE*") and

from Anton Breitkopf (Chief Financial Officer of MBB SE) (see "*20.2 Executive management services of Anton Breitkopf*") as well as costs in connection with the 2015 Acquisition (see "*14.14.1 Acquisition of 75% of the shares in each of Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH*") as non-recurring or one-off items.

- "EBIT" (i.e., earnings before interest and taxes) represents our profit for the period before net finance costs, income taxes and other taxes.
- "EBIT margin" is defined as EBIT divided by total revenue.
- "Adjusted EBIT" represents our EBIT (i.e. profit for the period before net finance costs, income taxes and other taxes) adjusted for the costs in relation to consultancy services received from MBB SE (see "*20.1.2 Consultancy services of MBB SE*") and from Anton Breitkopf (Chief Financial Officer of MBB SE) (see "*20.2 Executive management services of Anton Breitkopf*") as well as costs in connection with the 2015 Acquisition (see "*14.14.1 Acquisition of 75% of the shares in each of Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH*") as non-recurring or one-off items.
- "EBT" (i.e., earnings before taxes) represents our profit for the period before income taxes and other taxes.
- "EBT margin" is defined as EBT divided by total revenue.
- "Order intake" is defined as the annually compounded volume of legally binding orders. The Company uses order intake as an important key performance indicator to estimate future revenue and work load.
- "Order backlog" is defined as the remaining estimated amount of work and profit not yet recognized as revenue of our order intake. We do not use order book as a description of unbinding orders. The Company uses order intake as an important key performance indicator to estimate future revenue and work load.
- "Book to bill ratio" is defined as order intake (as defined above) divided by annual consolidated revenue. The Company uses the book to bill ratio as an important key indicator whether the business of the Group is likely to expand in the near future and at what rate.

We present these Non-IFRS Measures as (i) they are used by our management to measure operating performance and indebtedness, including in presentations to the members of our Management Board and Supervisory Board, and as a basis for strategic planning and forecasting, and (ii) they represent measures that we believe are widely used by certain investors, securities analysts and other parties as supplemental measures of operating and financial performance. These Non-IFRS Measures may enhance management's and investors' understanding of our financial performance and indebtedness by excluding items that are outside of our ongoing operations, such as income taxes, costs of capital and non-cash expenses. For example, we believe that EBIT is widely used by investors to measure our operating performance as it shows our operating performance before income taxes which enables investors to compare our EBIT with companies in other jurisdictions.

However, these Non-IFRS Measures are not defined by IFRS or any other internationally accepted accounting principles, and you should not consider such items as an alternative to the historical financial results or other indicators of our performance, liabilities or net assets based on IFRS measures. In particular, they should not be considered as alternatives to net income or income before tax as indicators of our performance, profitability or as alternatives to cash flows from operating activities as an indicator of our financial strength. The Non-IFRS Measures, as defined by us, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our Non-IFRS Measures are calculated. Even though the Non-IFRS Measures are used by management to assess ongoing operating performance, indebtedness and these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results, cash flows or assets and liabilities as reported under IFRS.

11.6 Key Items of our Results of Operations

11.6.1 Revenue

Revenue principally comprises the sale of machinery and production lines as well as additional services in the e-mobility segment and in the classic segment.

Revenue is recognized when it is probable that we will obtain the economic benefits and the amount of the revenue can be reliably determined. Revenue is measured at the fair value of the consideration received or to be received less discounts and rebates granted and value-added tax or other levies. Revenue from the sale of goods and products is recognized when the significant risks and rewards of ownership of the goods and products sold have been transferred to the buyer. This generally takes place when the goods and products are delivered or accepted by the end customer. Revenue from service transactions is recognized only when it is sufficiently probable that the economic benefits associated with the transaction will flow to us. It is recognized in the accounting period in which the services in question are performed.

As a general rule, we account for construction contracts with our customers in accordance with lFRS by using the "percentage-of-completion" method ("**POC**"). Under this method, if the result of a construction contract can be estimated reliably, the contract revenue and contract costs associated with this construction contract are recognized by reference to the degree of completion of the contract activity at the balance sheet date. The degree of completion is calculated as the ratio of the contract costs incurred up until the balance sheet date to the total estimated contract costs as at the balance sheet date (cost-to-cost method). If the result of a construction contract cannot be reliably estimated, the probable revenue is recognized up to a maximum of the costs incurred. Contract costs are recognized 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. Nevertheless, the actual revenues generated under the contracts and the associated actual sales revenues and profits may differ from previous estimates and expectations and the IFRS methods on which they are based.

Under the POC method, the amounts invoiced do not always correlate directly to the revenue recognized. Based upon the terms of the specific contract, billings may be in excess of the revenue recognized, in which case the amounts are included in customer prepayments as a liability in the statement of financial position. Likewise, revenues recognized may exceed customer billings in which case the amounts are reported in trade receivables.

11.6.2 Operating performance

Operating performance comprises revenue and the increase or decrease in finished goods and work in progress.

11.6.3 Total performance

Total performance includes revenue, the increase or decrease in finished goods and work in progress as well as other operating income. Other operating income principally consists of (i) income from securities, (ii) income from the reversal of bad debt allowances, (iii) credit notes, (iv) income from the release of provisions and (v) other income.

11.6.4 Cost of materials

Cost of materials principally comprises costs for purchased parts such as components, modules robots and other technical devices. In addition, cost of materials comprises freight costs, costs or packaging, guarantee expenses, commissions, energy costs and purchased services, e.g. for construction or dispatchment of our machines and production lines.

11.6.5 Staff costs

Staff costs consist of fixed and variable salaries and wages, social security contributions as well as other personnel costs such as pension expenses resulting from pension plans which have been closed to new employees since 2006.

11.6.6 Other operating expenses

Other operating expenses consist of expenses for the maintenance of our machinery and facilities, legal and consulting costs (including the management fee to MBB SE), other purchased services, rent and leasing expenses, travel expenses, insurance costs, advertising costs and other expenses.

11.6.7 Earnings before interest, taxes, depreciation, and amortisation (EBITDA)

EBITDA represents our profit for the period before net finance cost, income taxes, other taxes, depreciation and amortization.

11.6.8 Earnings before interest and taxes (EBIT)

EBIT represents our profit for the period before net finance costs, income taxes and other taxes.

11.6.9 Net finance costs

Net finance costs principally comprise other interest and similar income and interest and similar expenses, including expenses for bank guarantees, as well as write downs on securities.

11.6.10 Earnings before taxes (EBT)

EBT represents our profit for the period before income taxes and other taxes.

11.6.11 Profit or loss for the period

Profit or loss for the period represents our profit for the period after income taxes and other taxes but before the result of minorities.

11.6.12 Consolidated net profit

Consolidated net profit represents our profit for the period after income taxes, other taxes and after the result of minorities.

11.7 Results of operations

The following table provides financial information from the Audited Consolidated Financial Statements for the periods indicated and Like-for-Like Financial Information for select items, including revenue, EBITDA, EBIT and EBT for the financial year ended 31 December 2015.

	For the year ended 31 December			
	2016	(Like-for-Like) 2015	2015	2014
in EUR thousand	(audited)			
Revenue	**156,016**	**121,696**	**93,415**	**96,144**
Increase(+)/decrease(-) in finished goods and work in progress	-213	702	116	0
Operating performance[1]	**155,803**	**122,398**	**93,531**	**96,144**
Other operating income	2,950	2,744	1,650	945
Total performance[2]	**158,753**	**125,142**	**95,181**	**97,089**
Cost of raw materials and supplies	-80,806	-61,488	-46,635	-50,511
Cost of purchased services	-9,320	-5,530	-3,328	-3,750
Cost of materials	**-90,126**	**-67,018**	**-49,963**	**-54,261**
Wages and salaries	-29,949	-26,382	-19,854	-17,536
Social security and pension costs	-9,987	-9,856	-8,529	-8,330
Staff costs	**-39,936**	**-36,238**	**-28,383**	**-25,866**
Other operating expenses	-8,545	-9,066	-5,593	-6,302
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)[3]	**20,146**	**12,820**	**11,242**	**10,660**
Amortisation and depreciation expense	-1,698	-1,359	-1,052	-917
Earnings before interest and taxes (EBIT)[4]	**18,448**	**11,461**	**10,190**	**9,743**
Other interest and similar income	655	577	577	450
Interest and similar expenses	-1,245	-1,052	-891	-1,044
Net finance costs	**-590**	**-475**	**-314**	**-594**
Earnings before taxes (EBT)[5]	**17,858**	**10,986**	**9,876**	**9,149**
Income tax expense	-4,920	-3,039	-2,672	-2,972
Other taxes	-147	-58	-37	-32
Profit or loss for the period	**12,791**	**7,889**	**7,167**	**6,145**
Non-controlling interests	0	n/a	-247	0
Consolidated net profit	**12,791**	n/a	**6,920**	**6,145**

1 “Operating performance” represents the sum of revenue and increase or decrease in finished goods and work in progress.

2 Total performance” represents the sum of (i) revenue, (ii) increase or decrease in finished goods and work in progress, and (iii) other operating income.

3 “EBITDA” (i.e., earnings before interest, taxes, depreciation and amortization) represents our profit for the period before net finance cost, income taxes, other taxes, depreciation and amortization.

4 “EBIT” (i.e., earnings before interest and taxes) represents our profit for the period before net finance costs, income taxes and other taxes.

5 “EBT” (i.e., earnings before taxes) represents our profit for the period before income taxes and other taxes.

11.7.1 Comparison of results for the financial years ended 31 December 2016 and 2015

11.7.1.1 Revenue

Revenue for the year ended 31 December 2016 was EUR 156,016 thousand, a EUR 62,601 thousand, or 67.0%, increase compared to EUR 93,415 thousand for the year ended 31 December 2015. The increase was principally a result of the acquisition of the Acquired Entities and the rapid increase in demand in the e-mobility segment accompanied by an increase in revenue in the classic segment as illustrated in the following table.

Revenue by segment

The following table provides our revenue by segment for the periods indicated.

	For the year ended 31 December			
	2016		2015	
		Percentage of total revenue		Percentage of total revenue
in EUR thousand (except percentage data)	**(audited, except for percentage figures)**			
Revenue				
e-mobility	42,461	27.2	5,704	6.1
Classic	113,555	72.8	87,711	93.9
Total Group revenue	**156,016**	**100**	**93,415**	**100**

Revenue in our e-mobility segment for the year ended 31 December 2016 was EUR 42,461 thousand, a EUR 36,757 thousand, or more than six-fold increase compared to EUR 5,704 thousand for the year ended 31 December 2015. The increase was strongly driven by the acquisition of the Acquired Entities and the rapid increase in demand in the e-mobility segment.

Revenue in our classic segment for the year ended 31 December 2016 was EUR 113,555 thousand, a EUR 25,844 thousand, or 29.5%, increase compared to EUR 87,711 thousand for the year ended 31 December 2015. The increase was principally a result of our long-standing partnerships with OEM and Tier-1 and Tier-2 customers in this segment.

Revenue by regions

The following table provides our revenue by regions for the periods indicated.

	For the year ended 31 December			
	2016		2015	
		Percentage of total revenue		Percentage of total revenue
in EUR thousand (except percentage data)	**(audited, except for percentage figures)**			
Revenue				
Europe	140,681	90.2	87,008	93.2
China	6,431	4.1	4,802	5.1
NAFTA	7,730	5.0	1,140	1.2
Other	1,174	0.7	465	0.5
Total Group revenue	**156,016**	**100**	**93,415**	**100**

We generate the majority of our revenue from European customers even though our specialized machinery and production lines are used at customer sites around the globe.

Increase(+)/decrease(-) in finished goods and work in progress

Increase(+)/decrease(-) in finished goods and work in progress for the year ended 31 December 2016 was EUR -213 thousand, a EUR 329 thousand, or 283.6%, decrease compared to EUR 116 thousand for the year ended 31 December 2015.

11.7.1.2 Operating performance

Operating performance for the year ended 31 December 2016 was EUR 155,803 thousand, a EUR 62,272 thousand, or 66.6%, increase compared to EUR 93,531 thousand for the year ended 31 December 2015. The increase was principally a result of strong revenue growth.

11.7.1.3 Other operating income

Other operating income for the year ended 31 December 2016 was EUR 2,950 thousand, a EUR 1,300 thousand, or 78.8%, increase compared to EUR 1,650 thousand for the year ended 31 December 2015. Other operating income principally comprises income from the sale of securities, income from the reversal of provisions and bad debt allowances, income from exchange rate differences as well as other operating income items, with the increase being driven by the acquisition of the Acquired Entities.

11.7.1.4 Total performance

Total performance for the year ended 31 December 2016 was EUR 158,753 thousand, a EUR 63,572 thousand, or 66.8%, increase compared to EUR 95,181 thousand for the year ended 31 December 2015. The increase was principally a result of the aforementioned developments.

11.7.1.5 Cost of raw materials

Costs of raw materials for the year ended 31 December 2016 was EUR 80,806 thousand, a EUR 34,171 thousand, or 73.3%, increase compared to EUR 46,635 thousand for the year ended 31 December 2015. The increase was principally a result of the acquisition of the Acquired Entities in combination with the need for more raw materials as customers placed more orders for our specialized machinery and production lines due to the rapid increase in demand in the e-mobility segment accompanied by an increase in revenue in the classic segment.

11.7.1.6 Cost of purchased services

Costs of purchased services for the year ended 31 December 2016 was EUR 9,320 thousand, a EUR 5,992 thousand, or 180.0%, increase compared to EUR 3,328 thousand for the year ended 31 December 2015. The increase was principally a result of the acquisition of the Acquired Entities in combination with the need for more purchased services as customers placed more orders for our specialized machinery and production lines due to the rapid increase in demand in the e-mobility segment accompanied by an increase in revenue in the classic segment. The increase in purchased services also resulted from the hiring of more temporary workers.

11.7.1.7 Cost of materials and supplies

Costs of materials for the year ended 31 December 2016 was EUR 90,126 thousand, a EUR 40,163 thousand, or 80.4%, increase compared to EUR 49,963 thousand for the year ended 31 December 2015. The increase was principally a result of the aforementioned developments. In order to react to the rapid increase in demand and due to the acquisition of the Acquired Entities, we increased the ratio of cost of materials to total revenues from 53.5% for the year ended 31 December 2015 to 57.8% for the year ended 31 December 2016 which shows our ability cost-effectively to scale our production to significantly increased demand.

11.7.1.8 Wages and salaries

Wages and salaries for the year ended 31 December 2016 was EUR 29,949 thousand, a EUR 10,095 thousand, or 50.8%, increase compared to EUR 19,854 thousand for the year ended 31 December 2015. The increase was principally a result of the acquisition of the Acquired Entities, the hiring of personnel during 2015 which came into full effect in 2016, the hiring of personnel during 2016 as well as salary increases for our employees.

11.7.1.9 Social security and pension costs

Social security and pension costs for the year ended 31 December 2016 was EUR 9,987 thousand, a EUR 1,458 thousand, or 17.1%, increase compared to EUR 8,529 thousand for the year ended 31 December 2015. The increase was principally a result of the acquisition of the Acquired Entities, the hiring of personnel during 2015 which came into full effect in 2016, the hiring of personnel during 2016 as well as salary increases for our employees.

11.7.1.10 Staff costs

Staff costs for the year ended 31 December 2016 was EUR 39,936 thousand, a EUR 11,553 thousand, or 40.7%, increase compared to EUR 28,383 thousand for the year ended 31 December 2015. In order to react to the acceleration of demand and due to the acquisition of the acquired entities, we have decreased the ratio of staff costs to total revenues from 30.4% for the year ended 31 December 2015 to 25.6% for the year ended 31 December 2016 which shows our ability cost-effectively to scale our production to significantly increased demand.

11.7.1.11 Other operating expenses

Other operating expenses for the year ended 31 December 2016 was EUR 8,545 thousand, a EUR 2,952 thousand, or 52.8%, increase compared to EUR 5,593 thousand for the year ended 31 December 2015. The increase was principally a result of the acquisition of the Acquired Entities and, to a lesser extent, the increase in revenues.

11.7.1.12 EBITDA

EBITDA for the year ended 31 December 2016 was EUR 20,146 thousand, a EUR 8,904 thousand, or 79.2%, increase compared to EUR 11,242 thousand for the year ended 31 December 2015. Please refer to the discussion of EBIT below for a description of the key drivers of this development.

11.7.1.13 Amortisation and depreciation expense

Amortisation and depreciation expense for the year ended 31 December 2016 was EUR 1,698 thousand, a EUR 646 thousand, or 61.4%, increase compared to EUR 1,052 thousand for the year ended 31 December 2015. The increase was principally a result of the acquisition of the Acquired Entities.

11.7.1.14 EBIT

EBIT for the year ended 31 December 2016 was EUR 18,448 thousand, a EUR 8,258 thousand, or 81.0%, increase compared to EUR 10,190 thousand for the year ended 31 December 2015. The increase was driven by the acquisition of the Acquired Entities and the rapid increase in demand in the e-mobility segment leading to an increasing importance of the e-mobility segment for our overall EBIT, i.e. from 15.3% of the Group EBIT (before reconciliation of EUR -170 thousand) for the year ended 31 December 2015 to 40.9% of the Group EBIT (before reconciliation of EUR 713 thousand) for the year ended 31 December 2016. Apart from the increasing importance of the e-mobility business in absolute terms, the e-mobility segment also produced higher margins compared to our classic segment which, in turn, drives the overall positive development of our Group's EBIT.

The development in our e-mobility segment was accompanied by a strong performance of the classic segment, increasing the segment's EBIT from EUR 8,773 thousand for the year ended 31 December 2015 to EUR 10,486 thousand for the year ended 31 December 2016. Due to the shift of capacities to the e-mobility segment, we generally benefit from the possibility to focus on slightly higher margin projects in the classic segment. In the years ended 31 December 2016 and ended 31 December 2015, the classic segment's EBIT margin was in a normal range for our business.

The following table presents our EBIT by segment, Group EBIT and EBIT margin for the periods indicated.

	For the year ended 31 December			
	2016		2015	
		Percentage of total segment EBIT		Percentage of total segment EBIT
in EUR thousand (except percentage data)	(audited, except for percentage figures)			
EBIT				
e-mobility	7,249	40.9	1,587	15.3
Classic	10,486	59.1	8.773	84.7
Total segment EBIT	**17,735**	**100.0%**	**10,360**	**100.0%**
Reconciliation[1]	713		-170	
Total Group EBIT	**18, 448**		**10,190**	
EBIT margin[2]	**11.8%**		**10.9%**	

1 Reconciliation comprises income and expenses from investment activities and management fees from MBB SE.

2 We define "EBIT margin" as EBIT in percentage of revenue.

11.7.1.15 Other interest and similar income

Other interest and similar income for the year ended 31 December 2016 was EUR 655 thousand, a EUR 78 thousand, or 13.5%, increase compared to EUR 577 thousand for the year ended 31 December 2015. The increase was principally a result of our investment activities.

11.7.1.16 Interest and similar expenses

Interest and similar expenses for the year ended 31 December 2016 was EUR 1,245 thousand, a EUR 354 thousand, or 39.7%, increase compared to EUR 891 thousand for the year ended 31 December 2015. The increase was principally a result of the acquisition of the Acquired Entities.

11.7.1.17 Net finance costs

Net finance costs for the year ended 31 December 2016 was EUR 590 thousand, a EUR 276 thousand, or 87.9%, increase compared to EUR 314 thousand for the year ended 31 December 2015. The increase was principally a result of the aforementioned developments.

11.7.1.18 EBT

EBT for the year ended 31 December 2016 was EUR 17,858 thousand, a EUR 7,982 thousand, or 80.8%, increase compared to EUR 9,876 thousand for the year ended 31 December 2015. The increase was principally a result of the aforementioned developments.

11.7.1.19 EBT by segment

The following table presents our EBT by segment, Group EBT and EBT margin for the periods indicated.

	For the year ended 31 December			
	2016		2015	
		Percentage of total segment EBT		Percentage of total segment EBT
in EUR thousand (except percentage data)	(audited, except for percentage figures)			
EBT				
e-mobility	7,069	42.9	1,534	16.2
classic	9,421	57.1	7,936	83.8
Total segment EBT	**16,490**	**100.0%**	**9,470**	**100.0%**
Reconciliation[(1)]	1,368		406	
Total Group EBT	**17,858**		**9,876**	
EBT margin[(2)]	**11.4%**		**10.6%**	

(1) Reconciliation comprises income and expenses from investment activities, management fees from MBB SE and interest income.

(2) We define "EBT margin" as EBT in percentage of revenue.

11.7.1.20 Income tax expense

Income tax expense for the year ended 31 December 2016 was EUR 4,920 thousand, a EUR 2,248 thousand, or 84.1%, increase compared to EUR 2,672 thousand for the year ended 31 December 2015. The increase was principally a result of the acquisition of the Acquired Entities.

11.7.1.21 Other taxes

Other taxes for the year ended 31 December 2016 was EUR 147 thousand, a EUR 110 thousand, or 297.3%, increase compared to EUR 37 thousand for the year ended 31 December 2015. The increase was principally a result of the acquisition of the Acquired Entities.

11.7.1.22 Profit or loss for the period

Profit or loss for the period for the year ended 31 December 2016 was EUR 12,791 thousand, a EUR 5,624 thousand, or 78.5%, increase compared to EUR 7,167 thousand for the year ended 31 December 2015. The increase was principally a result of the aforementioned developments.

11.7.1.23 Non-controlling interests

Non-controlling interests for the year ended 31 December 2016 was EUR 0 thousand, a EUR 247 thousand, or 100%, decrease compared to EUR 247 thousand for the year ended 31 December 2015. This resulted from the transaction described under "*14.14.3 Acquisition of the remaining 25% of the stated capital in Aumann GmbH and Aumann Berlin GmbH and of additional 19.9% stated capital of Aumann Immobilien GmbH*".

11.7.1.24 Consolidated net profit

Consolidated net profit for the year ended 31 December 2016 was EUR 12,791 thousand, a EUR 5,871 thousand, or 84.8%, increase compared to EUR 6,920 thousand for the year ended 31 December 2015. The increase was principally a result of the aforementioned developments.

11.7.2 Like-for-Like comparison of results for the financial years ended 31 December 2016 and 2015

11.7.2.1 Revenue

Revenue for the year ended 31 December 2016 was EUR 156,016 thousand, a EUR 34,320 thousand, or 28.2%, increase compared to EUR 121,696 thousand for the year ended 31 December 2015. The increase was principally a result of the rapid increase in demand in the e-mobility segment accompanied by an increase in revenue in the classic segment as discussed above leading to customers placing more orders for our specialized machinery and production lines.

Increase(+)/decrease(-) in finished goods and work in progress

Increase(+)/decrease(-) in finished goods and work in progress for the year ended 31 December 2016 was EUR -213 thousand, a EUR 915 thousand, or 130.3%, decrease compared to EUR 702 thousand for the year ended 31 December 2015.

11.7.2.2 Operating performance

Operating performance for the year ended 31 December 2016 was EUR 155,803 thousand, a EUR 33,405 thousand, or 27.3%, increase compared to EUR 122,398 thousand for the year ended 31 December 2015. The increase was principally a result of the aforementioned developments.

11.7.2.3 Other operating income

Other operating income for the year ended 31 December 2016 was EUR 2,950 thousand, a EUR 206 thousand, or 7.5%, increase compared to EUR 2,744 thousand for the year ended 31 December 2015.

11.7.2.4 Total performance

Total performance for the year ended 31 December 2016 was EUR 158,753 thousand, a EUR 33,611 thousand, or 26.9%, increase compared to EUR 125,142 thousand for the year ended 31 December 2015. The increase was principally a result of the aforementioned developments.

11.7.2.5 Cost of raw materials

Costs of raw materials for the year ended 31 December 2016 was EUR 80,806 thousand, a EUR 19,318 thousand, or 31.4%, increase compared to EUR 61,488 thousand for the year ended 31 December 2015. The increase was principally a result of the need for more raw materials as customers placed more orders for our specialized machinery and production lines as a result of the rapid increase in demand in the e-mobility segment accompanied by an increase in revenue in the classic segment.

11.7.2.6 Cost of purchased services

Costs of purchased services for the year ended 31 December 2016 was EUR 9,320 thousand, a EUR 3,790 thousand, or 68.5%, increase compared to EUR 5,530 thousand for the year ended 31 December 2015. The increase was principally a result of the need for more purchased services as customers placed more orders for our specialized machinery and production lines as a result of the rapid increase in demand in the e-mobility segment accompanied by an increase in revenue in the classic segment. The increase in purchased services also resulted from the hiring of more temporary workers.

11.7.2.7 Cost of materials

Costs of materials for the year ended 31 December 2016 was EUR 90,126 thousand, a EUR 23,108 thousand, or 34.5%, increase compared to EUR 67,018 thousand for the year ended 31 December 2015. The increase was principally a result of the aforementioned developments. In order to react to the rapid increase in demand, we increased the ratio of cost of materials to total revenues from 55.1% for the year ended 31 December 2015 to 57.8% for the year ended 31 December 2016 which shows our ability cost effectively to scale our production to significantly increased demand.

11.7.2.8 Wages and salaries

Wages and salaries for the year ended 31 December 2016 was EUR 29,949 thousand, a EUR 3,567 thousand, or 13.5%, increase compared to EUR 26,382 thousand for the year ended 31 December 2015. The increase was principally a result of the hiring of personnel during 2015 which came into full effect in 2016, the hiring of personnel during 2016 as well as salary increases for our employees.

11.7.2.9 Social security and pension costs

Social security and pension costs for the year ended 31 December 2016 was EUR 9,987 thousand, a EUR 131 thousand, or 1.3%, increase compared to EUR 9,856 thousand for the year ended 31 December 2015. The increase was principally a result of the hiring of personnel during 2015 which came into full effect in 2016, the hiring of personnel during 2016 as well as salary increases for our employees.

11.7.2.10 Staff costs

Staff costs for the year ended 31 December 2016 was EUR 39,936 thousand, a EUR 3,698 thousand, or 10.2%, increase compared to EUR 36,238 thousand for the year ended 31 December 2015. The increase was principally a result of the aforementioned developments. In order to react to the rapid increase in demand, we decreased the ratio of staff costs to total revenues from 29.8% for the year ended 31 December 2015 to 25.6% for the year ended 31 December 2016 which shows our ability cost-effectively to scale our production to significantly increased demand.

11.7.2.11 Other operating expenses

Other operating expenses for the year ended 31 December 2016 was EUR 8,545 thousand, a EUR 521 thousand, or 5.7%, decrease compared to EUR 9,066 thousand for the year ended 31 December 2015. The decrease was principally a result of economies of scale and non-recurring costs in connection with the acquisition of the Acquired Entities included in the year ended 31 December 2015.

11.7.2.12 EBITDA

EBITDA for the year ended 31 December 2016 was EUR 20,146 thousand, a EUR 7,326 thousand, or 57.1%, increase compared to EUR 12,820 thousand for the year ended 31 December 2015.

11.7.2.13 Amortisation and depreciation expense

Amortisation and depreciation expense for the year ended 31 December 2016 was EUR 1,698 thousand, a EUR 339 thousand, or 24.9%, increase compared to EUR 1,359 thousand for the year ended 31 December 2015.

11.7.2.14 EBIT

EBIT for the year ended 31 December 2016 was EUR 18,448 thousand, a EUR 6,987 thousand, or 61.0%, increase compared to EUR 11,461 thousand for the year ended 31 December 2015. The increase was principally driven by the rapid increase in demand in our e-mobility segment and the strong performance of the classic segment. Due to the shift towards the e-mobility segment, our ability to select the most optimal orders in the classic segment and increased economies of scale, we increased our EBIT margin from 9.4% for the year ended 31 December 2015 to 11.8% for the year ended 31 December 2016.

11.7.2.15 Other interest and similar income

Other interest and similar income for the year ended 31 December 2016 was EUR 655 thousand, a EUR 78 thousand, or 13.5%, increase compared to EUR 577 thousand for the year ended 31 December 2015. The increase was principally a result of our investment activities.

11.7.2.16 Interest and similar expenses

Interest and similar expenses for the year ended 31 December 2016 was EUR 1,245 thousand, a EUR 193 thousand, or 18.3%, increase compared to EUR 1,052 thousand for the year ended 31 December 2015. The increase was principally a result of entering into additional credit arrangements for the long-term financing of buildings.

11.7.2.17 Net finance costs

Net finance costs for the year ended 31 December 2016 was EUR 590 thousand, a EUR 115 thousand, or 24.2%, increase compared to EUR 475 thousand for the year ended 31 December 2015. The increase was principally a result of the aforementioned developments.

11.7.2.18 EBT

EBT for the year ended 31 December 2016 was EUR 17,858 thousand, a EUR 6,872 thousand, or 62.6%, increase compared to EUR 10,986 thousand for the year ended 31 December 2015. The increase was principally a result of the aforementioned developments.

11.7.2.19 Income tax expense

Income tax expense for the year ended 31 December 2016 was EUR 4,920 thousand, a EUR 1,881 thousand, or 61.9%, increase compared to EUR 3,039 thousand for the year ended 31 December 2015. The increase was principally a result of the increase in EBT.

11.7.2.20 Other taxes

Other taxes for the year ended 31 December 2016 was EUR 147 thousand, a EUR 89 thousand, or 153.4%, increase compared to EUR 58 thousand for the year ended 31 December 2015.

11.7.2.21 Profit or loss for the profit

Profit for the year ended 31 December 2016 was EUR 12,791 thousand, a EUR 4,902 thousand, or 62.1%, increase compared to EUR 7,889 thousand for the year ended 31 December 2015. The increase was principally a result of the aforementioned developments.

11.7.3 Comparison of results for the financial years ended 31 December 2015 and 2014

11.7.3.1 Revenue

Our revenue for the year ended 31 December 2015 was EUR 93,415 thousand, a EUR 2,729 thousand, or 2.8%, decrease compared to EUR 96,144 thousand for the year ended 31 December 2014. The decrease was principally a result of reduced order intake from our Asian customers during 2014 as a result of a temporary slowdown of the Asian markets. This effect from our classic business was partially offset by the inclusion of two months revenue from the Acquired Entities resulting from their first-time consolidation and the strategic focus on e-mobility.

Revenue by regions

The following table provides our revenue by regions for the periods indicated.

	For the year ended 31 December			
	2015		2014	
		Percentage of total revenue		Percentage of total revenue
in EUR thousand (except percentage data)	(audited, except for percentage figures)			
Revenue				
Europe	87,008	93.2	78,169	81.3
China	4,802	5.1	12,281	12.8
NAFTA	1,140	1.2	270	0.3
Other	465	0.5	5,424	5.6
Total Group revenue	**93,415**	**100**	**96,144**	**100**

We generate the majority of our revenue from European customers even though our specialized machinery and production lines are used at customer sites around the globe.

11.7.3.2 Increase(+)/decrease(-) in finished goods and work in progress

Increase(+)/decrease(-) in finished goods and work in progress for the year ended 31 December 2015 was EUR 116 thousand, a EUR 116 thousand increase compared to no such changes in the year ended 31 December 2014. The increase resulted from the first-time consolidation of the Acquired Entities.

11.7.3.3 Operating performance

Operating performance for the year ended 31 December 2015 was EUR 93,531 thousand, a EUR 2,613 thousand, or 2.7%, decrease compared to EUR 96,144 thousand for the year ended 31 December 2014. The decrease was principally a result of the decrease in revenue, which was partially offset by the increase in finished goods and work in progress.

11.7.3.4 Other operating income

Other operating income for the year ended 31 December 2015 was EUR 1,650 thousand, a EUR 705 thousand, or 74.6%, increase compared to EUR 945 thousand for the year ended 31 December 2014. Other operating income principally comprises income from the sale of securities, income from the reversal of provisions and bad debt allowances, income from exchange rate differences as well as other operating income items.

11.7.3.5 Total performance

Total performance for the year ended 31 December 2015 was EUR 95,181 thousand, a EUR 1,908 thousand, or 2.0%, decrease compared to EUR 97,089 thousand for the year ended 31 December 2014. The decrease was principally a result of the decrease in revenues, which was partially offset by the increase in finished goods and services and in other operating income.

11.7.3.6 Cost of raw materials

Costs of raw materials for the year ended 31 December 2015 was EUR 46,635 thousand, a EUR 3,876 thousand, or 7.7%, decrease compared to EUR 50,511 thousand for the year ended 31 December 2014. The decrease was principally due to the need for fewer raw materials as fewer orders were placed for our specialized machinery and production lines, which primarily resulted from the temporary slowdown of the Asian markets. This decrease was partially offset by additional costs of raw materials as a result of the inclusion of two months of costs of raw materials from the first time consolidation of the Acquired Entities.

11.7.3.7 Cost of purchased services

Costs of purchased services for the year ended 31 December 2015 was EUR 3,328 thousand, a EUR 422 thousand, or 11.3%, decrease compared to EUR 3,750 thousand for the year ended 31 December 2014. The decrease was principally due to the need for fewer raw materials as fewer orders were placed for our machinery and production lines, which resulted from the temporary slowdown of the Asian markets. This decrease was partially offset by additional costs of purchased services as a result of the inclusion of two months of costs of purchased services from the first time consolidation of the Acquired Entities.

11.7.3.8 Cost of materials

Costs of materials for the year ended 31 December 2015 was EUR 49,963 thousand, a EUR 4,298 thousand, or 7.9%, decrease compared to EUR 54,261 thousand for the year ended 31 December 2014. The decrease was driven by the aforementioned developments. Due to the shift towards e-mobility and increased efficiency gains, we managed to decrease the ratio of cost of materials to total revenues from 56.4% for the year ended 31 December 2014 to 53.5% for the year ended 31 December 2015.

11.7.3.9 Wages and salaries

Wages and salaries for the year ended 31 December 2015 was EUR 19,854 thousand, a EUR 2,318 thousand, or 13.2%, increase compared to EUR 17,536 thousand for the year ended 31 December 2014. The increase was principally a result of the hiring of personnel during 2014 which came into full effect in 2015, the hiring of personnel during 2015, salary increases for our employees as well as the inclusion of two months of wages and salaries for the Acquired Entities as a result of their first-time consolidation.

11.7.3.10 Social security and pension costs

Social security and pension costs for the year ended 31 December 2015 was EUR 8,529 thousand, a EUR 199 thousand, or 2.4%, increase compared to EUR 8,330 thousand for the year ended 31 December 2014. The increase was principally a result of the hiring of personnel during 2014, which came into full effect in 2015, the hiring of personnel during 2015, salary increases for our employees as well as the first-time consolidation of the Acquired Entities.

11.7.3.11 Staff costs

Staff costs for the year ended 31 December 2015 was EUR 28,383 thousand, a EUR 2,517 thousand, or 9.7%, increase compared to EUR 25,866 thousand for the year ended 31 December 2014. The increase was principally a result of the aforementioned developments. The share of in-house production increased as a result of less revenue earned per employee, leading to an increase in the ratio of staff costs to total revenues from 26.9% for the year ended 31 December 2014 to 30.4% for the year ended 31 December 2015.

11.7.3.12 Other operating expenses

Other operating expenses for the year ended 31 December 2015 was EUR 5,593 thousand, a EUR 709 thousand, or 11.3%, decrease compared to EUR 6,302 thousand for the year ended 31 December 2014. The decrease was principally a result of lower maintenance expenses, insurance expenses and bad debt allowances, partially resulting from an internal project to reduce costs initiated in 2014 and, to a lesser extent, resulting from fewer orders for our specialized machinery and production lines.

11.7.3.13 EBITDA

EBITDA for the year ended 31 December 2015 was EUR 11,242 thousand, a EUR 582 thousand, or 5.5%, increase compared to EUR 10,660 thousand for the year ended 31 December 2014.

11.7.3.14 Amortisation and depreciation expense

Amortisation and depreciation expense for the year ended 31 December 2015 was EUR 1,052 thousand, a EUR 135 thousand, or 14.7%, increase compared to EUR 917 thousand for the year ended 31 December 2014. The increase was principally a result of the 2015 Acquisition.

11.7.3.15 EBIT

EBIT for the year ended 31 December 2015 was EUR 10,190 thousand, a EUR 447 thousand, or 4.6%, increase compared to EUR 9,743 thousand for the year ended 31 December 2014. Despite the decrease in revenues due to the temporary slowdown of the Asian markets, we managed to increase EBIT and EBIT margin due to improvements in the ratio of cost of materials to total revenues as well as decrease other operating expenses and increase other operating income. This was partly offset by the increase in the ratio of staff costs to total revenues due to less revenue earned per employee. We see this development as an indicator of our flexibility in reacting to market developments.

11.7.3.16 Other interest and similar income

Other interest and similar income for the year ended 31 December 2015 was EUR 577 thousand, a EUR 127 thousand, or 28.2%, increase compared to EUR 450 thousand for the year ended 31 December 2014. The increase was principally a result of our investment activities.

11.7.3.17 Interest and similar expenses

Interest and similar expenses for the year ended 31 December 2015 was EUR 891 thousand, a EUR 153 thousand, or 14.7%, decrease compared to EUR 1,044 thousand for the year ended 31 December 2014. The decrease was principally a result of better financing conditions resulting from a general decrease in interest rates in Europe as well as lower fees for bank guarantees.

11.7.3.18 Net finance costs

Net finance costs for the year ended 31 December 2015 was EUR 314 thousand, a EUR 280 thousand, or 47.1%, decrease compared to EUR 594 thousand for the year ended 31 December 2014. The decrease was driven by the aforementioned developments.

11.7.3.19 EBT

EBT for the year ended 31 December 2015 was EUR 9,876 thousand, a EUR 727 thousand, or 7.9%, increase compared to EUR 9,149 thousand for the year ended 31 December 2014. The increase was driven by the aforementioned developments.

11.7.3.20 Income tax expense

Income tax expense for the year ended 31 December 2015 was EUR 2,672 thousand, a EUR 300 thousand, or 10.1%, decrease compared to EUR 2,972 thousand for the year ended 31 December 2014. The decrease was principally a result of our decision not to capitalize costs for the start-up of our Chinese entity in 2014. In addition, other operating income in 2015 comprises income from securities, which is not subject to income tax.

11.7.3.21 Other taxes

Other taxes for the year ended 31 December 2015 was EUR 37 thousand, a EUR 5 thousand, or 15.6%, increase compared to EUR 32 thousand for the year ended 31 December 2014.

11.7.3.22 Profit or loss for the period

Profit or loss for the period for the year ended 31 December 2015 was EUR 7,167 thousand, a EUR 1,022 thousand, or 16.6%, increase compared to EUR 6,145 thousand for the year ended 31 December 2014. The increase was principally driven by the aforementioned developments.

11.7.3.23 Non-controlling interests

Non-controlling interests for the year ended 31 December 2015 was EUR 247 thousand, while there were no non-controlling interests for the year ended 31 December 2014. The increase was the result of the 25% minority shareholding retained by Mr. Ingo Wojtynia in the Acquired Entities.

11.7.3.24 Consolidated net profit

Consolidated net profit for the year ended 31 December 2015 was EUR 6,920 thousand, a EUR 775 thousand, or 12.6%, increase compared to EUR 6,145 thousand for the year ended 31 December 2014. The increase was principally driven by the aforementioned developments.

11.7.4 Adjusted EBITDA and Adjusted EBIT

We define “Adjusted EBITDA” and “Adjusted EBIT” as EBITDA and EBIT, respectively, adjusted for the costs in relation to consultancy services received from MBB SE (see “*20.1.2 Consultancy services of MBB SE*”) and from Anton Breitkopf (Chief Financial Officer of MBB SE) (see “*20.2 Executive management services of Anton Breitkopf*”) as well as costs in connection with the 2015 Acquisition (see “*14.14.1 Acquisition of 75% of the shares in each of Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH*”) as non-recurring or one-off items. We believe Adjusted EBITDA and Adjusted EBIT are meaningful to enhance an understanding of our financial performance and that these measures are frequently used as a measure of financial performance and to compare our performance with the performance of similar companies.

Our calculation of Adjusted EBITDA and Adjusted EBIT may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA and Adjusted EBIT, which are Non-IFRS Measures, are supplemental measures of our performance that are not required by, or presented in accordance with, IFRS. The following tables show a reconciliation of EBITDA to Adjusted EBITDA and EBIT to Adjusted EBIT for the periods presented.

	For the year ended 31 December			
	2016	**(Like-for-Like) 2015**	**2015**	**2014**
in EUR thousand	**(audited, except as indicated otherwise)**			
EBITDA	**20,146**	**12,820**	**11,242**	**10,660**
MBB management fee*	875	789	789	780
Additional costs 2015 Acquisition	0	112	35	0
Adjusted EBITDA (*unaudited*)	**21,021**	**13,721**	**12,066**	**11,440**

* Comprises consultancy services received from MBB SE (see “*20.1.2 Consultancy services of MBB SE*”) and from Anton Breitkopf (Chief Financial Officer of MBB SE) (see “*20.2 Executive management services of Anton Breitkopf*”).

	For the year ended 31 December			
	2016	**(Like-for-Like) 2015**	**2015**	**2014**
in EUR thousand	**(audited, except as indicated otherwise)**			
EBIT	**18,448**	**11,461**	**10,190**	**9,743**
MBB management fee (*unaudited*)*	875	789	789	780
Additional costs 2015 Acquisition	0	112	35	0
Adjusted EBIT (*unaudited*)	**19,323**	**12,362**	**11,014**	**10,523**

* Comprises consultancy services received from MBB SE (see "*20.1.2 Consultancy services of MBB SE*") and from Anton Breitkopf (Chief Financial Officer of MBB SE) (see "*20.2 Executive management services of Anton Breitkopf*").

Apart from these items, we did not adjust any further costs, e.g. costs in connection with this Offering.

11.8 Selected items from the statements of financial position

The following table presents financial information from the statements of financial position as at the dates indicated.

	As at 31 December		
	2016	2015	2014
in EUR thousand		(audited)	
Assets			
Non-current assets			
Concessions, industrial property rights and similar rights	840	1,186	1,070
Goodwill	10,057	10,057	0
Intangible assets	**10,897**	**11,243**	**1,070**
Land and buildings including buildings on third-party land	11,868	10,738	7,409
Technical equipment and machinery	1,179	1,144	328
Other equipment, operating and office equipment	1,444	1,396	1,000
Advance payments and assets under development	947	245	334
Property, plant and equipment	**15,438**	**13,523**	**9,071**
Financial assets	**0**	**7,446**	**3,169**
Deferred tax assets	**380**	**405**	**352**
	26,715	**32,617**	**13,662**
Current assets			
Raw materials and supplies	1,414	1,699	447
Work in progress	34	702	0
Finished goods and commodities	454	0	211
Advance payments	2,137	947	1,344
Inventories	**4,039**	**3,348**	**2,002**
Trade receivables	13,969	16,799	10,953
Receivables from construction contracts	39,660	27,155	26,561
Other current assets	1,785	1,668	706
Trade receivables and other current assets	**55,414**	**45,622**	**38,220**
Securities	7,663	11,738	7,633
Available-for-sale financial assets	**7,663**	**11,738**	**7,633**
Cash in hand	6	4	6
Bank balances	38,177	12,594	26,101
Cash in hand, bank balances	**38,183**	**12,598**	**26,107**
	105,299	**73,306**	**73,962**
Total assets	**132,014**	**105,923**	**87,624**
Equity and liabilities			
Equity			
Issued capital	12,500	25	25
Capital reserve	4,188	8,500	8,500
Retained earnings	24,749	23,762	19,130
Non-controlling interests	0	1,895	0
	41,437	**34,182**	**27,655**
Non-current liabilities			
Liabilities to banks	16,666	9,788	5,313
Other liabilities	66	131	0
Pension provisions	18,514	16,701	16,640
Other provisions	1,235	833	524
Deferred tax liabilities	1,213	304	0
	37,694	**27,757**	**22,477**
Current liabilities			
Liabilities to banks	2,717	3,043	1,022
Advance payments received	12,157	7,760	2,790
Trade payables	11,475	9,063	7,172
Other liabilities	3,112	2,462	1,699
Provisions with the nature of a liability	6,780	4,976	3,989
Tax provisions	991	1,414	2,068
Other provisions	15,651	15,266	18,752
	52,883	**43, 984**	**37,492**
Total equity and liabilities	**132,014**	**105,923**	**87,624**

The following discussion highlights certain key financial position items set forth above.

11.8.1 Comparison of financial years 31 December 2016 to 31 December 2015

Intangible assets consist of concessions, industrial property rights and similar rights and goodwill. Intangible assets as at 31 December 2016 were EUR 10,897 thousand, a EUR 346 thousand, or 3.1%, decrease compared to EUR 11,243 thousand as at 31 December 2015. The decrease was principally a result of the amortization of intangibles.

Property, plant and equipment consist of land and buildings including buildings on third-party land, technical equipment and machinery, other equipment, operating and office equipment, advance payments and assets under development. Property, plant and equipment as at 31 December 2016 were EUR 15,438 thousand, a EUR 1,915 thousand, or 14.2%, increase compared to EUR 13,523 thousand as at 31 December 2015. The increase was principally a result of the extension of our sites in Espelkamp and Beelen, which was partially off-set by scheduled depreciation.

Financial assets as at 31 December 2016 declined to EUR 0 thousand from EUR 7,446 thousand as at 31 December 2015. The decrease resulted from our sale of all non-current financial assets at the end of the year.

Deferred tax assets as at 31 December 2016 were EUR 380 thousand, a EUR 25 thousand, or 6.2%, decrease compared to EUR 405 thousand as at 31 December 2015.

Inventories consist of raw materials and supplies, work in progress, finished goods and commodities and advance payments. Inventories as at 31 December 2016 were EUR 4,039 thousand, a EUR 691 thousand, or 20.6%, increase compared to EUR 3,348 thousand as at 31 December 2015. The increase was principally a result of the increased revenue.

Trade receivables and other current assets consist of trade receivables, receivables from construction contracts and other current assets. Trade receivables and other current assets as at 31 December 2016 were EUR 55,414 thousand, a EUR 9,792 thousand, or 21.5%, increase compared to EUR 45,622 thousand as at 31 December 2015. The increase was principally a result of higher receivables from construction contracts driven by the increase in revenue.

Available-for-sale financial assets consist of securities. Available-for-sale financial assets as at 31 December 2016 were EUR 7,663 thousand, a EUR 4,075 thousand, or 34.7%, decrease compared to EUR 11,738 thousand as at 31 December 2015. The decrease was principally a result of the sale of securities and the expiration of bonds.

Cash in hand and bank balances as at 31 December 2016 were EUR 38,183 thousand, a EUR 25,585 thousand, or 203.1%, increase compared to EUR 12,598 thousand as at 31 December 2015. The increase was principally a result of the operating cash flow and the Group's high cash conversion as well as the sale of financial assets at year-end.

Non-current liabilities consist of liabilities to banks, other liabilities, pension provisions and deferred tax liabilities. Non-current liabilities as at 31 December 2016 were EUR 37,694 thousand, a EUR 9,937 thousand, or 35.8%, increase compared to EUR 27,757 thousand as at 31 December 2015. The increase was principally a result of entering into additional credit arrangements at very favorable conditions with interest rates below 1.0% per annum and an increase in the pension provision.

Current liabilities consist of liabilities to banks, advance payments received, trade payables, other liabilities, provisions with the nature of a liability, tax provisions and other provisions. Current liabilities as at 31 December 2016 were EUR 52,883 thousand, a EUR 8,899 thousand, or 20.2%, increase compared to EUR 43,984 thousand as at 31 December 2015. The increase was principally a result of higher advance payments received, higher trade liabilities and higher provisions, which were partially off-set by lower current liabilities to banks.

11.8.2 Comparison of financial years 31 December 2015 to 31 December 2014

Intangible assets consist of concessions, industrial property rights and similar rights and goodwill. Intangible assets as at 31 December 2015 were EUR 11,243 thousand, a EUR 10,173 thousand, or 950.7%, increase compared to EUR 1,070 thousand as at 31 December 2014. The increase was principally a result of the first time consolidation of the Acquired Entities.

Property, plant and equipment consist of land and buildings including buildings on third-party land, technical equipment and machinery, other equipment, operating and office equipment, advance payments and assets under development. Property, plant and equipment as at 31 December 2015 were EUR 13,523 thousand, a EUR 4,452 thousand, or 49.1%, increase compared to EUR 9,071 thousand as at 31 December 2014. The increase was principally a result of the first time consolidation of the Acquired Entities.

Financial assets as at 31 December 2015 were EUR 7,446 thousand, a EUR 4,277 thousand, or 135.0%, increase compared to EUR 3,169 thousand as at 31 December 2014. The increase was principally a result of increased investment activities.

Deferred tax assets as at 31 December 2015 were EUR 405 thousand, a EUR 53 thousand, or 15.1%, increase compared to EUR 352 thousand as at 31 December 2014.

Inventories consist of raw materials and supplies, work in progress, finished goods and commodities and advance payments. Inventories as at 31 December 2015 were EUR 3,348 thousand, a EUR 1,346 thousand, or 67.2%, increase compared to EUR 2,002 thousand as at 31 December 2014. The increase was principally a result of the first time consolidation of the Acquired Entities.

Trade receivables and other current assets consist of trade receivables, receivables from construction contracts and other current assets. Trade receivables and other current assets as at 31 December 2015 were EUR 45,622 thousand, a EUR 7,402 thousand, or 19.4%, increase compared to EUR 38,220 thousand as at 31 December 2014. The increase was principally a result of the first time consolidation of the Acquired Entities.

Available-for-sale financial assets consist of securities. Available-for-sale financial assets as at 31 December 2015 were EUR 11,738 thousand, a EUR 4,105 thousand, or 53.8%, increase compared to EUR 7,633 thousand as at 31 December 2014. The increase was principally a result of increased investment activities.

Cash in hand and bank balances as at 31 December 2015 were EUR 12,598 thousand, a EUR 13,509 thousand, or 51.7%, decrease compared to EUR 26,107 thousand as at 31 December 2014. The decrease was principally a result of the acquisition of the Acquired Entities.

Non-current liabilities consist of liabilities to banks, other liabilities, pension provisions, other provisions and deferred tax liabilities. Non-current liabilities as at 31 December 2015 were EUR 27,757 thousand, a EUR 5,280 thousand, or 23.5%, increase compared to EUR 22,477 thousand as at 31 December 2014. The increase was principally a result of the first time consolidation of the Acquired Entities.

Current liabilities consist of liabilities to banks, advance payments received, trade payables, other liabilities, provisions with the nature of a liability, tax provisions and other provisions. Current liabilities as at 31 December 2015 were EUR 43,984 thousand, a EUR 6,492 thousand, or 17.3%, increase compared to EUR 37,492 thousand as at 31 December 2014. The increase was principally a result of the first time consolidation of the Acquired Entities.

11.9 Liquidity and capital resources

11.9.1 Cash flows

The following table sets for our cash flow data for the periods presented.

	For the year ended 31 December		
	2016	2015	2014
in EUR thousand		(audited)	
1. Cash flow from operating activities			
Earnings before interest and taxes (EBIT)	18,448	10,190	9,743
Adjustments for non-cash transactions			
Write-downs on non-current assets	1,698	1,052	917
Increase (+) / decrease (-) in provisions	1,230	-7,105	3,495
Gains (-) / Losses (+) from disposal of PPE	-158	-20	-10
Other non-cash expenses/income	-3	0	-83
Change in working capital:			
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-10,788	5,637	-762
Decrease (-) / increase (+) in trade payables and other liabilities	9,198	5,539	-1,300
Income taxes paid	-4,251	-3,918	-5,950
Interest received	655	577	450
Cash flow from operating activities	**16,029**	**11,952**	**6,500**
2. Cash flow from investing activities			
Investments (-) / divestments (+) intangible assets	-210	-292	-396
Investments (-) / divestments (+) property, plant and equipment	-3,057	-327	-542
Investments (-) / divestments (+) financial assets			
Investments (-) / divestments (+) of available-for-sale financial assets and securities	11,490	-8,487	-2,152
Cash from disposal from assets	158	20	10
Disposal (+) / acquisition (-) of consolidated companies (less cash and cash equivalents sold / received)	0	-12,784	0
Cash flow from investing activities	**8,381**	**-21,870**	**-3,080**
3. Cash flow from financing activities			
Profit distribution to shareholders	-4,500	-2,500	-3,500
Proceeds from borrowing financial loans	8,617	594	263
Repayment of financial loans	-2,065	-1,175	-3,476
Interest payments	-865	-512	-600
Cash flow from financing activities	**1,187**	**-3,593**	**-7,313**
Cash and cash equivalents at the end of the period			
Change in cash and cash equivalents (Subtotal 1-3)	25,597	-13,511	-3,893
Foreign exchange differences	-12	2	0
Cash and cash equivalents at the start of the period	12,598	26,107	30,000
Cash and cash equivalents at the end of the period	**38,183**	**12,598**	**26,107**
Composition of cash and cash equivalents			
Cash in hand	6	4	6
Bank balances	38,177	12,594	26,101
Reconciliation to liquidity reserve on 31 December			
Cash and cash equivalents at end of period	38,183	12,598	26,107
Securities	7,663	19,184	10,802
Liquidity reserve on 31 December	**45,846**	**31,782**	**36,909**

11.9.2 Comparison of financial years 31 December 2016 to 31 December 2015 and 31 December 2015 to 31 December 2014

11.9.2.1 Net cash generated from operating activities

Net cash generated from operating activities increased from EUR 11,952 thousand for the year ended 31 December 2015 to EUR 16,029 thousand for the year ended 31 December 2016. This increase was the result of our operating performance with significantly higher EBIT and EBIT margins. This increase was partly offset by higher tax payments and the development of working capital, i.e. an increase in inventories, trade receivables and other assets and an increase in provisions partly offset by an increase in trade payables and other liabilities.

Net cash generated from operating activities increased from EUR 6,500 thousand for the year ended 31 December 2014 to EUR 11,952 thousand for the year ended 31 December 2015. This increase was primarily the result of an increase in EBIT due to increasing margins as discussed above accompanied by working capital optimizations, i.e. a decrease in inventories, trade receivables and other assets and an increase in trade payables and other liabilities, partly offset by a decrease in provisions. The changes in these positions were impacted by the first-time consolidation of the Acquired Entities. The decrease in inventories, trade receivables and other assets of EUR 5,637 thousand for the year ended 31 December 2015 was comprised of an increase in those positions of EUR 8,366 thousand, offset by a decrease of EUR 14,003 thousand from the 2015 Acquisition. The increase in trade payables and other liabilities of EUR 5,539 thousand for the year ended 31 December 2015 was comprised of an increase in those positions of EUR 8,740 thousand, offset by a decrease of EUR 3,201 thousand from the 2015 Acquisition. The decrease in provisions of EUR 7,105 thousand was comprised of an increase in provisions of EUR 3,084 thousand primarily relating to other provisions and an increase of EUR 4,021 thousand from the 2015 Acquisition.

11.9.2.2 Net cash used in financing activities

Net cash used in/generated from financing activities increased from net cash used in financing activities of EUR 3,593 thousand for the year ended 31 December 2015 to a net cash generated from financing activities of EUR 1,187 thousand for the year ended 31 December 2016. This increase was the result of the raising of additional bank loans, partly offset by a higher profit distribution to shareholders.

Net cash used in financing activities decreased from a EUR 7,313 thousand for the year ended 31 December 2014 to EUR 3,593 thousand for the year ended 31 December 2015. This decrease was the result of a decrease in dividends and a decrease in loan repayments.

11.9.2.3 Net cash used in investing activities

Net cash used in/generated from investing activities increased from a net cash used in investing activities of EUR 21,870 thousand for the year ended 31 December 2015 to a net cash generated from investing activities of EUR 8,381 thousand for the year ended 31 December 2016. This increase was the result of the acquisition of the Acquired Entities in 2015 and the sale of financial assets in 2016.

Net cash used in investing activities increased EUR 3,080 thousand for the year ended 31 December 2014 to EUR 21,870 thousand for the year ended 31 December 2015. This increase was primarily the result of the 2015 Acquisition and higher investments in securities.

11.9.3 Operational capital expenditure

Operational capital expenditure comprises payments for investments in intangible assets and property, plant and equipment. The following table sets forth our operational capital expenditures for the periods indicated.

	For the year ended 31 December		
	2016	2015	2014
in EUR thousand	(audited)		
Intangible assets	210	292	396
Property, plant and equipment	3,057	327	542
Total	**3,267**	**619**	**938**

11.9.3.1 2016

In the year ended 31 December 2016, our operational capital expenditures amounted to EUR 3,267 thousand. These expenditures related primarily to the extension of our shop and office floor in Espelkamp

(EUR 1,347 thousand) and Beelen (EUR 810 thousand) as well as to the purchase of machinery, equipment and software individually below EUR 148 thousand. The largest individual capital expenditures apart from the site extension refer to three winding machines for demonstration and testing purposes of EUR 148 thousand, EUR 126 thousand and EUR 124 thousand, respectively.

11.9.3.2 2015

In the year ended 31 December 2015, our operational capital expenditures amounted to EUR 619 thousand and refer to items individually below EUR 96 thousand, e.g. small machines as well as computers and software licenses. The largest individual capital expenditures amounted to EUR 96 thousand referring to a storage server and EUR 40 thousand referring to a robot system.

11.9.3.3 2014

In the year ended 31 December 2014, our capital expenditures amounted to EUR 938 thousand and refer to items individually below EUR 47 thousand, e.g. small machines as well as computers and software licences. The largest individual capital expenditures amounted to EUR 47 thousand referring to a handling device.

11.9.3.4 Current capital expenditures

In order to react to the expected growth of our business particularly in the e-mobility segment, we intend to further invest in our sites in Germany and China. In 2016, we have started to extend our shop and office floor in Beelen, Germany, and the construction is currently ongoing. We expect a total investment for this extension of approx. EUR 5.5 million. This investment has been temporarily financed from operating cash flows but we are currently in discussions regarding a bank financing of these buildings. We are currently planning on building a R&D center in China and in the United States. In addition, we continue to be committed to external growth and intend to consider strategically attractive acquisitions and investments in the future to extend our market position.

Other than as set forth in the paragraph above, we have not made any important capital expenditures from 31 December 2016 to the date of this Prospectus.

11.9.3.5 Future capital expenditures

As of the date of this Prospectus, we have no concrete plans for any additional capital expenditures other than those listed above.

11.9.4 Sources of funding

We do not generally pre-manufacture our specialized machinery and production lines in anticipation of order intake from our customers. We manufacture our specialized machinery and production lines, in general, once we have received firm orders from our customers and, in certain limited cases, we may commence manufacturing once we have received a clear indication from a customer depending on its importance for our business.

As we usually receive a certain part of funding from our customers during the construction time of our specialized machinery and production lines, we are not dependent on bank loans to finance our operations. Nevertheless, we have financed long-term investments such as buildings through long-term bank loans and we have certain bank guarantee contracts in place. The following table provides an overview of our bank loans:

	As at 31 December		
	2016	**2015**	**2014**
in EUR thousand		**(audited)**	
Due within one year	2,717	3,043	1,022
Due between one and five years	9,802	6,513	3,795
Due after five years	6,864	3,275	1,518
Total	**19,383**	**12,831**	**6,335**

The most recent loan we concluded has an interest rate of 0.83% per annum while the average interest rate of our bank loans is at 1.98% per annum.

The breakdown of our major bank and loan liabilities as of 31 December 2016 on a consolidated basis is as follows:

Bank	Purpose of Loan	Initial Amount in EUR thousands	Amount outstanding as of 31 December 2016 in EUR thousands	Interest rate in % per annum	Maturity Date
1. Sparkasse Rahden	Purchase and development of a commercial property	1,500	1,125	1.65%	September 2023
2. Sparkasse Rahden	Purchase and development of a commercial property	1,500	1,500	5.60%	March 2023
3. DZ BANK	Purchase and refinancing of a manufacturing site	3,700	2,277	2.85%	December 2022
4. COMMERZBANK	Purchase and refinancing of a manufacturing site	3,700	2,277	2.85%	December 2022
5. DZ BANK	Financing of the 2015 Acquisitions	4,000	3,897	0.83%	June 2026
6. COMMERZBANK	Financing of the 2015 Acquisitions	4,000	3,897	0.83%	June 2026
7. Deutsche Bank	Financing of a new manufacturing site in Espelkamp	1,600	1,600	1.00%	June 2036
8. Deutsche Bank	Equipment financing	3,000	2,000	1.53%	June 2019

As of 31 December 2016, our premises in Beelen and Espelkamp were encumbered with registered mortgages on the plot of land in Dieselstraße 6, 48361 Beelen (EUR 10,000 thousand for the benefit of DZ Bank AG and COMMERZBANK for the loans listed under number 3, 4, 5 and 6 in the table above) and on the plot of land in In der Tütenbeke 37, 32339 Espelkamp (EUR 2,100 thousand for the benefit of Stadtparkasse Rahden for the loan listed under number 1 in the table above as well as a subordinated mortgage of EUR 1,800 thousand for the benefit of Deutsche Bank AG inter alia for the loan listed under number 7 in the table above) to secure financial debt in the amount of EUR 19,383 thousand. In addition, three hydraulic presses of MBB Fertigungstechnik GmbH serve as collateral for the benefit of DZ Bank AG and COMMERZBANK for the loans listed under numbers 3, 4, 5 and 6 in the table above.

As of 31 December 2016, the Group had overdraft facilities in place with LBBW AG (EUR 2 million, which had not been utilized), Deutsche Bank AG (EUR 700 thousand, which had not been utilized), Stadtsparkasse Rahden (EUR 1.3 million, which had not been utilized) and Commerzbank AG for the Chinese subsidiary (RMB 7 million, of which RMB 5,563 had been utilized (corresponding to EUR 958 thousand, of which EUR 761 had been utilized)). The overdraft facility with Stadtsparkasse Rahden was terminated with effective date 31 March 2017. The other overdraft facilities do not have a fixed maturity date.

11.9.5 Contingencies and other financial obligations

	As at 31 December		
	2016	2015	2014
in EUR thousand		(audited)	
Due within one year	1,072	1,340	663
Due between one and five years	1,482	679	345
Due after five years	0	0	0
Total	**2,554**	**2,019**	**1,008**

Other financial obligations relate to operating leases for company vehicles and from rental obligations for buildings.

11.9.6 Off-balance sheet arrangements

We have entered into 11 agreements with banks which provide us with bank guarantees (advance payment bonds and guarantee bonds) for which we pay surety interest. These bank guarantees are granted to our customers as substitute to the customary 10% retained earnings guarantee which otherwise would be deducted from our final installment fee of 40% of the total purchase price. As of 31 December 2016 the total bank guarantees amounted to EUR 103.8 million (of which EUR 75.5 million were utilized) as compared to EUR 90.6 million (of which EUR 45.8 million were utilized) as of 31 December 2015. None of these bank guarantees have been called upon during the periods under review.

In 2016, five banks with which we have surety arrangements agreed to waive financial covenants in those arrangements to reduce the debt-to-equity ratio from 25% to 20%. This reduction was precautionary as it could not be excluded that the acquisition of 75% of each of Aumann GmbH, Espelkamp, Aumann Berlin GmbH, Henningsdorf and Aumann Immobilien GmbH, Espelkamp on 19 November 2015 could lead to a decline in our equity ratio. We cannot exclude that similar adjustments to our financial convenants with banks may need to be made in the future and we cannot guarantee that such agreements can be reached.

11.10 Quantitative and qualitative disclosures about market risk

11.10.1 Risk identification and analysis

As a company that operates internationally, we are exposed to capital, financial, currency and interest rate risks during the course of our ordinary business activities.

11.10.2 Capital risks

We manage our capital (equity plus liabilities less cash) with the aim of achieving our financial goals while simultaneously optimizing our finance costs by way of financial flexibility. The management reviews the capital structure including the cost of capital, the collateral provided, open lines of credit and available credit facilities, at least twice a year.

The agreement of multiple financial covenants when entering into loan agreements means that the Group is required to comply with certain equity ratios.

11.10.3 Financial risks

Our material risks arising from financial instruments include liquidity risks and credit risks. Business relationships are entered into with creditworthy contractual partners.

Assessments from independent rating agencies, other financial information and trading records are used to assess creditworthiness, especially of major customers. In addition, receivables are monitored on an ongoing basis to ensure that we are not exposed to major credit risks.

The maximum default risk is limited to the respective carrying amounts of the assets reported in the balance sheet. We manage liquidity risks by holding appropriate reserves, monitoring and maintaining loan agreements and planning and coordinating cash inflows and outflows.

11.10.4 Currency risks

As we invoice mainly in Euro, we are only exposed to currency risks to a limited extent. Therefore, no foreign exchange hedging contracts were entered into for the Group as at 31 December 2016.

11.10.5 Interest rate risks

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market interest rates.

The risk of fluctuations in market interest rates to which we are exposed results primarily from variable-rate loans. We manage these risks by maintaining an appropriate ratio between fixed and variable interest rate agreements. We currently do not use any derivatives (e.g. interest rate swaps or interest rate futures) to hedge these risks.

11.11 Additional information relating to the audited unconsolidated financial statements of the Company prepared in accordance with HGB as of and for the financial year ended 31 December 2015

The Audited Unconsolidated Financial Statements have been prepared in accordance with the HGB and are included in this Prospectus. These financial statements are used to calculate the Company's distributable profit (*Bilanzgewinn*). Dividends to shareholders of the Company may only be distributed from such distributable profit. The accounting principles set forth in the HGB may differ from IFRS in material respects.

In the financial year ended 31 December 2016, the Company achieved a distributable profit (*Bilanzgewinn*) of EUR 14,197 thousand, as compared to EUR 12,706 thousand in the financial year ended 31 December 2015. As of 31 December 2016, the total assets of the Company amounted to EUR 51,881 thousand, compared to EUR 41,930 thousand as of 31 December 2015, and the equity of the Company amounted to EUR 30,809 thousand, compared to EUR 21,231 thousand as of 31 December 2015.

12. Market and Competitive Landscape

*Generally, the market information and competitive landscape presented in this section are taken or derived from the cited sources. Industry publications, news articles, surveys and studies conducted by third party sources are based on market research, which itself is based on sampling and subjective judgments by both the researchers and respondents, including judgments about what types of products and competitors should be included in the relevant market. In addition, certain statements below are based on our own proprietary information, insights, subjective opinions or unsubstantiated estimates, some of which were, in turn, derived from various sources the Company believes to be reliable, including industry publications, news articles and from surveys or studies conducted by third party sources; these statements contain words such as "we estimate," "expect," "we believe" or "in our view," and as such do not purport to cite to or summarize any third-party or independent source and should not be so read. The Company compiled its projections for the market and competitive data beyond 2016 in part on the basis of such historical data and in part on the basis of assumptions and methodologies which it believes to be reasonable, as well as various sources it believes to be reliable. Some market data are inherently forward-looking and subject to uncertainty and does not necessarily reflect actual market conditions. In light of the absence of publicly available information on a significant proportion of participants in the industry, many of whom are small and/or privately owned operators, the data on market sizes and projected growth rates should be viewed with caution. You should read the following discussion together with the sections entitled "*3*. Risk Factors", "14 Business" and "4.3 Forward-looking statements".*

12.1 Overview and definition of our markets

We believe that we are a leading manufacturer of specialized machinery and production lines for components of electrified drivetrains ("**E-Drivetrains**") and an international equipment supplier to the automotive, aerospace, consumer electric and other industries. Our offering comprises high-quality and technologically advanced specialized machinery, production lines for components and products as well as complementary services.

We do not differentiate the market by our segments but by industrial sectors. We operate in the global market for investment goods, predominantly in the global automotive and the global industrial markets. We divide the global automotive market into drivetrain related technology sectors and other, non-drivetrain related technology sectors. In the drivetrain related technology sector, we differentiate between E-Drivetrains and conventional drivetrains based on ICEs ("**Conventional Drivetrains**"). We divide the global industrial market into e-bike, consumer electrics and others. For the purposes of this market section we have assumed that the number of Light Vehicles produced is identical to the number of drivetrains produced and therefore corresponds to the growth of the overall market for drivetrains. This assumption does not take into account possible slight deviations in exact production periods of drivetrains and vehicles.

12.2 Overview of the global automotive market

Our division of the global automotive market into separate kinds of drivetrain technologies is based on the major trend in the automotive industry to reduce CO2 emissions and takes into consideration the most important measures to reach this goal, i.e. the electrification of the drivetrain and the further optimization of Conventional Drivetrains. We believe that this trend has been accelerated by the so-called Dieselgate scandal involving Volkswagen Group, Renault and Fiat-Chrysler and the subsequent public announcement of German OEMs to heavily invest into new Electric Vehicles. As we are an equipment supplier for the production of components for both types of drivetrains, this trend is of particular importance for our business. While the Conventional Drivetrain market will remain important in the future as long as Electric Vehicles are relatively more expensive than ICE-based vehicles, we believe that the electrified drivetrain ("**E-Drivetrain**") market will continue to develop dynamically.

The global automotive market consists of vehicles which are based on an E-Drivetrain or a Conventional Drivetrain. E-Drivetrains can be divided into hybrid solutions and pure electric solutions. Hybrid solutions of E-Drivetrains use two or more distinct sources of power for traction, such as an ICE and an E-Motor ("**Hybrid Drivetrain**"). Hybrid Drivetrains can be distinguished into mild hybrid drivetrains, full hybrid drivetrains and plug-in hybrid drivetrains. Mild hybrid drivetrains typically use E-Motors as boosters (temporary power support unit) for the ICE and to charge the battery using the kinetic energy from the breaking and suspension systems ("**Mild Hybrid Vehicles**") (source: Company information based on international research study on the global 48V power-net market). Full hybrid drivetrains additionally enable the vehicle to drive on pure electric energy for short distances of currently up to 25 km ("**Full Hybrid Vehicles**"). Plug-in hybrid drivetrains have a larger battery than full hybrid drivetrains, resulting in a longer range on pure electric energy but also requiring an additional charging system by plugging into the electricity grid ("**Plug-in Hybrid Vehicles**", such type of vehicle is sometime referred to by OEMs as Mild Hybrid Vehicle) (source: Lienkamp, Status Elektromobilität 2016).

Pure electric solutions of E-Drivetrains only rely on electric energy as single source of power for traction for the vehicle ("**Pure E-Drivetrain**"), which can be divided into pure Electric Vehicles using battery based energy storage systems ("**Battery Electric Vehicle**" or "**BEV**") or BEVs using an onboard ICE generator to charge the batteries ("**Range Extender Vehicle**"). By contrast a Conventional Drivetrain relies solely on an ICE as its source of power for traction for the vehicle.

The most relevant sector of the global automotive industry for our business is the Light Vehicles sector. For purposes of the discussion below, the market for Light Vehicles can best be understood based on the numbers of drivetrains produced. The global Light Vehicle drivetrain production was 88.7 million in 2015 and is expected to increase to 110.9 million in 2025 corresponding to a compounded annual growth rate ("**CAGR**") of 2.3% in the period from 2015 to 2025 (source: Company information based on market data from an international research company). The global drivetrain market is divided into conventional drive technology (see "*12.1 Overview and definition of our markets*") and the E-Drivetrain technology (see "*12.2.1.1 Overview of the E-Drivetrain market*").

Sales of Light Vehicles can fluctuate depending on a number of macroeconomic and other factors. The most important factor affecting vehicle sales is the general economic climate, which is influenced in large part by individual and business customer spending on automobiles and levels of disposable income. Additional factors include changing demographics, consumer preferences, replacement rates of old vehicles and affordability of new vehicles.

12.2.1.1 Overview of the E-Drivetrain market size, historical development and growth expectations

Our future growth depends primarily on the growth of the Electric Vehicle market. We divide our market in the Electric Vehicles segment into the market for traction E-Motors and other E-Drivetrain components. The E-Drivetrain technology market currently comprises only a small part of the global drivetrain market but is expected to grow strongly as illustrated by the graph below. This is of particular importance to our business as a result of our strategy to become the global leading equipment manufacturer and supplier for the production of E-Drivetrains in the automotive e-mobility and other e-mobility markets.

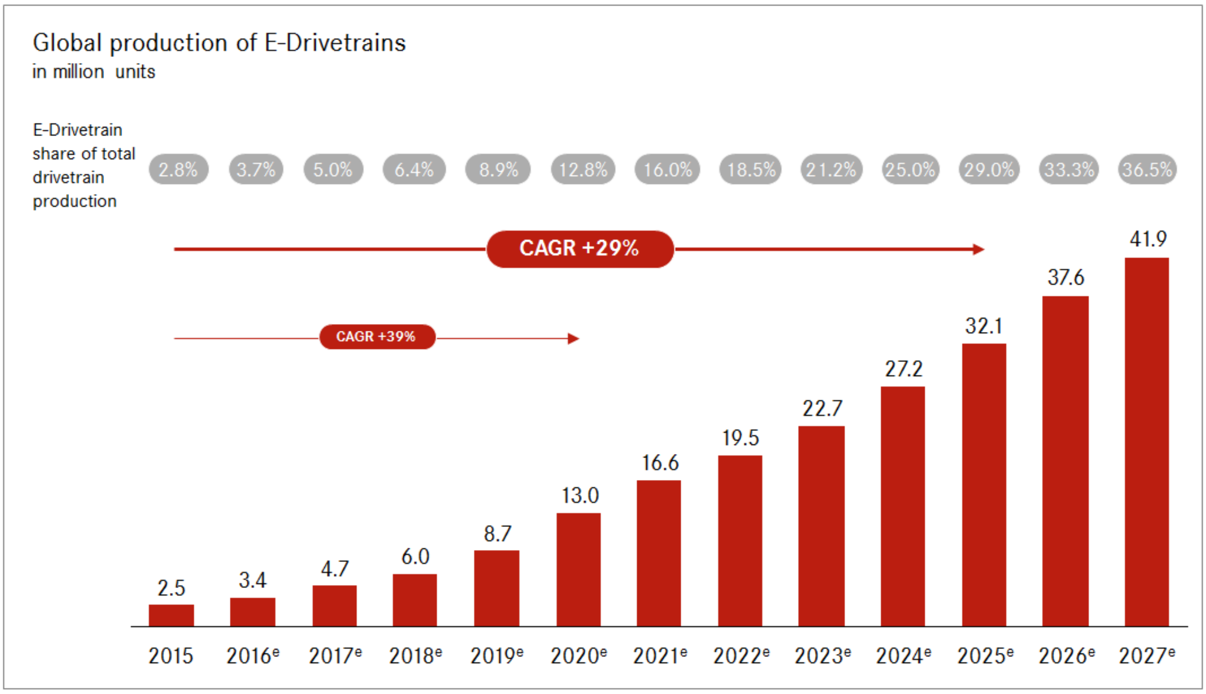


Diagram: Global production of E-Drivetrains; "e" indicates "estimate".
(Source: Company information based on market research from an international research company).

The global production of E-Drivetrains was 2.5 million units in 2015, representing a share of 2.8% of total drivetrain production, and is expected to increase to 32.1 million units in 2025, representing a share of 29% of production and corresponding to a CAGR of 29% in the period from 2015 to 2025 (source: Company information based on market research from an international research company).

The E-Drivetrain market is expected to grow at different rates in our focus markets Europe, Greater China (China and Taiwan) and NAFTA (Canada, Mexico and United States) as well as additional markets of our customers outside of these regions, such as Africa, South America and South Asia (Australia, India, Indonesia, Malaysia, Philippines, Thailand and Vietnam) compared to Japan and Korea, which are expected to grow at significantly lower rates and which are traditionally difficult markets for non-Japanese and non-Korean equipment suppliers to enter. The European E-Drivetrain market amounted to 0.4 million produced units in 2015 and is expected to increase to 7.8 million produced units in 2025 corresponding to a CAGR of 36.3%. The Chinese E-Drivetrain market amounted to 0.2 million produced units in 2015 and is expected to increase to 13.4 million produced units in 2025 corresponding to a CAGR of 49.7%. The NAFTA E-Drivetrain market amounted to 0.2 million units in 2015 and is expected to increase to 3.7 million units in 2025 corresponding to a CAGR of 31.1%. The Africa, South America and South Asia E-Drivetrain market amounted to 0.1 million units in 2015 and is expected to increase to 1.8 million units in 2025 corresponding to a CAGR of 42.7% (source: Company information based on market data from an international research company).

By contrast, in the currently most developed markets of Japan and Korea, the production of E-Drivetrains amounted to 1.6 million produced units in 2015 and is expected to increase to 5.5 million produced units in 2025, corresponding to a CAGR of only 13.3% (source: Company information based on market data from an international research company).

The global market for E-Drivetrains is expected to grow at a CAGR of 29% between 2015 and 2025. An even higher average growth rate is expected for our current key customers in this market. In 2015, our key customers, including BMW, Daimler, Bosch, Continental, Magna (including Magna Powertrain) and (Siemens-)Valeo, had a market share of 9% of the global E-Drivetrain production market, totaling 0.2 million E-Drivetrains. By 2025, these companies are forecast to produce 14.2 million E-Drivetrains, corresponding to a market share of 44% and a CAGR of 52.2% (source: Company information based on market data from an international research company).

We believe that the global market for traction E-Motors will grow even faster than the global market for E-Drivetrains. The reason for this is because all types of E-Drivetrains are likely to use up to four traction E-Motors per vehicle with individual traction E-Motors to be placed on a separate drive shaft or axle, thus serving as a substitute for mechanical four wheel drive solutions. Placing separate traction motors on drive shafts or axles has the additional benefits of reducing the complexity and weight of the drivetrain as no limited slip differentials and cardan shafts are needed. We believe that four wheel drive solutions based on separate E-Motors will be significantly less expensive than traditional four wheel drive concepts and thus will likely lead to the increased use of four wheel drive solutions as this is the generally desired standard for safety and efficiency reasons. Accordingly, we believe that the global market for traction E-Motors has the potential to grow to a theoretical maximum of approximately 128.4 million traction E-Motors in 2025.

The electrification of the drivetrain, whether a Hybrid Drivetrain or a Pure E-Drivetrain, is forecasted to significantly increase the number of E-Motors, generators and actuators from typically below a hundred in a current Light Vehicle to around twice as many in future electric Light Vehicles operating auxiliary systems such as activation of deceleration processes, autonomous steering, vibration warnings in steering columns and in seats, water and oil pumps and active suspension systems. To monitor and control these operations, a significant increase of electric sensors will be needed. Currently there are around 30 sensors in a current Light Vehicle while a future Light Vehicle is expected to use more than 100 sensors (source: Company information based on international research study on the global 48V power-net market).

12.2.1.2 Growth drivers and key trends

The market for Electric Vehicles started to develop over the past decade primarily as a result of investments by major Japanese OEMs in hybrid vehicles and secondarily by the entry of new OEMs in the market for pure Electric Vehicles. The growth of the market is expected to strongly accelerate in the near future as many of the major OEMs, who had been relatively reluctant market participants in recent years, including Volkswagen Group, BMW and Daimler, started to radically increase their investment budgets for Electric Vehicles in 2016 (sources: Zeit Online, VW will eigene Batteriefabrik bauen, 27 May 2016, http://www.zeit.de/wirtschaft/unternehmen/2016-05/elektromobilitaet-volkswagen-salzgitter-elektroautos-investition-batteriefabrik; Automobilwoche, VW setzt auf Elektromobilität, 16 June 2016, http://www.automobilwoche.de/article/20160616/AGENTURMELDUNGEN/306169942/strategie--vw-setzt-auf-elektromobilitaet; carit, Daimler investiert 500 Millionen in E-Mobility, 29 April 2016, http://www.car-it.com/daimler-investiert-500-millionen-in-e-mobility/id-0045883; heise online, Elektromobilität: Daimler steckt 500 Millionen Euro in Akku-Produktion, 2 March 2016, https://www.heise.de/newsticker/meldung/Elektromobilitaet-Daimler-steckt-500-Millionen-Euro-in-Akku-Produktion-3125055.html; heise online, E-Mobilität und Selbstfahrer bei BMW, 16 January 2017, https://www.heise.de/autos/artikel/E-Mobilitaet-und-Selbstfahrer-bei-BMW-3595681.html?artikelseite=3).

The increased investments principally by the OEMs but also by Tier 1 and Tier 2 suppliers are driven by three major forces: (i) improvements in technology as a result of an increase of capital expenditures, (ii) supportive regulatory environment and (iii) increased consumer demand for Electric Vehicles.

One of the major technological improvements is battery chemistry. With further developments in the design of battery packs and more effective battery management systems, it is estimated that volumetric battery density will increase from 200 Wh/Litre in 2015 to 375 Wh/Litre in 2025 (sources: McKinsey & Company, EVolution; BusinessWire, Global EV Charing Stations to Skyrocket by 2020, IHS Report Says, 28 May 2015, http://www.businesswire.com/news/home/20150528005122/en/Global-EV-Charging-Stations-Skyrocket-2020-IHS). BMW for example forecasts to increase the battery density of its I3 model from 82 Wh/kg in 2013 to 101 Wh/kg in 2017 (sources: BMW, The high voltage batteries of the BMW i3 and BMW i8, February 2014; car and driver, 2017 BMW i3: Now with More Electric Range, May 2016, http://www.caranddriver.com/news/2017-bmw-i3-revealed-more-range-leads-the-updates-news). This and other improvements in technology are bolstered by a denser network of charging stations. For example, the number of global charging points is expected to increase sevenfold from 1.8 million in 2015 to 12.7 million by 2020. In 2012 to 2014, the market experienced a doubling in the number of global conventional charging points and an eightfold increase in the number of global fast charging points (source: BusinessWire, Global EV Charing Stations to Skyrocket by 2020, IHS Report Says, 28 May 2015, http://www.businesswire.com/news/home/20150528005122/en/Global-EV-Charging-Stations-Skyrocket-2020-IHS). These improvements resulted from a significant increase in capital expenditures by automotive OEMs. In 2015, worldwide capital expenditures for automation and machinery amounted to a total of USD 82.4 billion, of which USD 21.2 billion were invested in Europe, USD 15.6 billion in the Americas, USD 44.4 billion in the Asia Pacific region and USD 1.2 billion in Japan. (source: Company information based on market data from an international research company). Especially in Europe, capital expenditures are forecast to increase as European OEMs are accelerating their investments in e-mobility capacity. From 2015 to 2017, capital expenditures are forecast to remain stable at USD 21.2 billion while they are forecast to increase to USD 23.7 billion in 2019, representing a CAGR of 6% (source: Company information based on market data from an international research company). Between 2015 and 2025, an additional 14 production plants for E-Drivetrains are forecast to be built in Europe amounting to a total of 40 production plants while at the same time the number of European production plants for Conventional Drivetrains is forecast to decrease from 62 to 55 (source: AlixPartners, A watershed moment for the automotive industry). According to a survey concerning powertrain technology investments conducted among 800 senior automotive executives in 2016 by KPMG, 60% of these executives forecast significant investments into Full Hybrid Vehicle technology, 55% into BEV technology, 54% into Range Extender Vehicle technology and 53% into Plug-in Hybrid Vehicles (source: KPMG International Cooperative, 17th global automotive executive survey).

In addition, new regulations have been introduced in many leading industrial nations and emerging market countries to reduce CO2 emissions, to promote carbon free economies and to provide a system of benefits for consumers which use Electric Vehicles and penalties for those using vehicles with conventional technology. For OEMs, one of the most important reasons to invest in the Electric Vehicle technology is the regulatory requirement to substantially reduce calculated CO2 emissions of their respective fleets to avoid or to limit penalties. The basic CO2 emission target of the European Union for 2020 for instance is set at 95g/km per calculated OEM fleet average. In 2015 European fleet averages of CO2 emissions of major OEMs ranged between 108 g/km and 165 g/km. These major OEMs intend to reduce their fleets' emission range in Europe to 89 g/km and 132 g/km by 2020 to avoid or significantly limit the penalties triggered due to the failure to comply with the defined CO2 emission limit for their fleets. OEMs are encouraged to produce Electric Vehicles to reach the European emission target through a CO2 calculation system which rewards the registration of new Electric Vehicles. Under this system, pure Electric Vehicles are viewed as having no emissions, Plug-in Hybrid Vehicles based on their electric range are viewed as having reduced emissions and vehicles with calculated CO2 emissions below 50 g/km are weighted more heavily into their fleet average CO2 emission calculation for the years 2020 to 2022.

The growth in the Electric Vehicle market has also been fueled in part by the availability and amounts of government subsidies (such as tax benefits and incentives, infrastructure developments and governmental grants for research and development) and economic incentives (such as inner city free parking, toll exemptions and reductions to the purchase price) for purchasers of vehicles with reduced emissions and, in particular, Electric Vehicles. For example, in Norway, average government subsidies in 2015 to purchase Electric Vehicles amounted to USD 20,000 for each pure Electric Vehicle, resulting in a market share of these vehicles of approximately 18% of all Light Vehicles sold in Norway. (source: International Energy Agency, Global EV Outlook 2016, Beyond one million electric cars). Considering that only 0.4% of all vehicles produced in Europe in 2015 were pure Electric Vehicles, this indicates the positive effect which government subsidies and other incentives can have on the overall Electric Vehicle market.

Finally, there has been a growing environmental awareness among the average consumer. Owning and operating an Electric Vehicle is very much in line with general mainstream lifestyle ideas of consumers who wish to shape their consumption behavior based on environment- and climate-friendly considerations.

Apart from only being a mobility device, an Electric Vehicle also has substantial potential to appeal to consumers based on its high performance features, especially its quick acceleration rate.

E-mobility is directionally aligned with other megatrends in the automotive market, such as autonomous driving and smart cars.

12.2.1.3 Development of relevant prices

All of these factors mentioned above are expected to work to reduce the current price disadvantage of Electric Vehicles. Currently, Electric Vehicles are more expensive than their ICE counterparts. This is particularly true for BEVs. With regard to production costs in 2015, a BEV was around 44% more expensive than an equivalent ICE vehicle. This disadvantage is expected to be reduced to a mere 6% by 2025 (source: AlixPartners, A watershed moment for the automotive industry). Furthermore, it is estimated that the annual costs of ownership, including depreciation costs, for Electric Vehicles compared to similar mid-sized passenger vehicles with ICEs will converge by 2021 and decrease thereafter (source: UBS Global Research "Is the Diesel Era In Passenger Cars About To End?").

In addition to the price reduction driven by technological improvements, the relative costs for the average consumer of Electric Vehicles will further decrease due to a system of benefits and penalties as well as an expected over-supply of new cars produced and registered by OEMs aiming to decrease their calculated CO2 fleet emissions. Based on the above, it is expected that the average relative price of Electric Vehicles will decrease in the future. Volkswagen, for example, has announced that it intends to offer an Electric Vehicle at the same price as a comparably powered Diesel counterpart in 2019 (source: n-tv online, Geht der Plan mit dem Stecker auf? VW wil sich vollständig elektrisieren, http://www.n-tv.de/auto/VW-will-sich-vollstaendig-elektrisieren-article18233121.html). As the average relative price of Electric Vehicles decreases in the future together with the growing influence of other factors mentioned above making the purchase of Electric Vehicles more attractive, the more consumers will likely purchase Electric Vehicles.

12.2.1.4 Addressable Market for Traction E-Motor Production Machinery

We have limited the scope of the market description below to the production of traction E-Motors and not included hybrid modules, energy storage systems or the assembly of the complete E-Drivetrain. Similarly, we have not aimed to calculate the market for ancillary electric motors, generators and sensors (or the component thereof) which our machines can manufacture. Although we manufacture specialized machinery and production lines for hybrid modules, energy storage systems and provides for the assembly of the complete E-Drivetrain, we intentionally did not include these items in the estimation of the overall market because adequate market data are not available to us. The overall market addressable by us will most likely be significantly larger than the market set forth below.

The following process steps in the production of a traction E-Motor are relevant for us, in terms of machinery investments our customers are likely to make in order to ensure sufficient production capacity. These processes are: stator, rotor and rotor shaft production as well as the stacking of electrical steel sheets and the final assembly (including balancing) of the E-Motor. The figures in the following table are derived from a target cost analysis and show the production cost split based on the assumption of an annual output of 100,000 units and a cost target for an Electric Vehicle to be sold at a competitive sales price of EUR 18,000. While at the time of the completion of the study in 2012 Electric Vehicles were not competitive from a cost perspective, we assume that these cost targets will be achievable in 2025 for the purpose of the following market estimation.

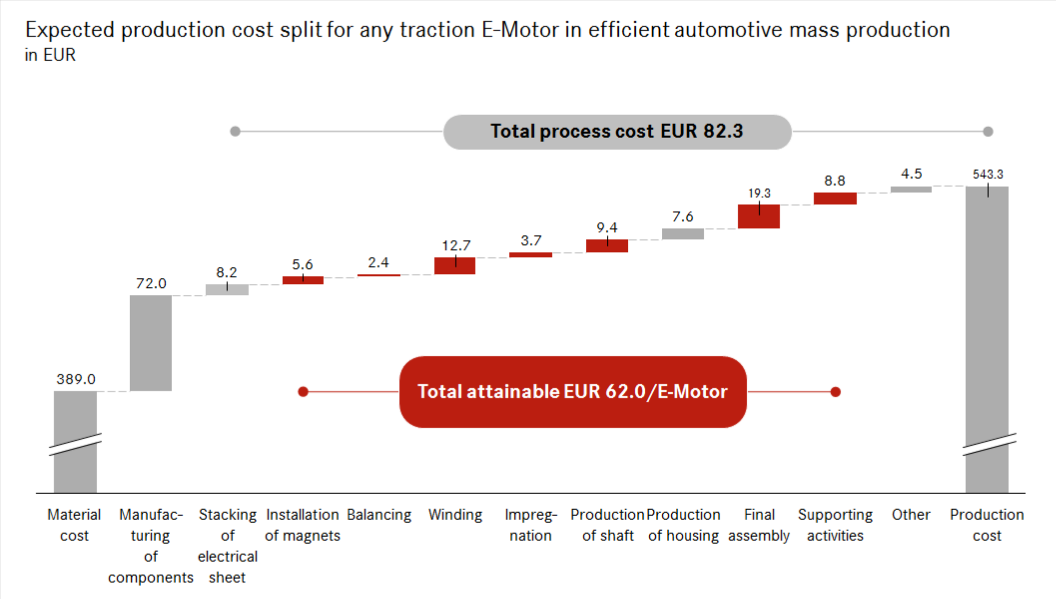


Diagram: Attainable revenue per traction E-Motor based on production costs.
(Sources: Kampker, Burggräf, Nee, Costs, quality and scalability: Impact on the value chain of electric engine production; Company information based on market research from an international research company).

Total production costs per traction E-Motor are estimated to be approximately EUR 543 based on price levels in 2012 (source: Kampker, Burggräf, Nee, Costs, quality and scalability: Impact on the value chain of electric engine production). Based on the breakdown shown in the diagram above, the amount attributable to Aumann would be approximately EUR 62.0 per traction E-Motor consisting of installation of magnets (EUR 5.6), balancing (EUR 2.4), winding (EUR 12.7), impregnation (EUR 3.7), production of the shaft (EUR 9.4), final assembly (EUR 19.3) and supporting activities (EUR 8.8) based on price levels in 2012.

The capital expenditure investments for production machinery for E-Drivetrains are typically made approximately two years in advance of the commencement of the operations such machinery. To calculate our addressable market in the year 2025, it is necessary to base the calculation on the estimated E-Drivetrain production figures for 2027.

The global market for the production of E-Drivetrains in 2027 is estimated to amount to 41.9 million units (source: Company information based on market data from an international research company). It can be assumed that demand for specialized machinery and production lines for the production of E-Drivetrains in 2025 will be based on the expected production figures in 2027. As a result, we estimate that our global market addressable will be between EUR 2.6 billion and 10.4 billion in 2025 based on the assumptions that the production volume of Electric Vehicles will be 41.9 million units in 2027, each unit will have between one and four traction E-Motors and that the addressable amount for Aumann per traction E-Motor would be approximately EUR 62.0 (calculated on price levels in 2012). As noted above, this excludes the market comprising of machines needed to manufacture auxiliary electric motors, generators and sensors.

12.2.1.5 Competitive environment

We divide our market in the e-mobility segment into the market for traction E-Motors and other E-Drivetrain components. In the market for traction E-Motors, our competitors are those with competing technologies. In the market for other E-Drivetrain components, our competitors are primarily assembly and automation specialists.

Competitors with competing technologies can be differentiated based on their winding technology. The market for winding technology companies is diverse. For the purpose of the discussion of our competitive environment we take into account the technological sophistication and the estimated financial resources of our competitors. Based on these criteria, we have limited the numbers of competitors to those which we believe are the most relevant globally. All of these companies are focused on machine building and have little expertise in automation or in the integration of their or third party machines in the overall manufacturing process.

A first category are those companies focused on indirect winding technology consisting of, for example, ElmotecStatomat, DMG meccanica or Risomat. These companies deliver machines for the production of components for traction E-Motors to the automotive industry.

The second category are those companies focused on direct concentrated winding technology, for example, Nittoku Engineering, Odawara Automation, Marsilli, ATOP and SMZ.

Apart from the winding competitors, which are not active in the E-Drivetrain market, we compete with a third category of companies specialized in automation, but which do not have any winding experience, except for the automation company Grob, which acquired DMG meccanica in January 2017. Their strength lies in the integration of different machines in the highly automated manufacturing processes of their customers. Our current most relevant competitors in this regard are Kuka (acquired by Midea in 2016), ThyssenKrupp Systems Engineering, Grob, Strama MPS and Grohmann Engineering (a captive supplier since its acquisition by Tesla in 2016).

Other companies active in the E-Motor market with significant financial resources such as OEMs, Tier 1 and Tier 2 suppliers may become competitors in the market for production machinery for E-Drivetrain solutions.

There are a number of barriers to entry to the market for production machinery for automotive E-Drivetrains. These include, among others, the need for talented and high educated workforce, technical know-how, general qualifications as an automotive equipment supplier, requisite automation know-how and specific know-how in the technical field of wire handling and winding processes along with the corresponding operating software codes.

12.2.2 Overview of the Conventional Drivetrain market

12.2.2.1 Size, structure, historical development and growth expectations

The conventional drive technology vehicle market currently comprises the largest part of the overall automotive market as illustrated by the graph below.

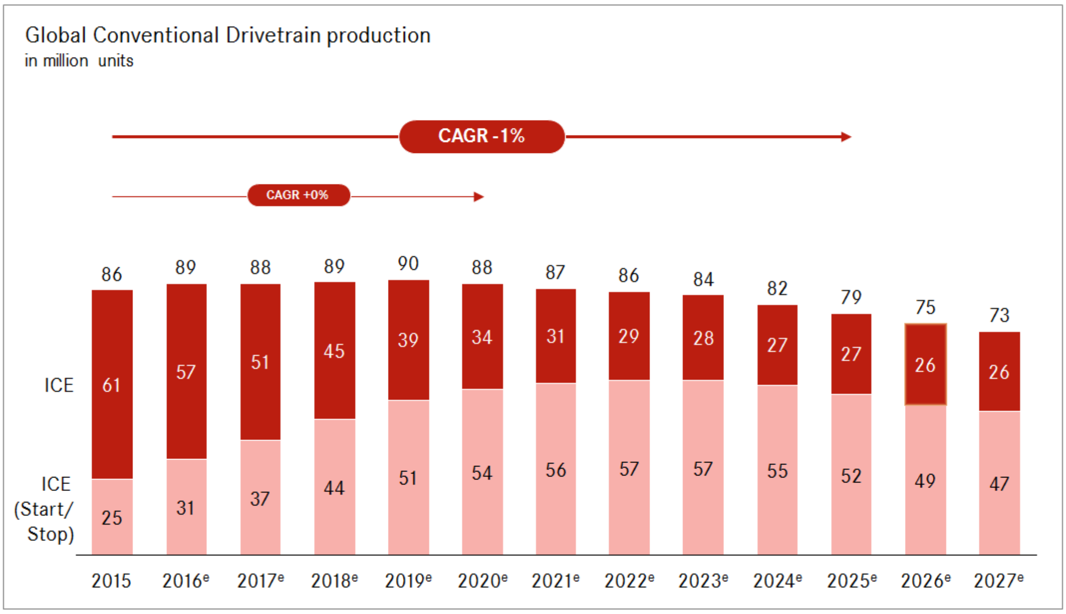


Diagram: Global Conventional Drivetrain production; “e” indicates “estimate”.
(Souce: Company information based on market research from an international research company).

The global production of Light Vehicles with Conventional Drivetrain was 86.3 million units in 2015 and is expected to slightly increase to 89.7 million units in 2019 and then gradually decline to 78.7 million units in 2025 corresponding to a CAGR of -1% in the period from 2015 to 2025 (source: Company information based on market research from an international research company).

The Conventional Drivetrain market is expected to develop at different rates in our focus markets Europe, Greater China (China and Taiwan) and NAFTA (Canada, Mexico and United States) as well as additional markets of our customers outside of these regions, such as Africa, South America and South Asia (Australia, India, Indonesia, Malaysia, Philippines, Thailand and Vietnam), while Japan and Korea are expected to decline at higher rates. The European Conventional Drivetrain market amounted to 20.6 million produced units in 2015 and is expected to decrease to 16.0 million produced units in 2025 corresponding to a CAGR of -2%. The Chinese Conventional Drivetrain market amounted to 23.8 million produced units in 2015 and is expected to decrease to 20.7 million produced units in 2025 corresponding to a CAGR of -1%. The NAFTA Conventional Drivetrain market amounted to 17.3 million units in 2015 and is expected to decrease to 15.0 million units in 2025, corresponding to a CAGR of -1%. The African, South America and South Asia Conventional Drivetrain market amounted to 13.0 million units in 2015 and is expected to increase to 20.0 million units in 2025, corresponding to a CAGR of 4% (source: Company information based on market data from an international research company).

In Japan and Korea, the production of Conventional Drivetrains amounted to 11.7 million produced units in 2015 and is expected to decrease to 7.0 million produced units in 2025 corresponding to a CAGR of -5% (source: Company information based on market data from an international research company).

12.2.2.2 Growth drivers and key trends

The most important driver for capital expenditures in the automobile industry is the expected future number of vehicle sales. Although the number of vehicle sales in absolute terms is forecasted to increase strongly from 87 million in 2015 to 110.9 million in 2025, the number of sales of automobiles with Conventional Drivetrain technology is expected to decrease during this period largely as a result of government regulations aimed at reducing CO2 and other emissions and at providing incentives for the purchase of vehicles with E-Motors.

Despite the expected decline in market volumes in our Conventional Drivetrain market, we believe that we will continue to benefit from existing and future regulations to reduce CO2 emissions and to provide incentives to purchase CO2 emission reduced vehicles. Such regulations supported the sale of our specialized machinery and production lines in our classic segment for the production of components of ICEs which reduce CO2. There are only a limited number of technical solutions that lead to a reduced CO2 emission in an ICE. The most important one is downsizing and turbocharging which, however, has adverse effects on the smoothness of the operation, the tractive power, the durability and the steadfastness of the engine. We offer specialized machinery and production lines to produce components for cylinder deactivation and valve control systems which are the second and third most important source of CO2 reduction of an ICE (source: AlixPartners, A watershed moment for the automotive industry) and which are not associated with the disadvantages of downsizing and turbocharging. The following graph provides an overview of the possible CO2 reduction measures in a diesel ICE.

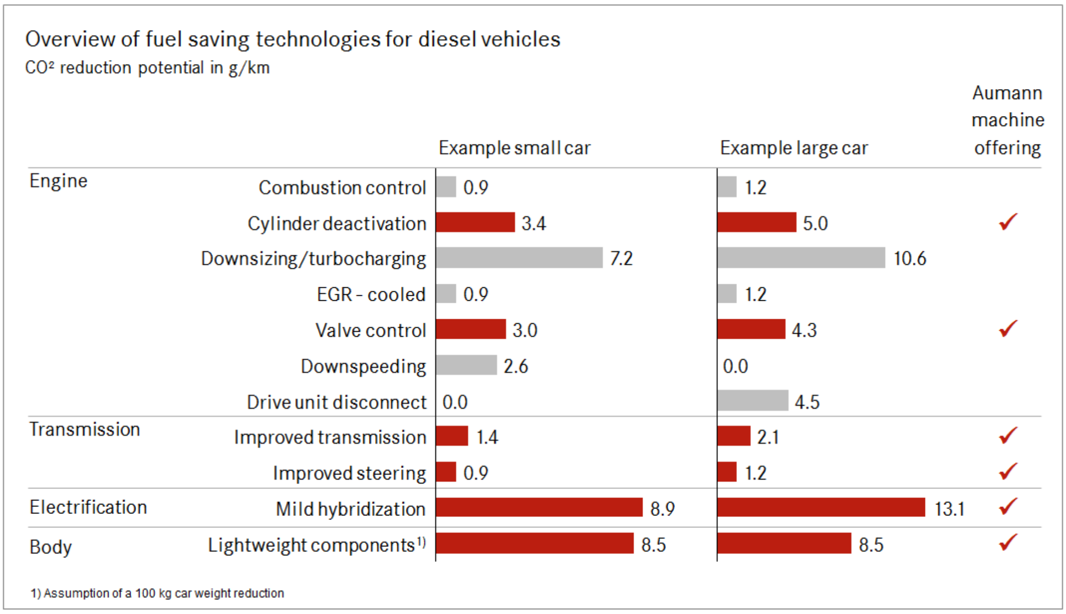


Diagram: Overview of fuel saving technologies for diesel vehicle.
(Source: AlixPartners, A watershed moment for the automotive industry; company information).

Another important expected development in the Conventional Drivetrain market is the application of start and stop systems which help to reduce calculated CO2 emissions by about 3% (source: Lienkamp, Status Elektromobilität 2016). Such systems require starter generators which can also be produced on our specialized machinery and production lines. It is expected that the number of Conventional Drivetrains equipped with start/stop systems will increase from a share of 28.8% of all Conventional Drivetrains or 24.9 million units in 2015 to a share of 66% on all Conventional Drivetrains or 52 million in 2025 corresponding to a CAGR of 8%.

12.2.2.3 Competitive environment

We primarily sell specialized machinery for the production of ICE drivetrain components (including built camshafts, camshaft modules, built cylinder activation and deactivation modules, components for valve control systems and gearboxes) to our automotive customers such as BMW, Daimler and ThyssenKrupp Presta, which enable OEMs that use these components to reduce their fleets' CO2 emissions. Our main competitors are ThyssenKrupp Systems Engineering, USK Utz and Grob.

12.2.3 Overview of other automotive

With regard to our specialized machinery and production lines that we offer for the production of automotive parts that are used in any kind of Light Vehicle independent of its drivetrain technology, the growth of the relevant market depends on the number of Light Vehicles produced. In our view, our main competitors are among others Kuka, ThyssenKrupp Systems Engineering, Grob, Strama MPS, Grohmann Engineering, FFT, SERRA and LEWA Attendorn.

12.3 Overview of the market for other applications

12.3.1 E-bikes

Our customers currently use our specialized machinery and our joint development services to design and to build E-Motor components for e-bikes and pedal electric cycles ("pedelecs" which are bicycles where the rider's pedaling is assisted by a small electric motor). The same advantages which apply to our machines for the manufacturing of motors and generators also apply to our specialized machinery and production lines for the e-bike industry (see below "*13.2.4.2.5 Advantage of our direct winding technology over indirect* technology").

Among others, we sell specialized machinery to Bosch for the production of components for all generations of bottom-bracket-motors, which have been widely used by producers of up-market e-bikes and pedelecs worldwide ever since their introduction in the market.

The market for e-bikes in Europe has shown a strong growth from 0.6 million units in 2010 to 1.4 million units in 2015, corresponding to a CAGR of 18% (source: European Cyclist Federation, European bicycle market analysis 2015). The market is estimated to grow to 2.3 million units in 2020, corresponding to a CAGR of 11% between 2015 and 2020 (source: ichtragenatur, Das E-Bike erobert Europa, http://www.ichtragenatur.de/mobilitaet/652-das-e-bike-erobert-europa). Global e-bike sales are expected to grow from over USD 15.7 billion in 2016 to USD 24.4 billion by 2025 (source: https://www.navigantresearch.com/research/electric-bicycles). According to Navigant Research, annual sales of e-bikes in the world's largest market, China, are expected to decline due to market saturation and new bans on e-bike use in large areas of major cities. While China still leads the global e-bike market, Western Europe and, to a lesser extent, North America are beginning to increase their market share, which we expect will lead to an increase of demand for premium e-bikes. As we sell specialized machinery and production lines to produce sophisticated drivetrain components used in e-bikes and pedelecs in the premium segment of the market, we believe that we will benefit from this trend.

In terms of competition we face the same competitors as in the automotive E-Drivetrain market regarding competitors with competing technologies (see above "*12.2.1.5 Competitive environment*").

12.3.2 Consumer electrics

The global market for consumer electrics (household appliances and consumer electronics) is estimated to have amounted to USD 295 billion (USD 84 billion for household appliances and USD 211 billion for consumer electronics) in 2016 and is expected to grow to USD 510 billion (USD 130 billion for household appliances and USD 380 billion for consumer electronics) in 2021 corresponding to a CAGR of 12% (source: statista, Home appliances worldwide, https://www.statista.com/outlook/256/100/home-appliances/worldwide#takeaway; statista, Consumer electronics worldwide, https://www.statista.com/outlook/251/100/consumer-electronics/worldwide). We believe that we will benefit from the three most important trends driving demand for our specialized machinery and production lines in the consumer electrics industry, namely (i) new regulations to reduce energy consumption of electric and electronic appliances, (ii) an increase in consumer demand for energy efficient products due to increased costs for electricity and (iii) a shift from labor intensive to automated production processes as labor costs generally rise in emerging markets, where a large share of these appliances are produced.

In terms of competition we face the same competitors as in the automotive E-Drivetrain market (see above "*12.2.1.5 Competitive environment*") but also additional competitors as there is no need for previous automotive experience to enter this market and a lower level of winding experience is acceptable for market entry.

12.3.3 Other industries

We are also active in a number of other markets. These markets include the aerospace, railway, agriculture, cleantech and wire industries which only contribute a minor portion to our revenues.

13. Key technology

13.1 Key technical background

The following section provides a brief overview of the key technological advantages that our specialized machinery and production lines offer combined with an abstract explanation of select technical terms and technologies relevant to our product offering.

13.1.1 Introduction

We design, manufacture and sell specialized machinery and production lines for the production of E-drivetrain components. Integral parts of any e-drivetrain are E-Motors and generators. E-Motors transform electrical energy through a rotary movement into kinetic energy while generators do the opposite: Generators transform kinetic energy through a rotary movement into electrical energy. In both cases an energy field operates in the motor or generator which results from the magnetic fields of the stator (which is the fixed part of the motor or generator) and the rotor (which is the rotating part of the motor or generator), both of which can be electrically induced or generated by permanent magnets. E-Motors and generators used by the automotive industry typically are based on stators using electrically induced magnetic fields combined with a variety of different rotor types.

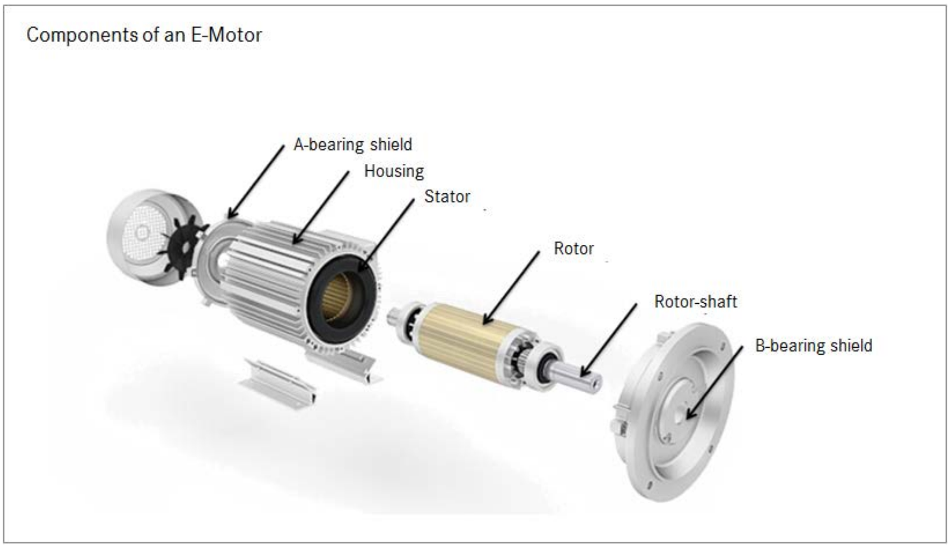


Diagram: Components of an E-Motor. (source: Company information)

A key differentiator for E-Motor components is the so-called "electrical fill factor". The electrical fill factor measures the overlap of copper and groove in percentage terms. The groove is the opening between two teeth or poles which are the actual structures around which the wire is wound. The sheet packet stack is the metal structure used as the basis for wiring the copper wire with the "teeth" or poles.

The below graphic shows a cross-section of a section of a sheet package stack with copper wire inside the groove:

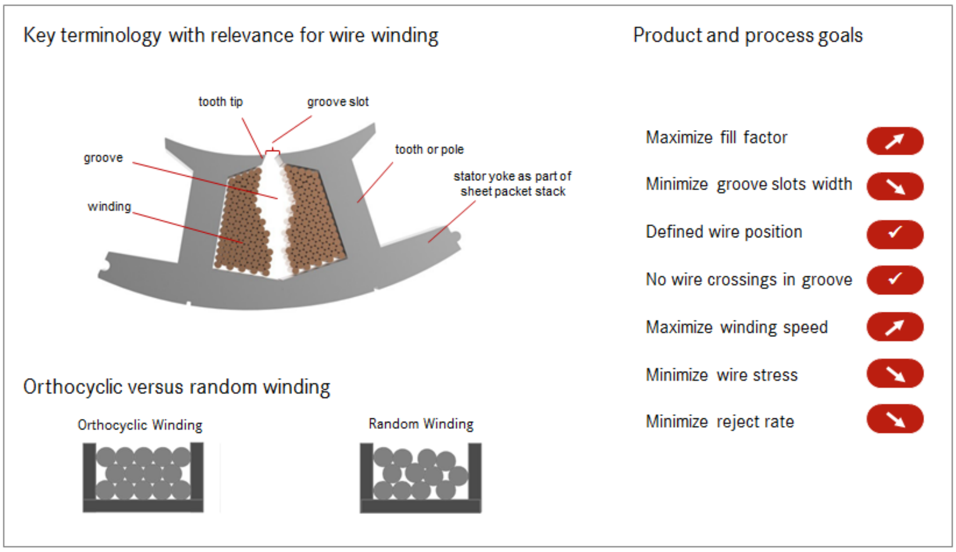


Diagram: Key terminology with relevance for wire winding.
(Source: company information; Handbuch der Wickeltechnik für hocheffiziente Spulen und Motoren, Springer Verlag, 2016).

The electrical fill factor is an important metric for the efficiency, weight and cost of a stator. Manufacturers aim to achieve the optimal electrical fill factor for a particular wiring diameter and groove cross-section by optimizing the geometry of the groove-cross section and matching it to the right wire diameter. A key goal of advanced winding technology is to increase the electrical fill factor for any given component geometry.

A second important differentiator is the groove slot width which measures the distance between individual tooth tips. The narrower the slot width, the smoother the operation and the higher the efficiency of the E-Motor or generator.

Stators and rotors can either be based on pre-assembled electrical sheet package stacks or on a segmented layout. Both layouts can either be outer or inner grooved, i.e. the groove slots are either facing outward or inward.

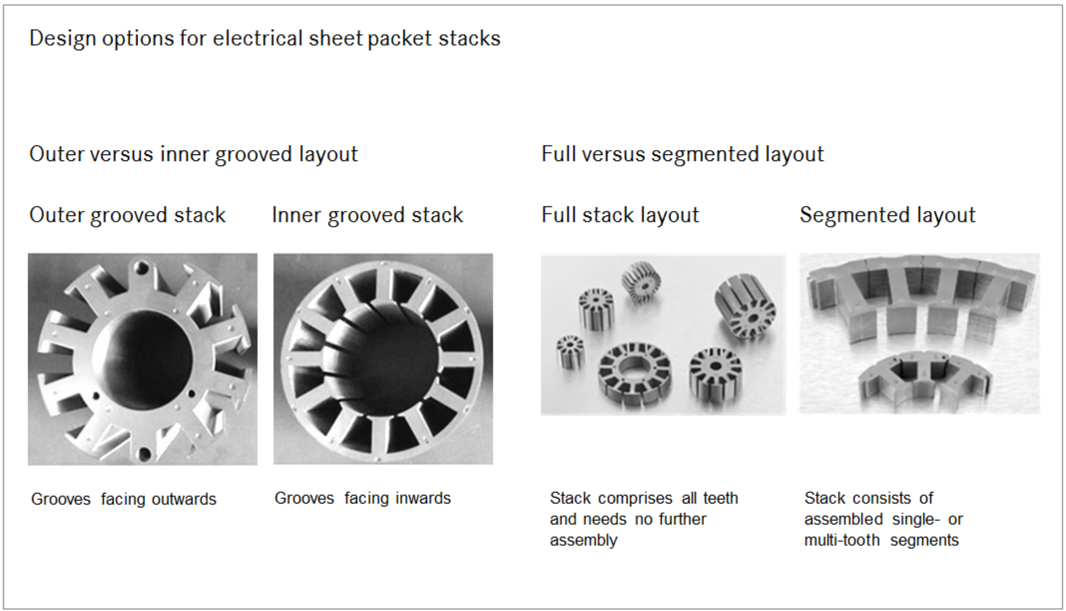


Diagram: Design options for electrical sheet packet stacks. (Source: Company information).

13.2 Our winding technology

13.2.1 Key technological advantages

From a manufacturing perspective, a key technological process used in certain of our specialized machinery is winding. The advantage of our direct winding technology is that it provides full control over the position of the wire during the winding process compared to partially random wire crossings created by indirect winding technology. Direct technologies are thus the pre-requisite for a highly automated process. Further, our technology generally allows for a high level of end-product scalability directly on the production line without requiring the use of additional tools for each different size of the end-product by simply changing software parameters and thus enabling the producer to establish a just-in-sequence production.

From an end product perspective, E-motors using direct winding technology achieve higher electrical fill factors and prevent drawbacks that occur with insert-in technology. Apart from saving costs for raw materials (especially copper), the lower weight and reduced spatial requirements result in significantly higher power density of end-products manufactured with our direct winding technology. Our direct winding technology also generally results in lower reject rates (source: Company information based on scientific research study).

13.2.2 Overview

Winding refers to a manufacturing method involving the winding of an electric conductor (for the purposes of our products: typically copper wire) around a given E-Motor component. In principal, there are four different ways in which a given E-Motor component can be wound using winding technology, separated into (i) concentrated and distributed winding and (ii) indirect and direct winding.

We believe that the winding technology we use in our specialized machinery has a technological edge over competing technologies, in particular for specialized machinery producing stators and rotors, the main sub-components of E-Motors and generators produced by our customers (see "*13.2.4.2.5 Advantage of our direct winding technology over indirect technology*"). We exclusively use direct winding processes in our machines, which provides specific advantages over indirect winding technology with regard to the production process and the quality of resulting components, enabling stable mass production processes and E-Motor designs with superior power density (see "*13.2.4.2.5 Advantage of our direct winding technology over indirect* technology"). We also use various other technological processes in our machines, which are, where relevant, explained in section "*14.5 Our business segments*".

The following table highlights the specialized machinery we offer with regard to winding technology and wiring layout: We exclusively focus on direct winding technology due to its superior automation potential. In order to meet the diverse requirements of our customers' E-Motor and –generator designs, we currently employ five different direct winding technologies.

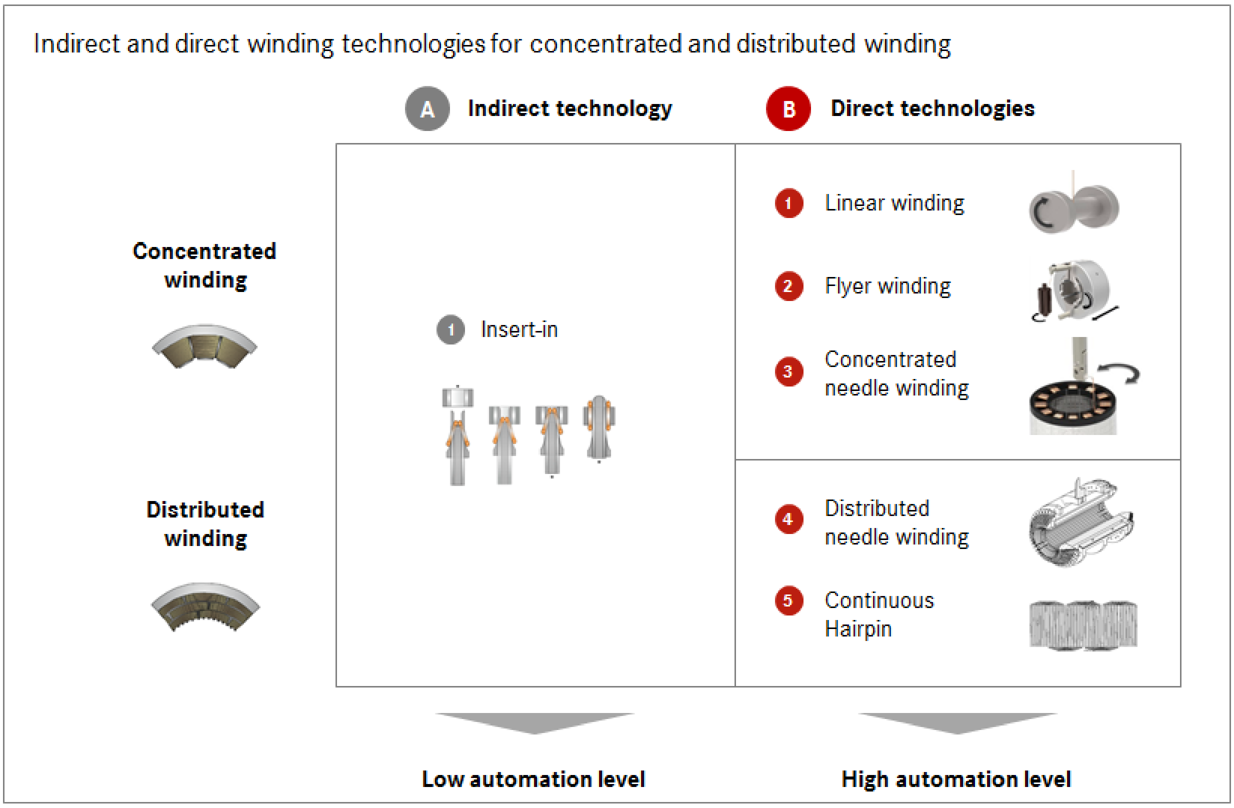


Diagram: Indirect and direct winding technologies for concentrated and distributed winding.
(Source: company information).

13.2.3 Concentrated or distributed winding

The wiring pattern used when winding an E-Motor component can either be a concentrated or a distributed wiring pattern. Concentrated wiring results in electrical phases being separated from each other forming a sequential cyclical pattern (as displayed in the graphic below on the left). Distributed wiring results in overlapping phases throughout the cycle with the wires stretching across a number of poles (as displayed in the graphic below on the right). Compared to concentrated wiring, distributed wiring reduces the so-called "cogging torque" (which is an undesired side effect in all E-Motors or generators, especially at slow rotations) and thus allows for a smoother and quieter operation of an E-Motor or generator.

We believe that we are a technology leader in direct winding, with certain distributed needle and distributed continuous hairpin winding technologies exclusively being used by us.

The following diagram illustrates the difference between concentrated and distributed wiring patterns:

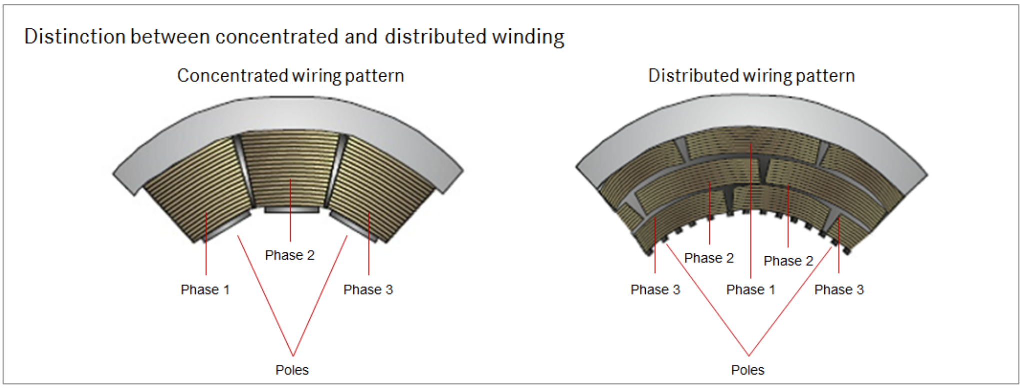


Diagram: Distinction between concentrated and distributed wiring.
(Source: Handbuch der Wickeltechnik für hocheffiziente Spulen und Motoren, Springer Verlag, 2016).

13.2.4 Direct or indirect winding

Winding technology can also be differentiated by the manner in which the copper wire (or a wire from another material) is applied. Indirect winding is the conventional winding method for the production of E-Motors and is the most common and widely used winding technology. Using indirect winding, the copper wire is first wound around a tool called a winding mask. From this mask, the wires are stripped onto a transfer tool which is then pulled or pushed into the E-Motor component by an insertion plunger which squeezes the wires into the grooves of the E-Motor component (so-called “insert-in” technology). The following graphics shows indirect winding technology:

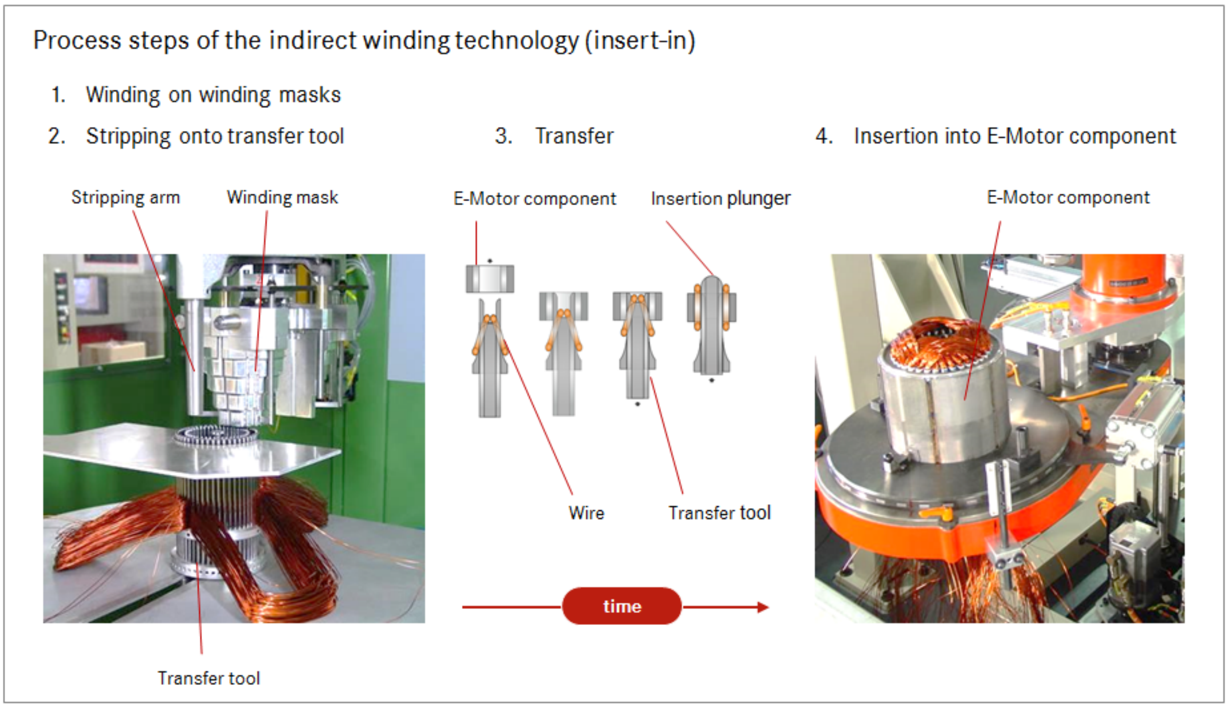


Diagram: Process steps of indirect winding technology.
(Source: Company information).

By contrast, in direct winding technology, the copper wire is directly wrapped around a single pole or a number of poles of the stator, which provides specific advantages set out below.

13.2.4.1 Indirect winding

We do not use indirect winding technology for a number of reasons:

- Because the copper wires have to be squeezed through the groove slots into the grooves, the enameling on the copper wire or the wire itself may be damaged to such an extent that the finished products are not useable, resulting in a relatively high reject rate (source: Company information based on scientific research study). The amount of stress forced upon the wire while being squeezed through the groove slot increases the higher the electrical fill factor and the narrower the slot. Apart from striving to achieve the highest possible electrical fill factors, E-Motor manufacturers also seek to achieve narrowest possible slot-widths in order to avoid loss of efficiency and ensure smooth operation. However, when optimizing both parameters using insert-in technology, reject rates quickly increase, which leads mass producers typically to reduce the electrical fill factor and increase the slot-width below optimum in order to achieve reject rates of around 2% to 3%. The reject rate is generally defined as the percentage of processed parts that are rejected as defective. This, in turn, leads to reduced motor efficiency and power-density.
- The uncontrolled squeezing of the wires as they are pulled into the particular E-Motor component results in a substantial amount of wires crossing inside the grooves which again adversely affects

the electrical fill factor. In addition, the crossing of the wires creates air pockets inside the groove which hinders effective heat dissipation within the E-Motor component, thus increasing the risk of overheating and thus destruction of the E-Motor (source: Company information based on scientific research study).

- Another drawback is that the position of wire ends is random and renders full automation of subsequent processes impractical at an acceptable cost (sources: Company information based on scientific research study; Kampker, Elektromobilkonstruktion).
- The indirect winding technique leads to substantial amounts of copper protruding (i.e. sticking out) above and below the E-Motor component body, which is referred to as "winding heads". Winding heads do not have any functional use and increase electrical resistance which has an adverse effect on motor efficiency (source: Company information based on scientific research study). As a result of the additional electrical resistance, the electrical current flowing through the wire heads creates additional waste heat which needs to be diverted away from the motor through a cooling mechanism which further increases costs. Wild copper bulges in the winding heads also typically need to be manually insulated and then fastened in order for the housing to be easily mountable which is typically costly and time consuming. The larger housing units increase spatial requirements and costs for raw materials. Producers that try to limit the spatial requirements by forcing the winding heads into the housing of the E-Motor place the wire-bulges under pressure, risking even higher reject rates due or risks of failure during operation due to wire cracking.

13.2.4.2 Direct winding

In direct winding technology, which is the only winding technology we use, the copper wire is directly wrapped around the poles of the E-Motor component. Direct winding technology significantly reduces reject rates and allows us to highly automate the winding process, which we believe are key technological advantages over our competitors. These advantages provide for stable mass production processes as needed in the automotive industry (see also "*12.2.1.5 Competitive environment*"). Direct winding technology can be subdivided into various winding techniques which are used for different applications:

13.2.4.2.1 Linear winding

Linear winding is primarily used for coil and single tooth winding. Under this method, a tooth rotates in a circular motion pulling in the copper wire which is held by the winding machine at the appropriate tension and directed in a linear motion to achieve a so-called "orthocyclical" pattern until the tooth is full of copper.

Linear winding is a suitable method to produce segmented components for traction E-Motors of Electric Vehicles, resulting in the smallest possible winding head. The orthocyclical pattern ensures a high electrical fill factor and effective heat dissipation as air pockets are reduced to a minimum. However, as linear winding results in a concentrated wiring pattern, such E-Motors lack the smoother and quieter operation generated by distributed wiring pattern.

The following graphic shows the process of linear winding:

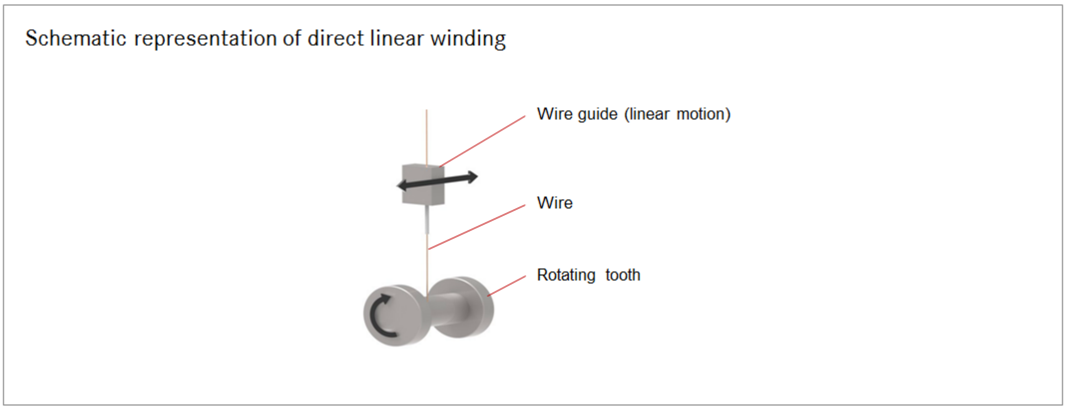


Diagram: Schematic representation of direct linear winding.
(Sources: Handbuch der Wickeltechnik für hocheffiziente Spulen und Motoren, Springer Verlag, 2016; Company information).

13.2.4.2.2 Flyer winding

Flyer winding is primarily used for outer grooved (that is outward facing groove slots) electrical sheet packet stacks of stators and rotors. Under this method, the sheet packet stack is held stationary while a flyer rotates and pulls the copper wire around a single pole while simultaneously moving in a linear motion along the pole. In order to achieve an orthocyclical pattern, a guidance mechanism can be used optionally. The same process is repeated until all of the grooves in the stator or rotor are covered with copper wire. Flyer winding is mostly used with concentrated wiring pattern. Distributed wiring solutions are possible as well for special solutions with outer grooved components, however at lower efficiency rates.

Flyer winding is particularly suitable for the winding of very bulky and massive products as the component to be wound does not need to perform any movement during the winding process.

The following graphic shows the process of flyer winding:

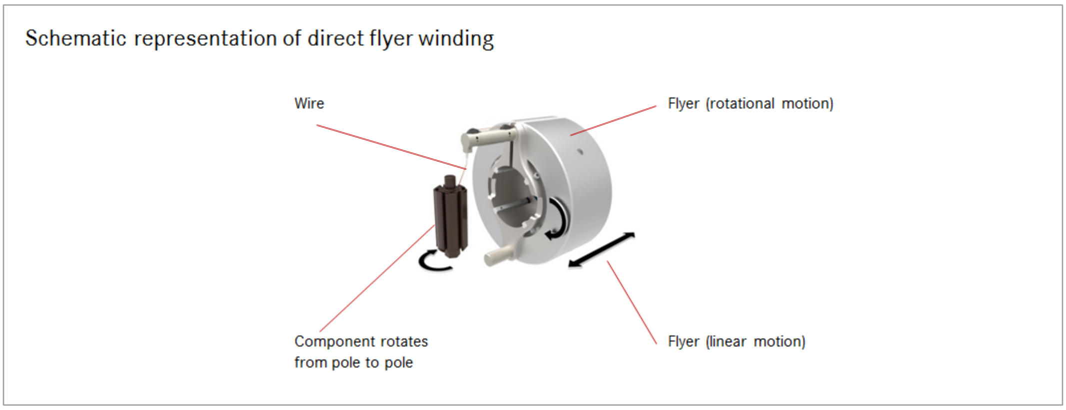


Diagram: Schematic representation of direct flyer winding.
(Sources: Handbuch der Wickeltechnik für hocheffiziente Spulen und Motoren, Springer Verlag, 2016; Company information).

13.2.4.2.3 Needle winding

Needle winding can be used for outer and inner grooved sheet packet stacks. Under this method, a needle with copper wire is lowered below a pole, pulled around that pole and then pulled upward above the pole until the copper wire is completely wrapped around the pole. After completing this cycle, the needle moves in a linear motion to ensure that the orthocyclical pattern is maintained. The process is flexible to be used with distributed and concentrated wiring and with segmented designs:

- If a distributed wiring is required, the E-Motor component will rotate to or the pole-chain will laterally traverse to the next pole after a defined number of circular motions of the needle, which allows for full flexibility of the distribution pattern.

- If a concentrated wiring is used, the E-Motor component will rotate to or the pole-chain will laterally traverse to the next pole of that particular electrical phase until each pole has been fully wrapped with copper wire.
- If a segmented E-Motor component design is used for the end-product, the use of pole-chains instead of sheet packet stacks allows for the simultaneous winding of more than one pole or group of poles which helps to reduce cycle times.

The following graphic shows the process of needle winding:

Schematic representation of direct needle winding

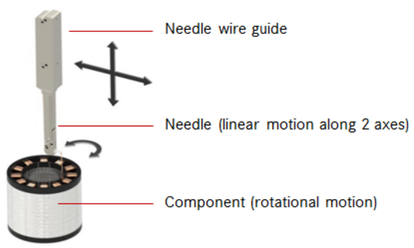


Diagram: Schematic representation of direct needle winding.
(Source: Handbuch der Wickeltechnik für hocheffiziente Spulen und Motoren, Springer Verlag, 2016; Company information).

Our machines for the winding of inner grooved sheet packet stacks with a distributed wiring pattern offer unique features such as the simultaneous deposition of up to 24 wires into the groove allowing for short cycle time during production. At the same time minimal groove slot width is achieved as with our technology the needle does not have to enter into the slot but rather inserts the wire while hovering above the slot which reduces slot width close to the width of the wire rather than to the width of the far larger needle. This technology is particularly suited for traction motors of pure Electric Vehicles as it allows for high amperage load resilience, high torque, and high rotation speed of the E-Motor.

13.2.4.2.4 Continuous hairpin winding

We believe that continuous hairpin winding is a winding technology offered only by us. It is primarily used for distributed wiring of inner or outer grooved stators. The wire is woven into a mat which is coiled and inserted into the grooves. Continuous hairpin winding is particularly suitable for the winding of (mild-)hybrid-layout motors and generators. Due to its continuous wiring of each electrical phase, it has the advantage of avoiding the complex and error-prone contacting processes needed for the distinct hairpin assembly method, which is conventionally used for the production of such generators and components,.

13.2.4.2.5 Advantage of our direct winding technology over indirect technology

There are several advantages of direct winding technology over indirect winding technology which have been set out above.

All direct technologies give full control over the position of the wire during the winding process compared to partially random wire crossings created by indirect winding technology. Direct technologies are thus the pre-requisite for a highly automated process, which avoids manual steps such as insert-in technology resulting in higher process stability and reduced labor costs. Further, our technology generally allows for a high level of end-product scalability directly on the production line without requiring the use of additional tools for each different size of the end-product by simply changing software parameters and thus enabling the producer to establish a just-in-sequence production.

With regard to the production of E-Motors, our direct needle winding technology using distributed wiring pattern achieves higher electrical fill factors for any given reject rate than the insert-in technology. In addition, all direct winding technologies we use either reduce the creation of winding heads or completely avoid winding heads, which helps to prevent the drawbacks that occur with insert-in technology. Apart from saving costs for raw materials (especially copper), the lower weight and reduced spatial requirements result in significantly higher power density of end-products manufactured with our direct winding technology. Using our technology, for example, one of our customers produced an auxiliary E-Motor with identical power requirements as an E-Motor based on conventional indirect technology utilizing approximately 50% less copper and 30% less electrical sheet, and reducing the overall size of the stator by 20%, which results in higher power density both measured in kW/kg motor weight and in KW/liter motor size. Our direct winding technology also results in lower reject rates (source: Company information based on scientific research study).

The following chart shows the advantage of our technology compared to conventional insert-in technology (source: Company information). The diagram is a schematic representation of generally applicable relationships. Specific figures cannot be derived from this diagram. The explanation is set forth below following the diagram.

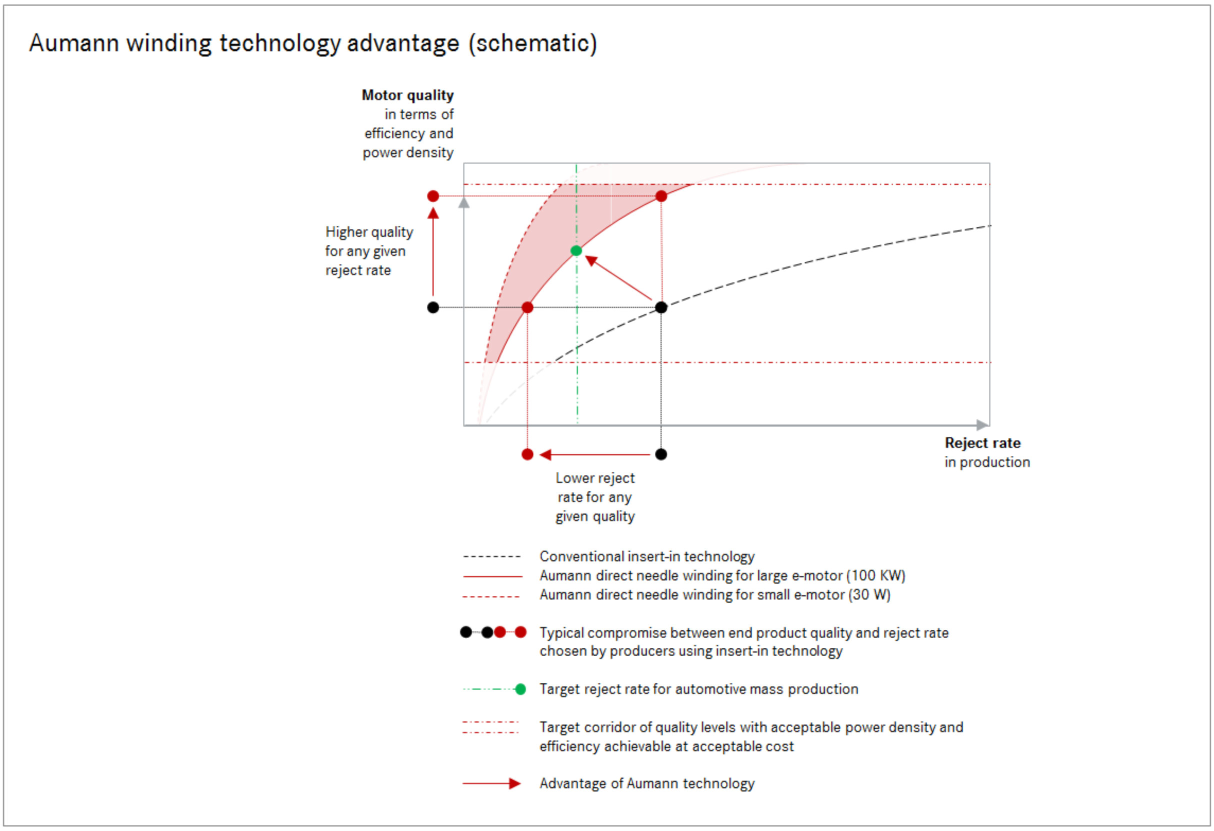


Diagram: Aumann winding technolog advantage schematic.
(Source: Company information).

We believe that in particular our distributed needle winding technology offers either, in relation to a particular E-Motor component production, (i) a superior end-product quality in terms of efficiency and power density for any given reject rate (for acceptable efficiency and power-density levels) or, (ii) a significantly lower reject rate for any given quality level which can be achieved at an acceptable cost when compared to production based on conventional insert-in technology. Generally, the disadvantages of excess copper in winding heads become more severe as they become larger relative to the total size of the particular E-Motor component, which means that the advantages of our direct winding technology become gradually more pronounced as the requirement to decrease the motor size gets more important, which we particularly expect to be the case for any all-wheel-drive and mild-hybrid E-Drivetrain layouts.

We believe that currently chosen compromises between E-Motor quality and reject rates by producers using insert-in technology for E-Motor production are beyond typically targeted reject rates in the automotive industry. In conclusion, E-Motor producers choosing Aumann direct needle winding technology can realize two improvements at the same time: they can reach low reject rates suitable for automotive mass production while at the same time achieving superior E-Motor quality.

13.2.5 Other technologies

We also have a number of additional technologies other than the winding technologies described in this section. For a discussion, see section "*14.5 Our business segments*".

14. Business

14.1 Business overview

We believe that we are a leading manufacturer of specialized machinery and production lines for components of electrified drivetrains and an international equipment supplier to the automotive, aerospace, consumer electric and other industries. A significant majority of our revenues and EBIT are generated from sales to customers in the automotive sector. Our offering comprises high-quality and technologically advanced specialized machinery, production lines for components and products as well as complementary services. Our specialized machinery and production lines can be technically designed as industry 4.0 solutions. Our precision-made specialized machinery and production lines enable our customers to produce state-of-the-art components for all of the above mentioned industries based on our innovative technology and automated manufacturing processes.

Our specialized machinery for E-Drivetrain manufacturing for Electric Vehicles, in particular for E-Motors, contributes to optimized customer end-products and efficient mass production scalability. In addition, our products for customers in the automotive sector for Conventional Drivetrains allow our customers to produce components that further help to reduce the CO2 emissions of their fleet, while also providing significant benefits in the manufacturing process of those components.

We often work jointly to develop and optimize a customer's end product. As a result, a large portion of our staff consists of highly educated people, including software engineers and mechatronic specialists, whom we also train at our own training facility. Many of our experts have a combination of technical expertise as engineers and management skills in operating businesses. As our business model focuses on the most value-adding steps of the value chain, this combination enables us to recognize which steps of the value chain can most effectively be outsourced and which can most effectively be completed in-house. This organizational approach allows us to scale our capacity by the use of third parties which we believe to be an essential enabler for growth.

We divide our business into two business segments and sell our specialized machinery, production lines and services to many of our customers across both segments:

- **e-mobility:** In our e-mobility segment, we primarily design, manufacture and sell specialized machinery and automated production lines for the automotive, aerospace, railway and other mobility industries with a principal focus on the automotive industry. Our offerings enable our e-mobility customers to produce highly efficient and advanced E-Motors on a mass production scale using direct winding technology ranging from linear, flyer and needle winding to highly advanced continuous hairpin and distributed needle winding as well as sophisticated automated solutions for surrounding processes. Large customers from the automotive and e-bike industries such as Volkswagen Group and Bosch use our technology to produce their latest generation of E-Motors. We also offer specialized machinery and production lines for the manufacturing of energy storage systems and provide complementary product support services such as maintenance, repair and spare part supply as well as joint development services throughout the whole segment. The e-mobility segment accounted for 27.2% of our Group revenue and 40.9% of our Group EBIT (before reconciliation of EUR 713 thousand) in 2016.
- **Classic:** In our classic segment we primarily design, manufacture and sell specialized machinery and automated production lines for the automotive, aerospace, railway, consumer electric, agricultural and cleantech industries. Our solutions include specialized machinery for the production of ICE drivetrain components (including built camshafts, camshaft modules, built cylinder activation and deactivation modules and components for valve control systems) and light weight structural components for our automotive customers such as BMW, Daimler and ThyssenKrupp Presta, which enable OEMs that use these components to reduce their fleets' CO2 emissions and provide significant manufacturing benefits. We also provide assembly and logistical solutions for the consumer electric industry, transport jigs for the aerospace industry as well as

specific solutions for other industries. We also offer complementary product support services as well as production services, such as measuring, prototyping and machining and others. In addition, we produce and sell to a limited extent certain serial parts in particular to automotive and agriculture customers. The classic segment accounted for 72.8% of our Group revenue and 59.1% of our Group EBIT (before reconciliation of EUR 713 thousand) in 2016.

Based on our experience in the market, we believe that our specialized machinery and production lines enable our customers to manufacture efficient E-Motors. We believe that our innovative processes and technologies, our strategic focus on e-mobility manufacturing solutions, high product quality and reliable delivery, long-standing and diversified customer relationships, with a particular emphasis on OEM and Tier 1 customers, and our complementary service offering position us well for the future.

In the financial year ended 31 December 2016, we generated revenues of EUR 156,016 thousand (EUR 93,415 thousand in the financial year ended 31 December 2015 and on a Like-for-Like basis EUR 121,696 thousand in the financial year ended 31 December 2015) and an EBIT of EUR 18,448 thousand (EUR 10,190 thousand in the financial year ended 31 December 2015 and on a Like-for-Like basis EUR 11,461 thousand in the financial year ended 31 December 2015).

We believe that we have a strong European presence and a developing global presence and, with our plant in Changzhou, we already have a fully-integrated operational unit in the fast growing Chinese market. Our business activities are divided into the regions Europe (90.2% of our revenues in 2016), Asia (4.1% of our revenues in 2016) and the NAFTA market (5.0% of our revenues in 2016). We generate most of our business in Europe and ship our specialized machinery and production lines to our customers' locations around the world from our facilities in Germany and China. As of 31 December 2016, we had three manufacturing facilities in Germany and one in China and 558 employees.

14.2 Competitive strengths

We believe that our key competitive strengths include the following:

14.2.1 We are strongly benefiting from the e-mobility revolution long before the actual production of Electric Vehicles

We are strongly benefitting from our customers' anticipation of future growth in the market for Electric Vehicles and their reallocation of R&D expenses and capital investments from ICEs to Electric Vehicles. Our specialized machinery and production lines are an integral part of our customers' capacity expansion plans in the e-mobility sector. If we jointly develop products with our customers, their capital investments in Electric Vehicles production are directly reflected in our revenues up to three years prior to the start of serial production ("**SOP**") of the respective vehicles as they are investing in production lines for the future.

The production of Electric Vehicles is anticipated to grow from 2.5 million vehicles in 2015 to 32.1 million vehicles in 2025 (source: Company information based on market research from an international research company). We believe that the global market for traction E-Motors will grow even faster than the global market for E-Drivetrains, as all types of E-Drivetrains are likely to use up to four traction E-Motors per vehicle which is currently not the case (for more information see "*12.2.1.4 Addressable Market for Traction E-Motor Production Machinery*").

Starting from relatively low production levels of Electric Vehicles in the past, a number of trends have already resulted in increased demand and new business opportunities which we believe will intensify in the future: (i) technological advancements, such as improved vehicle range due to more efficient batteries, reduced re-charging times for batteries and improved battery densities, (ii) infrastructure investments, principally in a denser network of charging stations, (iii) existing and future regulations to reduce emissions, new regulations that may ban ICEs and governmental measures that encourage the purchase of Electric Vehicles, (iv) increased consumer demand for Electric Vehicles as a result of a growing environmental awareness and the general attractiveness of Electric Vehicles, and (v) a reduction in prices for Electric Vehicles in the mid-term in absolute terms and as compared to ICE vehicles. In anticipation of this ongoing e-mobility revolution, customers have started building up production capacities over the last years to which we have contributed through jointly developed specialized machinery and E-Drivetrain components and through the sale of our existing specialized machinery and production lines. While our customers will benefit from this increase in capacities only at the time of the actual delivery of the vehicles to the end-customers, we will have already generated revenue and a margin long before the production of Electric Vehicles. In part because our customers intend to sell more Electric Vehicles, our revenues in the e-mobility segment already increased strongly to EUR 42,461 thousand in 2016 (compared to EUR 5,704 thousand in 2015). Our increased order intake in the e-mobility segment further reflects our customers' capacity expansion (as of 31 December 2016 our order intake was EUR 190,110 thousand compared to EUR 141,156 thousand as of 31 December 2015).

The timing and the amount of revenue and margin we generate is based on individual characteristics for each individual project. We usually receive orders for the specialized machinery and production lines approximately one to two years prior to the SOP of an Electric Vehicle. If we jointly develop products with our customers, we commence such development approximately two to three years prior to the SOP of a vehicle and are compensated for our part of the development work separately from the sale of the specialized machinery or production line. The compensation of the development work is generally paid before we receive the order for the production of the specialized machinery or production line.

We typically bill 30% of the purchase price for the specialized machinery or production line when we receive the order for a new project (approximately one to two years prior to SOP), 30% after we have conducted a successful dry-run at our production facilities and have delivered all components to the customer's site (approximately six to eleven months prior to SOP) and 40% when we get the final acceptance (approximately three to six months prior to SOP). Ten percentage points out of the final installment of 40% is paid against the issuance of a bank guarantee which serves as substitute for the customary 10% retained guarantee. The revenues related to such billings are recorded in line with the POC method (see above "*11.6.1 Revenue*"). As such, we already generate a major portion of our revenues and cash flows long before the SOP of the Electric Vehicles.

14.2.2 Our unique winding technology enables our customers to scale up to automated mass production of superior E-Motors

We have more than 80 years experience in winding technology and believe that we are the only manufacturer worldwide which offers highly automated continuous hairpin winding as well as multi-wire distributed needle winding (see above "*13.2.4.2.3 Needle winding*" and "*13.2.4.2.4 Continuous hairpin winding*"). We are also only one of a few companies offering winding technology in high-volume automated production lines for E-Motors. Compared to conventional indirect winding technology traditionally used to produce E-Motors in the automobile industry, our direct needle winding technology results in a superior end-product quality in terms of efficiency and power density compared to indirect technology. Our direct winding technology also significantly lowers the reject rate of the produced E-Motor components compared to indirect winding.

As an example of the benefits of our winding technology, one of our customers produced an E-Motor with an identical power level as an E-Motor based on conventional indirect winding technology utilizing approximately 50% less copper, 30% less electrical sheet and reducing the overall size of the stator by 20%. Apart from saving costs for the raw materials, the lower weight and reduced spatial requirements led to a significantly higher power density of the end-product. In addition, the customer profited from the lower reject rate which can be achieved using our technology. For further detail please see above "*13.2.4.2.5 Advantage of our direct winding technology over indirect technology*".

With our winding technology our customers can reduce manual processes in E-Motor manufacturing to a minimum. This results in higher process stability and lower labor costs, which means customers can use our machines and production lines to mass produce their E-Motors. In addition, mass production is not hindered by scalability concerns because our technology allows for end-product scalability and just-in-sequence variations on the production line. We believe that the benefits of our direct winding technology in modern automated large scale production facilities will be a key requirement for our customers as they scale the production of Electric Vehicles.

Large customers in the automotive industry such as Volkswagen Group already use our technology to produce their latest generations of E-Motors.

14.2.3 We have long-standing relationships with automotive OEMs and have developed numerous manufacturing solutions for E-Drivetrains and for Conventional Drivetrain, which can be easily adapted and cross-sold for the production of E-Drivetrain components

We have long-standing relationships with many of the major German OEMs such as Volkswagen Group (relationship since 1990), Daimler (relationship since 1986) and BMW (relationship since 1985). Since they have become customers, we have generated cumulated order intake from Volkswagen Group of more than EUR 250 million, from Daimler of more than EUR 200 million and from BMW of more than EUR 75 million. We also have long-standing relationships with Tier 1 suppliers, such as Benteler, Bosch, Continental, Getrag and ThyssenKrupp Presta through our automotive business in our classic segment. Since ThyssenKrupp Presta became our customer, we have generated a cumulated order intake of more than EUR 250 million from this customer.

We have jointly developed E- Drivetrain production lines together with several European OEM, Tier 1 and Tier 2 customers. We provided the production line for the drive modules of a first family of pure Electric Vehicles of a leading German OEM. We supplied the winding equipment for the production of components of traction motors to Continental which was used for some of the models introduced by a French OEM within its first initiative for pure Electric Vehicles. After supplying three lines for the production of traction motors for a first hybrid platform of a leading German OEM, we also jointly developed a follow-up traction motor and a related manufacturing system which will be used to equip this OEM’s next generation hybrid platform. We also delivered three production lines for battery modules for e-scooters to Paragon/Voltabox. As a result of the acquisition of Aumann GmbH and Aumann Berlin GmbH, we combined our existing automation experience and technology with the winding experience and technology of these entities. Taken together, these combined operations enable us to even better serve our existing customers and to approach new customers in terms of experience, technology and size.

Bosch also uses our special machines for the production of components for all generations of their bottom-bracket-motors, which have been widely used by producers of up-market e-bikes and pedelecs worldwide since their introduction in the market. Several new prospective customers, including a global automotive company based in the United States, have recently expressed interest for machines for e-mobility production lines and have started to explore joint development efforts with us.

As part of our long-standing partnership with ThyssenKrupp Presta, we helped ThyssenKrupp Presta to secure its position as global market leader through one of our technological inventions used in the mass production of a superior camshaft product (source: Company information). Some of the innovative technologies that we employed in the camshaft solution, was adapted and cross-sold to ThyssenKrupp Presta for the production of built E-Motor rotor-shafts. This is an example of our ability to cross-sell our technical solutions for Conventional Drivetrain manufacturing to E-Drivetrain manufacturing. Other examples are solutions gearbox assembly to hybrid-module assembly or conventional light weight axles to light weight axles for E-Drivetrains.

We believe that our long-standing relationships with OEMs, Tier 1 and Tier 2 customers have established a basis of trust with these customers. As a result, we can cross-sell our specialized machinery and production lines for the production of E-Drivetrains to our customers. We believe that we will be able to further capitalize on our relationships in the future, in particular to grow our e-mobility business.

14.2.4 We have significantly expanded our revenues, increased our margins and can estimate a certain amount of future revenue based on our order book

We have strongly expanded our revenues in the last three financial years. We increased our consolidated revenues from EUR 96,144 thousand in 2014 to EUR 156,016 thousand in 2016 with a corresponding increase in our EBIT of 81.0% from EUR 9,743 thousand (a margin of 10.1%) in 2014 to EUR 18,448 thousand in 2016 (a margin of 11.8%). In our classic segment we increased our revenues from EUR 87,711 thousand in 2015 to EUR 113,555 thousand in 2016. In our e- mobility segment, we increased our revenues from EUR 5,704 thousand in 2015 to EUR 42,461 thousand in 2016. While we formally created the e-mobility segment as of 1 November 2015 from an accounting perspective, we have been active in the e-mobility business for many years.

Due to the typical duration of nine to 18 months from the time of the placement of an order to the time of the final acceptance of the specialized machinery and production lines (which is approximately three to six months prior to SOP), we can estimate a large part of our future revenue up to 18 months in advance. This means that the order intake of EUR 190,110 thousand as of 31 December 2016 (compared to EUR 141,156 thousand in the financial year 2015) and the book to bill ratio of 122% as of 31 December 2016, enable us to plan well for the growth which we believe we will experience based on the orders received.

As we were only one of few equipment manufacturers and suppliers in the e-mobility business facing increasingly growing demand for our product offering as the e-mobility business in general rapidly grew, we were able to significantly grow our EBIT and increase our cash flow in the last three financial years. As we believe that this market trend will continue and as we continue to selectively shift our order intake from the classic segment to the e-mobility segment, we believe that we will further be able to grow our margins and cash flow in the near future.

Another driver for the increase of our margins has been the increase in revenue from product support services over the recent years from EUR 2,187 thousand in the financial year 2014, representing 2% of our total revenues, to EUR 8,607 thousand in the financial year 2016, representing 6% of our total revenues. As product support service generally is a high margin business and as our specialized machinery for winding technology tends to be highly sophisticated and can hardly be serviced economically by our customers' service staff, we believe that we will be able to further increase service revenue and its share of total revenue in the future, which would further add to the growth of our margins. As a strategic goal, we aim to achieve a product support service share of more than 10% of total Group revenue for the future.

14.2.5 Our business is led by a highly experienced management team, is based on a talented and highly educated workforce and is supported by a committed controlling shareholder

Our senior management team has extensive experience across our industry and has an excellent track record in the execution of our growth strategy and in improving operational efficiencies and synergies across our Group. Both of our CEOs have engineering decrees. Mr. Rolf Beckhoff has 20 years of experience in investment goods companies, of which 15 years have focused on technical sales and marketing in the automotive industry. Mr. Ludger Martinschledde has 25 years of experience in the automotive investment goods market and is the co-inventor of various core technical machine concepts such as the built camshaft, camschaft module, active cylinder deactivation and advanced distinct hairpin assembly technology. Given their scientific and practical expertise, we believe that we are well prepared to further expand our business through the successful implementation of our growth strategy. The management team includes our highly experienced chief financial officer, Mr. Sebastian Roll, who has 17 years of relevant professional focus, including group and project controlling experience. Our senior management team is further supported by a strong team of qualified employees with relevant industry expertise and a strong track record of execution in respect of both organic and external growth initiatives on an international scale.

Because we buy virtually all components for our machines from suppliers rather than produce them in-house, our growth is principally based on the number of highly skilled engineers developing our specialized machinery and production lines rather than production floor space or capital investments. Many of our engineers and project managers combine technical expertise with managerial skills, which is particularly relevant as our business model focuses on the most value-adding steps of the value chain which requires us to manage the outsourcing of all those steps of the value chain which we deliberately do not want to cover in-house. This organizational approach helps us to scale our capacity by the use of third parties which supports our growth and business flexibility.

Our majority shareholder, MBB SE will hold at least 53.6% of the Company's share capital after the Offering (assuming (i) the full placement of the Offer Shares and (ii) the full exercise of the Greenshoe Option). MBB SE will continue to contribute its deep knowledge of the M&A business which is reflected in its 20 year experience including 20 M&A transactions and its long-term commitment to its portfolio companies. The Cass Business School and intralinks awarded MBB SE the "Excellent Corporate Portfolio Manager" in 2015, an award for which MBB was selected among 25,000 companies.

14.3 Strategy

Our mission is to be the global leader in specialized machinery and production lines for e-mobility companies, growing significantly in light of the e-mobility revolution in the automotive industry. Our goal is to generate more than three quarters of our revenue in our e-mobility segment. We intend to fulfill this mission through the following strategic initiatives:

14.3.1 We aim to leverage our long-standing relationships and expertise in the classic segment to cross-sell our e-mobility offering and target new applications

We intend to leverage our long-standing relationships, superior direct winding technology and expertise in our classic segment to cross-sell our e-mobility offering. Based on these existing strong relationships, we have already sold our automotive e-mobility products to selected OEMs and Tier 1 and Tier 2 suppliers in the past and expect to continue and increase to market e-mobility products to the same customers in the future. We intend to leverage on such successful references to acquire additional automotive OEM, Tier 1 and Tier 2 customers for our e-mobility solutions and to acquire orders from customers active in other fast-growing e-mobility markets outside of the automotive market such as e-motorcylces, e-scooters, the electrification of the aircraft and drones (including the electric drivetrain for the aircraft and electrification of auxiliary units which are currently powered by an airplane’s turbine engines) and the electrification of e-transportation (e-buses, delivery vehicles, etc.). Based on over 30 years of experience in the classic segment we have accumulated extensive know-how and expertise in a variety of technologies in the classic segment which are readily transferable to the e-mobility segment, including various methods of contacting, the manufacturing of light weight structures and the assembly of shafts.

Compared to the classic segment, the e-mobility segment offers significantly higher margins due to the strong demand from customers and the technological requirements involved in producing machines for the manufacturing of superior E-Motors. Our business model, which is centered on technological and engineering expertise including software development rather than large scale capital investments for production, allows us to shift capacity between our segments relatively flexibly. This business model allows us to also expand our engineering capacity on a per project basis by outsourcing parts of a project which only require lower skills. In addition to the shift to higher margin business in the e-mobility sector, we aim to also increase our profitability by focusing on product support services which are generally a high margin business (see below "*14.3.4 We intend to increase our service share, which is a high margin business*").

14.3.2 We strive to expand our technological leadership position and develop further technologies

We believe that we are a leading manufacturer of technology equipment in the market for e-mobility solutions. We currently offer direct winding technology ranging from linear, flyer and needle winding to highly advanced continuous hairpin and distributed needle winding as well as sophisticated automated solutions for surrounding processes which enable our e-mobility customers to produce highly efficient and advanced E-Motors on a mass production scale. As part of our strategy to remain a technology leader in the e-mobility supplier market, we aim to continue with R&D projects, joint development projects with customers and further increase our R&D investments to either develop additional technologies or to design processes which enable the use of highly efficient technologies on a mass production scale. Pursuant to our business plan for the near future, we anticipate capital expenditures for one-time expansion costs of approximately EUR 20 million per revenue growth of EUR 100 million.

Many of our experts have a combination of technical expertise as engineers and management skills in operating businesses. As our business model focuses on the most value-adding steps of the value chain, this combination enables us to recognize which steps of the value chain can most effectively be outsourced and which can most effectively be completed in-house. This organizational approach allows us to scale our capacity by the use of third parties which we believe to be an essential enabler for growth. To further expand our leading market and technology position, we are working on a number of new technologies, such as automated drizzle winding, automated distinct hairpin assembly technology, extrusion wire insulation and additional variants of our unique shaft building technology, which we intend to introduce into the market in the mid-term and which we believe will enable us to maintain our technology leadership position.

14.3.3 We intend to increase our global footprint by ramping up our capacity, gaining new customers and through strategic acquisitions, in particular in Europe, China and the NAFTA market

We intend to leverage our strong position in the E-Drivetrain business in Europe based on our technology leadership and our European customer base to further expand our business internationally, in particular in China and the United States. We have already expanded our E-Drivetrain business with customers which have large operations in China and we also have one fully integrated manufacturing facility in China, including local engineering capacity, to address demand in that market. In order to ramp up our European capacity, we have carried out investments into additional shop floor space in 2016 and will carry on building additional shop floor and office space throughout 2017 and very likely 2018.

We also seek to expand our operations in the NAFTA market in terms of sales and service operations and in the future in terms of production. We consider the United States one of our prime target markets for our specialized machinery geared for e-mobility solutions and want to also expand into the US and Canadian markets for efficient consumer electric appliances as these markets are undergoing similar regulatory developments as in Europe. We are planning on building a research and development center in the United States in the future. Additionally, we evaluate various other options to expand our international footprint, which could for example include the establishment of a subsidiary in India.

In addition, we intend to expand our operations through strategic acquisitions to take into account the anticipated significant increase in demand and the new applications of winding technology in the e-mobility market. Potential targets for such acquisitions include direct competitors from the field of winding technology in order to secure access to additional e-mobility customers, providers of complementary specialized machinery for the production of e-mobility solutions, suitable service organizations with adequate regional or even global reach or targets which offer additional engineering and/or manufacturing capacity available in the short term.

14.3.4 We intend to increase our service share, which is a high margin business

We offer a number of complementary product support services to our customers, including maintenance, repair and spare part supply as well as joint development services. Because these services offer recurring revenues with high margins, we intend to increase our share in service revenue by increasing our offering of maintenance services and joint development services. In addition to higher margins, the service market will also provide the opportunity to increase customer leads, as well as market our state-of-the-art support function (including virtual reality and remote service).

In terms of product support services, we believe that our customers are attracted to our maintenance services because many of our specialized machinery and production lines are of such a complex nature that it would be inefficient for our customers to train their own maintenance personnel instead of using our maintenance services. For example, even though our customer Bosch is an expert in E-Motor technology, we provide maintenance services for the specialized machinery we provided to them for the production of E-Motor components such as stators and rotors for e-bikes at Bosch's plant. We are currently planning to set-up regional spare part and service hubs depending on the volume of installed base in the respective region.

We are currently increasing the number of our sales personnel to actively sell our service offerings. To support these sales activities, we are also working on the implementation of virtual reality based maintenance services.

We are also offering our customers, primarily at our R&D center in Espelkamp, the ability to optimize their components on several core process machines for winding and aim to increase this activity in the future. We use our joint development services to strengthen the relationship with our customers at an early stage of a development, which we believe will build long-lasting mutually beneficial customer relationships.

We believe that we have substantial growth potential in the market for product support services as well as joint development services in the future as we plan to increase our installed base of specialized machinery and production lines. As a strategic goal, we aim to achieve a product support service share of more than 10% of total Group revenue for the future.

14.3.5 As a high-tech engineering company, we aim to grow our business by actively attracting, training and retaining the best talents

As a high-tech engineering company, our growth depends on attracting the right people. As part of a comprehensive program to grow our business and talented and highly educated workforce, we have started to use in-house headhunters and social media search channels and to establish a long-term cross media employment strategy to attract engineers and other highly skilled employees. The planned listing of our Shares on the regulated market (*Prime Standard*) of the Frankfurt Stock Exchange as part of the Offering is a key element to increase brand awareness among engineers and other potential key employees in Germany and globally.

We have set up an internal training academy for mechatronics and software developers in Beelen, Germany, where we can train up to 50 trainees and have also entered into cooperation arrangements with regional universities, colleges and schools to source new trainees and attract engineering graduates.

We also expect that the attractiveness associated with the e-mobility revolution and working on high-tech, often highly creative, projects will enable us to continue to attract the best talents, including highly specialized engineers, software developers, technicians, and mechatronics.

In addition, we intend to establish a long-term share based stock option program to continue to incentivize our members of the Management Board as well as possibly for our management team. The stock option program is expected to be established following the end of the lock-up period for the members of the Management Board (see below "*5.10 Lock-up agreements*").

14.4 History of the Aumann Group

Our current business is the result of the acquisition by the Company of the Acquired Entities in November 2015 (for more information, see "*14.14.1 Acquisition of 75% of the shares in each of Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH*" and "*14.14.3 Acquisition of the remaining 25% of the stated capital in Aumann GmbH and Aumann Berlin GmbH and of additional 19.9% stated capital of Aumann Immobilien GmbH*").

The Company was initially incorporated on 31 January 2012 under the legal name "Jade 1414. GmbH" by MBB SE to function as a holding company for the acquisition of MBB Fertigungstechnik GmbH (formerly CLAAS Fertigungstechnik GmbH) and real estate from CLAAS KGaA mbH. The Company changed its legal name into "MBB Technologies Beelen GmbH" on 25 May 2012. On 17 June 2013 the Company changed its legal name into "MBB Technologies GmbH" and its registered address to Dieselstraße 6, 48361 Beelen. On 8 December 2016 the Company changed its legal form into a German stock corporation and its legal name into "Aumann AG".

The history of our combined business is as follows:

- In 1936, Aumann GmbH was founded in Berlin by Willy Aumann, and in 1951 moved to Espelkamp where Aumann is still currently located.
- In 1968, MBB Fertigungstechnik GmbH (formerly CLAAS Fertigungstechnik GmbH), was founded in Harsewinkel, Germany as the plant constructor division of CLAAS Group. In 1992, MBB Fertigungstechnik GmbH moved its operations to Beelen, Germany, the Company´s present site.
- In 2006, the owner of Aumann GmbH purchased Aumann Berlin GmbH (formerly ATS Berlin GmbH) thus founding the Aumann winding and automation group. In 2009, Aumann winding and automation group introduced its first fully automatic winding and assembly technology for the e-mobility industry.
- In 2013, MBB Fertigungstechnik GmbH founded MBB Technologies (China) Ltd. to further develop its business in the greater China region.
- In November 2015, the Company under its former name "MBB Technologies GmbH" purchased 75% of each of the Acquired Entities including Aumann GmbH from Ingo Wojtynia, thus forming the current Group.
- On 13 December 2016, the Company acquired the remaining 25% of the stated capital of Aumann GmbH and Aumann Berlin GmbH and additional 19.9% of the stated capital of Aumann Immobilien GmbH.

14.5 Our business segments

We operate our business through two business segments, e-mobility and classic.

14.5.1 E-mobility segment

In our e-mobility segment, we primarily design, manufacture and sell specialized machinery and automated production lines for the automotive, aerospace, railway and other mobility industries with a principal focus on the automotive industry. We offer solutions for the production of drivetrain components for our e-mobility customers in the automotive, bicycle and motorcycle, aerospace and road transport industries. We also offer complementary product support services such as maintenance, repair and spare part supply as well as joint development services throughout the whole segment.

In 2016, 72.4% of the revenues in our e-mobility segment were derived from 5 customers and 88.2% from 10 customers. In 2016, our biggest customer in our e-mobility segment accounted for 20.6% of segment revenues.

Our e-mobility segment accounted for approximately 27.2% of our consolidated revenue in the financial year ended 31 December 2016 (6.1% in the financial year ended 31 December 2015) and 40.9% of our Group EBIT (before reconciliation of EUR 713 thousand) in the financial year ended 31 December 2016 (15.3% (before reconciliation of EUR -170 thousand) in the financial year ended 31 December 2015).

14.5.1.1 Customers

As of 31 December 2016, we supplied our specialized machinery, production lines and services in the e-mobility segment and services to a number of industrial customers. In the automotive industry these include major OEM, Tier 1 and Tier 2 customers, such as Volkswagen Group, BMW, Porsche, Artega, Bosch, Continental, Triring, EBM Pabst, Paragon/Voltabox, KTS Schläger and RAPA. In the bicycle industry, we supply Bosch and Continental. To a very limited extent we also produce autonomously guided BEVs for the aerospace and the railway industries.

We generate a large portion of our revenues in the automotive e-mobility industry from OEM, Tier 1 and Tier 2 customers. The major portion of the remaining revenues is currently generated in the e-bike industry. We anticipate that we will generate a substantial part of our revenues in the future from a number of different industries in the e-mobility segment (see above "*14.3.2 We strive to expand our technological leadership position and develop further technologies*").

14.5.1.2 Joint development and complementary services

In our e-mobility segment we provide joint development services across all industry sectors to our customers. We have installed several core process machines for winding at our R&D center in Espelkamp and offer our customers the opportunity jointly to optimize their components. Among other aspects, we are working with our customers to optimize the electrical fill factor of the motor's stator.

We also believe that our product support service offerings in the e-mobility segment will play an increasingly important role as our specialized machinery for winding solutions are of such complex nature that it would be inefficient for our customers to train their maintenance personnel instead of using our maintenance services.

14.5.1.3 E-Drivetrain components

Our key products in the e-mobility segment are specialized machinery to produce E-Drivetrain components, including E-Motors and generators, hybrid modules, energy storage systems, as well as the final assembly of the complete E-Drivetrain from these components.

14.5.1.3.1 Motors and generators

Our specialized machinery allows our customers to produce the three main sub-components of E-Motors and generators (stators, rotors and shafts), as well as to perform the final assembly.

<u>Stators</u>

The largest, most complicated and costly component of an E-Motor usually is the stator. A stator is the stationary portion of an E-Motor. The rotor is rotating as a result of the electric fields generated from electric current flowing through the wiring of the stator and/or the rotor. For the automated production of stators, we provide modular specialized machinery for copper winding and insulation of the grooves.

We believe that our manufacturing winding techniques for E-Motor components is one of our key strengths (see "*14.2.2 Our unique winding technology enables our customers to scale up to automated mass production of superior E-Motors* "). We exclusively use the direct winding technology to produce E-Motor components and use four main techniques, linear winding, flyer winding, needle winding and continuous hairpin winding, which are described in section "*13.2.4.2 Direct winding*".

<u>Rotors</u>

If the customer decides to use a motor design with a copper wound rotor, we can also provide the specialized machinery based on our direct winding technology to produce these rotors. The advantages of our winding technology described above (see "*13.2.4.2.5 Advantage of our direct winding technology over indirect* technology") also apply to this application. Copper wound rotors typically use outer grooved electrical sheet packet stacks. When winding such stacks it is important to ensure that there is a flat fit of the wires on the base of the grooves. Without such a flat fit of the wires, heat dissipation cannot be ensured during the operation of the rotor which frequently leads to overheating and thus destruction of the motor.

We have invented an additional process for the direct winding technology specially geared toward the winding of rotor packet stacks which secures the flat fit of all wires to the groove sides. This patented Aumann technology is also used in our stator production lines. It is, however, even more important for rotor applications due to the centrifugal forces that force the wires outward while the rotor turns.

Surrounding processes for stators and rotors

Based on our modular machine design we offer specialized machinery for related processes which are needed to highly automate stator and rotor production. We purchase some of the specialized machinery we use for these processes from third parties (for example for the casting and sealing of copper wound stators and rotors). We also produce machines in-house, for example deliver specialized machinery to assemble single teeth or pole-chains into a round rotor or stator for segmented stators or rotors. The most complex process involves the preparation and insertion of insulation paper into stator and rotor grooves (insulation process), as well as the contacting of loose wire ends into a functional electrical circuit (contacting process).

In the insulation process, insulation is exactly form fitted to the inside walls of the groove and covers the entire inside surface area. To ensure this, our specialized machinery cuts and folds the insulation paper to the exact measurements of the groove and then inserts the paper into each individual groove.

Based on our defined winding process, we are able to automate the wiring of the electrical circuit. As our specialized machinery knows the position of each of the loose wire ends, we are able to link the loose wire ends in any required electrical pattern. For contacting purposes our specialized machinery uses processes such as arc welding, laser welding, laser hybrid welding, plasma welding, resistance welding, ultrasonic welding, soldering, insulation displacement connections (IDC), thermos-compression bonding, wire bonding and crimping. Each of these processes has specifically determined physical usage boundaries, for example, relating to usable wire thickness, thermal stability, limited possibilities to pair materials, limited usable amperages and other properties. While we control all of these processes, we can more importantly support customers in the design stage of the process to optimize their end-products. This is particularly important as creating reliable industrial contacting processes is a demanding task. We offer our customers consulting services concerning the right end-product layout to reduce the necessity for contacts, the best choice of materials and subsequently the most efficient, durable, reliable and performance-enhancing way to establish all electrically necessary contacts.

In addition, we developed a wire enameling technology and created a range of standardized special machinry to carry out this wire insulation process for various types of copper wires concerning shape and diameter. These machines can also be modularly integrated into any production line for stators and rotors. As a result, we have gained an in-depth knowledge of copper wire behavior, which we leverage in the development of our winding machinery.

Shafts

As part of our E-Drivetrain product offering, we also provide specialized machinery for the manufacturing of the drive shaft on which the rotor is mounted and which transmits the power of the motor to the drivetrain. These shafts not only consist of a tube but are equipped with pivots and flanges.

The following diagram provides an overview of a built rotor shaft and its parts:

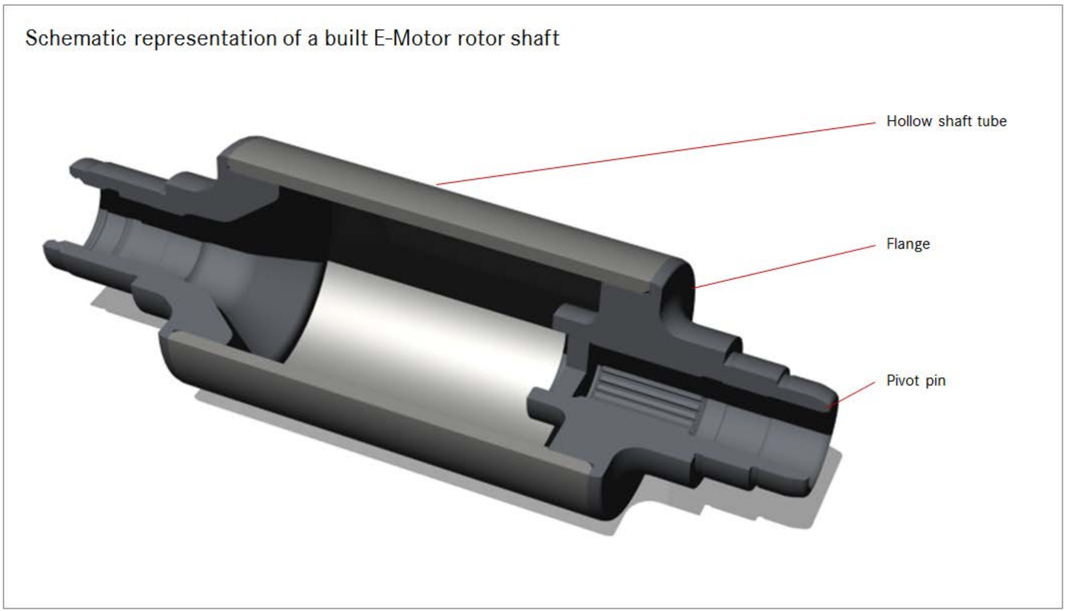


Diagram: Schematic representation of a built E-Motor rotor shaft.
(Source: Company information).

Our specialized machinery attaches these pivots and flanges onto a hollow tube by using a pressing mechanism invented by us which is also used for the production of built camshafts. The rotor shaft produced with our technology has the advantage of being significantly lighter than any type of rotor shaft shaped out of solid material.

14.5.1.3.2 Hybrid modules

Hybrid modules are required in all hybrid electrical vehicles that use both the ICE and the E-Motor for propulsion. Depending on the technical concept used by the relevant OEM, a hybrid module can fulfill a number of functions which can individually be incorporated into the hybrid module. The hybrid module generally allows the separation of the ICE from the drivetrain for pure electric operation and *vice versa*. Whenever maximum power is required, the hybrid module assures that both engines are coupled to the drivetrain as long as the increased power is needed. In addition to these core functions, the hybrid module can also enable the E-Motor to act as a recuperation generator by coupling it to the drivetrain when the vehicle decelerates. In stop and go traffic the hybrid module may also provide fast and quiet engine start through the initial use of the E-Motor.

We provide specialized machinery and complete highly automated or lean production lines for the pre-assembly of the clutch disks, the assembly of the module itself and the mounting of the hybrid module onto the E-Motor. We produce these machines and lines in Germany and at our plant in Changzhou, China.

14.5.1.3.3 Energy storage systems

Currently commercially available energy storage systems can either be fuel cell based or battery based. A battery based system typically comprises the battery cells which are placed into battery modules. The battery modules are sometimes bundled into battery clusters and placed in battery bays. Battery bays for vehicles are increasingly designed to form an integral part of the chassis, especially for vehicles that are designed to be electric from scratch.

We do not supply any kind of specialized machinery for the production of battery cells, but offer assembly and feeding systems (which are logistic processes to automatically buffer and feed production lines) for battery module manufacturing as well as production lines to integrate battery bays into chassis. For the production of these components, our specialized machinery uses processes such as projection welding, spot welding, stud welding, adhesive joining, pressing, clinching, and riveting in addition to the processes also used for contacting. Each of these additional processes has specifically determined physical boundaries that have to be taken into account when designing the end product. Because battery and battery-module technology (together with power electronics) are a highly dynamic area for technological development in the e-mobility sector, new ideas for battery module design optimizing safety, cooling, physical flexibility to withstand the physical expansion of the cells under high charging and dispensing loads and the durability of the module even when a number of cells have stopped operating are key to increasing range and decreasing charging time at acceptable safety levels. This underlines why the consultation services to our customers in the design of their end-products concerning the best layout is crucial to optimize all electrically necessary contacts and enhance the reliability and durability of all physically necessary bonds.

In addition, we also provide the know-how to handle hazardous material (such as charged battery cells) in an automated production environment, which is highly relevant in this context.

14.5.1.3.4 Auxiliary units

Auxiliary units are E-Motors which are used outside of the drivetrain of a car to power other applications. We sell the specialized machinery and production lines used for the production of E-Motors and generators to customers which produce electrical drives for auxiliary units used for the hybridization and autonomous operation of vehicles (e.g. active distance control, autonomous parking). These auxiliary units include E-Motors for the activation of deceleration processes, autonomous steering, vibration warnings in steering columns and in seats, water and oil pumps and active suspension systems.

We offer specialized machinery and production lines that can either be used to produce certain components (e.g. stators, stators and rotor shafts) of auxiliary units or for the assembly of E-Motors or the whole auxiliary units. The advantages of our technology in particular relate to these generally smaller units.

14.5.1.4 Machinery, joint development and services for the e-bike industry

Our customers currently use our specialized machinery and our joint development services to design and to build E-Motor components for e-bikes and pedal electric cycles ("pedelecs" which are bicycles where the rider's pedaling is assisted by a small electric motor). The same advantages which apply to our machines for the manufacturing of motors and generators also apply to our specialized machinery and production lines for the e-bike industry (see above "*13.2.4.2.5 Advantage of our direct winding technology over indirect* technology").

Among others, we sell special machinery to Bosch for the production of components for all generations of bottom-bracket-motors, which have been widely used by producers of up-market e-bikes and pedelecs worldwide ever since their introduction in the market. Although Bosch is an expert producer of E-Motors, we provide maintenance services for our specialized machinery at their plants. Bosch is a prominent example why we believe we have substantial growth potential in the market for maintenance services for E-Motors once we further increase our installed base of highly specialized winding machinery.

14.5.1.5 Autonomous or remote controlled vehicles

Customers in the aerospace and railway industries have to transport large and heavy objects and position them at particular locations with little or no margin to error. In order to enable our customers to fulfill this task we deliver custom-made fully electric autonomous or remote controlled vehicles under the brandname *MCDrive* which can perform omni-directional movements, i.e. movements in every direction, in the most narrow spaces carrying extremely heavy loads. The omni-directional movement is based on so-called mecanum wheels without requiring a mechanical steering. The only other vehicle able to perform such maneuvers is a hovercraft which, however, lacks the precision required to perform the delivery task.

14.5.2 Classic segment

In our classic segment, we primarily design, manufacture and sell specialized machinery and production lines for the automotive industry, consumer electric industry, aerospace industry, agricultural industry and cleantech industry. We offer solutions for the production of drivetrain components and structural parts for our automotive customers, assembly and logistic solutions for the consumer electric industry, transport jigs for the aerospace industry as well as specific solutions for other industries including agriculture and cleantech. In general, we offer complementary product support services such as maintenance, repair and spare part supply as well as joint development services throughout the whole segment. In specific cases, we also offer production services, such as measuring, prototyping, milling and others. To a very limited extent we also produce low volume prototype and serial parts.

In 2016, 57.5% of the revenues in our classic segment were derived from 5 customers and 72.0% from 10 customers. In 2016, our biggest customer in our classic segment accounted for 17.2% of segment revenues.

Our classic segment accounted for approximately 72.8% of our consolidated revenue and 59.1% of our Group EBIT (before reconciliation of EUR 713 thousand) in the financial year ended 31 December 2016 and for approximately 93.9% of our consolidated revenue and 84.7% of Group EBIT (before reconciliation of EUR -170 thousand) in the financial year ended 31 December 2015.

14.5.2.1 Customers

As of 31 December 2016, we supplied our specialized machinery, products and services to a number of industrial customers. In the automotive industry these include major OEMs and Tier 1 and Tier 2 customers, such as BMW, Daimler, Volkswagen, Audi, Opel, Ford, MAN, Rolls Royce and Benteler, Gestamp, Magna, Mahle, Fino Automotive, ThyssenKrupp Presta, Kirchhoff Automotive, Sitech, PWO, Getrag, Adient (formerly Johnson Controls International), ISRI, Prevent TWB, Craemer and GPM. In the aerospace industry we supply the world’s largest aircraft manufacturers, Boeing and Airbus, as well as Broetje Automation and Thyssen Krupp Systems Engineering. In the consumer electric industry we sell our specialized machinery and services to Miele, Haier, Vorwerk, Wilo, Bosch, Siemens, Epcos and Kaldewei. Our agricultural industry customers include CLAAS and Amazone and in the cleantech industry we supply Vestas.

We generate a large portion of our revenues in the automotive industry from OEM and Tier 1 customers. The majority of the remaining portion of revenues is generated in one or more of the remaining business industries depending on particular significant orders placed in one or more of those industries in any given period.

- Drivetrain components

Similar to our e-mobility segment, we have a strong focus on solutions which enable OEMs to use components produced by our specialized machinery to reduce their fleets’ CO2 emissions. Our customers use our specialized machinery to build a number of components comprising the drivetrain, including built camshafts, camshaft modules, built cylinder activation and deactivation modules, and components for valve control systems, In addition, our customers use our specialized machinery to produce gearboxes, dual clutches and drive shafts.

- Camshafts

Our most important development for this range of products has been specialized machinery to mass produce the so-called “built camshaft.” A camshaft is used in an ICE for the operation of the valves of the engine. As a built camshaft is much lighter than a conventional camshaft which is either forged, cast or shaped out of solid material, the built camshaft leads to a reduction in the fuel consumption of combustion engines and helps reduce emissions. We first sold camshaft machines to our customer ThyssenKrupp Presta in 1999 and later developed derivatives of this technology, such as specialized machinery to produce camshaft modules, which not only ensure significantly shorter cycle times in production but also reduce the friction of the alignment of the camshaft in its bearing shells in the final product. From the perspective of the producer of the ICE, the most important factor is that, the final assembly of the cylinder head becomes significantly more cost efficient.

- Valve control

A second example of machines derived from our camshaft production solutions are machines for the manufacturing of components of valve control, such as eccentric shafts used for variable valve lift. Valve control solutions are critical to optimizing fuel economy and performance of ICEs.

- Cylinder deactivation

The most recent development based on our know-how to build machinery to mass produce camshafts and camshaft modules was the cylinder deactivation module, which we first delivered to ThyssenKrupp Presta in 2015. The importance of a cylinder deactivation module is that it enables the necessary reduction of combustion space during the operation of an automobile when less torque is needed. Whenever maximum power is required, cylinder activation on demand provides the necessary torque and at the same time offers superior smooth operation compared to combustion engines with permanently reduced numbers of cylinders. Compared to engines with fewer cylinders but compensated with compressors or turbo chargers, cylinder deactivation solutions also retain the durability and steadfastness of the engine.

Both built camshafts and camshaft modules have been widely adopted throughout the ICE industry since they were first introduced in the mid 1990s. Built camshafts were initially typically used in eight cylinder or larger engines, but are now widely used across all engine sizes.

Our long-standing partnership with ThyssenKrupp Presta is a prominent example of how a technological invention by us led to the mass production of a superior product which then became widely accepted in the market and since then has secured ThyssenKrupp Presta as the market leader for this product globally (source: Company information). We believe that cylinder deactivation and valve control technology are key technologies used in the automobile industry by producers of ICE to comply with increasingly stringent emission standards and therefore represent a unique opportunity for our business.

The specialized machinery to produce built camshafts and related products is based in our process know-how of roller burnishing, pressure forcing and thermal joining. Thermal joining is a process under which a cooled component is joined with a heated component in a thermally controlled environment resulting in a stable end-product meeting the exact prescribed technical specifications under all operating conditions. After the thermal joining of the cam with the shaft, the final positioning of the cams is performed by a fitting machine which forces the cams under pressure into the mathematically determined position on the surface of the shaft which has been pretreated on a roller burnishing process machine.

The production of a built camshaft is a typical process where our know-how in inline measuring and testing is used to ensure that after calibration both the position and the fit of the cams on the shaft meet the technical specifications. Inline measuring and testing enables us to ensure close to zero defect production as most deviations from the technical specifications can be remedied inline in a closed loop.

In addition to the above, we deliver specialized machinery to produce state-of-the-art production lines for modern high performance gearboxes and dual clutch systems, which have become standard in the automotive industry in the recent past. To meet the short cycle times and high quality requirements of our customers, we use several systematic concepts such as lean production configuration making use of a variety of assembly process such as joining, pressing, greasing, classifying and in-line measuring.

As a result of increasing demand for energy efficient combustion engine drivetrain solutions, we expect that this part of this classic segment will, together with our electric appliances business (see below "*14.5.2.4 Specialized machinery, products and services for the consumer electrics* industry"), grow more substantially than other businesses in the classic segment in the future.

14.5.2.2 Structural components for the automotive industry

We have concentrated on providing technology for the production of light weight components usually based on aluminium, high-tensile steel, carbon fiber or fiberglass compounds. We typically provide production lines for spaceframes, rear and front axels, suspension systems, integral subframes, engine mounts and cross car beams. For the production of these components, our specialized machinery uses processes such as spot welding, stud welding, arc welding, laser welding, laser hybrid welding, projection welding, adhesive joining, pressing and crimping, clinching, gluing, riveting and plasma cutting.

We believe that our know-how concerning these processes is important for our competitive position in the e-mobility segment when it comes to the production of battery modules, clusters and battery bays.

14.5.2.3 Other specialized machinery and production lines for the automotive industry

In addition, we also provide a broad range of specialized machinery and production lines for other automotive components such as steering columns and seat frames, complementary services as well as production services and to a limited extent the production of low volume prototype and serial parts.

Our production services can be sub-divided into tooling services, milling and electrical discharge machining ("**EDM**") services. We use milling and EDM equipment to produce or refit tools and dies, which provide us with flexibility for the production of our specialized machinery. Our tooling services include the construction and production of forming tools and dies and the refitting or repair of existing customer tools and dies. In addition, we also provide tool testing services for customers which purchased forming tools and dies from third party providers.

This enables us to either produce low volume OEM prototype and serial parts or simply rent out the excess capacity to third parties. Our offering is especially attractive for customers which require extremely high-pressing force which our machines can provide.

In addition, we have a laser testing center to enable our engineers to verify construction ideas and for quality assurance services. We offer any excess capacity to our customers for serial part prototyping or rent out measuring equipment.

14.5.2.4 Specialized machinery, products and services for the consumer electrics industry

Our customers use our specialized machinery to build efficient electric appliances for household machinery or seek highly individual assembly and logistical solutions for consumer electric products.

As a result of increasingly more stringent regulations concerning energy efficiency, including, but not limited to energy labeling of household appliances, our customers increasingly request solutions to produce more efficient electric motors which they incorporate into their energy efficient products. Based on our winding and automation capabilities (see "*13.2 Our winding technology*"), we offer our customers a wide range of special winding and wire handling machinery suitable for the automated production of more efficient electric motors and sophisticated coils. The advantages of our technology described above also apply in particular to smaller units. Such products include heating pumps, geothermal heat pumps, heat exchange pumps, induction coils for stoves and ovens, dish washer drives, washing machine motors, dryer motors, vacuum cleaner and other equipment. Our customers request, in particular, machinery to produce such motors and coils which are either continuously used in private households or which are particularly powerful.

Because our know-how in automation in the automobile industry is readily transferable to the consumer electrics industry, customers seeking higher levels of automation, reduced cycle times and consistent levels of product quality and availability of the machinery are attracted to our offering of solutions. For example, we produced a fully automated washing machine drum assembly line along with an automated warehouse logistics solution including the high speed shunting of washing machines and other heavy goods for our customer Miele. We could also convince the large Chinese consumer electric producer Haier to order production machinery, for which we were awarded the 2016 Haier supplier of the year title. Another recent example is the delivery of an automated production line for an integral part of Vorwerk's Thermomix.

We typically follow an industry 4.0 approach with our automated production solutions which allow customers to receive valuable data to optimize their production processes. These data can be used on the one hand to specifically analyze product quality and to ensure traceability of the production process and its data and on the other hand to monitor the performance of the particular machine and to help prevent unnecessary downtime and predict mechanical failures before they occur. So-called data feedback loops help the machine to self-correct its settings and ensure that the machine operates within an optimal range of its parameters. These machine data can also be used for our remote service offerings, if requested by the customer.

We have also implemented a computer simulation system under which we can analyze the production processes for machinery before we actually produce them. This enables us to identify and remedy any potential issues in the production process and during the implementation phase of the machines, decreasing the risk of violating warranty obligations and ensuring meeting delivery dates.

14.5.2.5 Specialized machinery, products and services for the aerospace industry

We also occasionally supply equipment to the aerospace industry. The world's largest manufacturers of commercial aircraft, Boeing and Airbus, have structured their international production and assembly facilities in such a way that large components, such as fuselage sections, wings, tail units and cockpit units need to be airlifted from their respective production plants to the assembly plants. We have specialized in the technological niche of designing and producing load carriers (so called jigs) on which such components can be transported. The components are first fastened on the jig, then loaded into the aircraft, and finally firmly secured inside the cargo bay. This method prevents the cargo from moving and protects it from potential damage caused during the transport process. While on the ground our customers typically transport our jigs on MCDrive guided vehicles (see "*14.5.1.5 Autonomous or remote controlled vehicles*").

In addition, we also supply moving lift platforms to aircraft manufacturers to enable them to move heavy pieces of equipment during assembly or onto test rigs. Another customer in this industry is Broetje Automation.

14.5.3 Product developments

In 2016 we introduced two significant new technologies to the market: Continous hairpin winding (see "*13.2.4.2.4 Continuous hairpin winding*") and multi wire distributed needle winding (see "*13.2.4.2.3 Needle winding*"). For an overview of our current developments see "*14.9.1 Research and development*".

14.6 Machinery, products and services for other industries

To a limited extent we also provide specialized machinery, products and services to other industries such as the agriculture, cleantech and wire industries. Due to our background in the agriculture industry we produce the base plates for rake units and steel hoppers for fertilizer spreaders as a legacy business. In the past we also supplied fixtures for the manufacturing of tractor and harvester parts.

In the cleantech industry we have supplied several solutions ranging from generator stator assembly for wind power stations to flow manufacturing concepts in mobile factory units for solar panels equipped with inline measurement systems for high collector accuracy.

Based our comprehensive know-how of wire handling, we are also a leader in wire production machines. In the wire industry we supply copper wire producers with our range of standardized specialized machines to carry out wire enameling to insulate various types of copper wires concerning shape and diameter. We believe that we are perceived as the technological leader for fine wire with diameters between 0.2 and 0.02 millimeters. We sold around 600 wire enameling machines to customers like Bedra, Essex and Nexans.

14.7 Sales, business development and operations

We operate sales facilities in Germany and China and coordinate our marketing activities out of Germany. In 2016, 72.4% of our revenues were derived from 5 customers in our e-mobility segment (and 88.2% from 10 customers) and 57.5% of our revenues were derived from 5 customers in our classic segment (and 72.0% from 10 customers). In the year ended 2016, our biggest customer in our e-mobility segment accounted for 20.6% of our segment revenues and our biggest customer in our classic segment accounted for 17.2% of our segment revenues.

Our sales team members design technical solutions with our customers rather than serving as pure sales representatives supported by pre-sale engineering departments. As each of our customers' production plants is typically focused on one main production technology, we have divided our sales organization into teams broken down by corresponding technological expertise: winding and wire handling technology, assembly technology, joining and contacting technology and tooling technology. In general, each of our technology teams is organized by responsibility for a certain number of customers. Our sales personnel primarily consist of engineers with particular in depth knowledge of a certain technology area and work directly together with the heads of technical planning at various production plants of our customers.

Our most important means of business development are joint development services. For this purpose we operate an R&D center equipped with core process machinery in which we offer our customers development and validation of new technologies and processes, support for component development, feasibility studies and process validation and small series production. A significant number of our joint development projects are conducted by our sales team and other engineers in our R&D center.

As a well-established equipment supplier in a clearly defined market, our capabilities are well known in our market. As a result, we limit our marketing efforts primarily to attending trade fairs and in-house exhibitions focusing on production technology and also advertise our machinery, production lines and services on our website. As we generate most of our revenue from repeat customers, our attendance at trade fairs and our website also serve to attract engineers and other technical staff as potential employees to our Company.

We typically assemble the machines and production lines for our customers at our production plants prior to performing a dry run and grant the customer the chance to check the machinery before delivery. To ensure the most efficient use of our plant space, we have developed a certain production flow which incorporates the pre-assembly of sub-modules in a separate, centralized area of the shop floor. Apart from improving the flow of materials, this also increases assembly efficiency and quality, especially concerning recurring sub-modules.

14.8 Suppliers

We purchase a number of different components and services from a variety of different suppliers around the globe, almost none of which are single source suppliers. Establishing and maintaining strong relationships with these suppliers is an important aspect of our ability to successfully conduct our business. This is particularly true with respect to our flexibility to outsource certain steps of our value chain to our suppliers depending on our own work load.

Our top five suppliers accounted for only 17% of our total purchasing volume in 2016. Some of these key suppliers provide us with very important resources to produce our products. We have long-term relationships with a number of our key suppliers and have worked with most of the same suppliers for a number of years.

14.9 Research and development, intellectual property and information technology

14.9.1 Research and development

We conduct R&D activities on large scale, focusing on key growth technologies, especially in the e-mobility segment. We have created an R&D management system to develop new products, technologies, processes and methods for market-driven products. Our R&D teams work in close cooperation with our customers in all areas of product development. In the recent past we have also taken part in publicly sponsored cooperation projects between public universities and research institutes, such as RWTH Aachen and Karlsruher Institut für Technologie.

To further our position as a leading technological equipment supplier, we are working on a number of new technologies, such as automated drizzle winding, automated distinct hairpin assembly technology, extrusion wire insulation and additional variants of our unique shaft building technology, which we intend to introduce into the market in the mid-term and which we believe will enable us to maintain our technological leadership position.

Drizzle winding is used to produce stators with a maximum filling factor and minimal groove slots. This technology provides optimal power density and operating characteristics but is not currently available in automated form. Due to its immense labor intensity and costs, it is currently typically used for highly-efficient E-Motors such as those found in race cars or electrical aircraft produced in limited volumes. We are currently in the process of developing a highly automated drizzle winding process to enable our customers to use this most sophisticated of winding processes on a mass production scale.

Distinct hairpin assembly technology provides an alternative to winding in principle and is primarily used for distributed wiring of inner grooved stators used in alternators and starters. At present, hairpin assembly technology suffers from limited reliability concerning process stability of the numerous welding connections which have to be established on the winding head. In addition, the tips of the pins need to be bent crosswise without passing any forces on the stator sheet packet stack. As these drawbacks currently limit the applicability of distinct hairpin assembly technology in automotive mass production of traction motors, we intend to optimize this technology significantly to make it more accessible for use in mass production at an acceptable level of process stability.

Extrusion wire insulation is a process by which the traditional wire enameling process is substituted by an insulation applied around the wire through the use of an extruder or compounder. This would allow for more resilient insulation while at the same time using environmentally friendly insulation substances. We are currently working on such a solution which we believe has the potential to be widely adopted by the wire industry if successful.

With regard to our unique shaft building technology which we have successfully marketed for over 15 years in the market for built camshafts and which we have expanded into the e-mobility market for built rotor shafts of E-Motors, we are currently evaluating whether to widen the array of derivative applications to advanced solutions for variable valve timing and variable valve lift and rotor shafts with built in additional features.

We are also developing special machinery for the assembly of permanently magnetized E-Motor components as we believe that E-Motor designs using permanently magnetized rotors will especially have a large market share for the foreseeable future.

14.9.2 Intellectual property

14.9.2.1 Patents, licences and know-how

As a technology- and innovation-driven company, our intellectual property is a vital priority for our business. Our intellectual property rights include patents, utility models, trade secrets, trademarks, copyrights, registered designs and design expertise. We aim to protect our intellectual property in multiple ways. We have obtained a large number of patents and have a number of pending patent applications to cover our products and the manufacturing processes we use, and are continuously seeking to secure further patents on our developments. In particular, patents covering the inventions resulting from our research and development activities may have significant value for us since they give us a competitive advantage in the marketplace to successfully commercialize new technologies, attract new business opportunities and maintain existing business. The successful use of such intellectual property requires us to remunerate inventors and other originators from time to time.

In general, we strive to strictly protect patent innovations as soon as possible if there are no contradicting grounds. Such contradicting grounds include the disclosure associated with the patent application and registration which may enable competitors apply for corresponding patents in jurisdictions abroad and/or to use our know-how to develop competing machinery. As a result, we often waive patent applications if we deem that competitors cannot successfully disassemble our machinery to gain access to our know-how (so-called reverse engineering). The claiming of rights in inventions resulting from our R&D is determined on a case-by-case basis. In addition, our proprietary software which controls our machinery constitutes significant intellectual property which is not disclosed and typically not secured by patents. As a result a large portion of our know-how is secured by tacit knowledge (for certain risks related to our inability to secure our intellectual property rights, see also "*3.3.1 We could be unsuccessful in adequately protecting our intellectual property, technological know-how and trademarks and there is a risk that we might infringe the intellectual property rights of others.*").

14.9.2.2 Information technology

Our information technology ("**IT**") systems are designed and organized to support and continuously improve the daily business processes of the Group with IT capabilities and to provide its management with the financial and other information required to implement the strategy of the Group. Our IT infrastructure is mainly characterized by a high level of standardization. The core systems supporting our business processes are various 2-D, 3-D and electric CAD systems which are partially coupled with a product life-cycle management system which ensures variant management and the standardization and versioning of our CAD data and serves as our core engineering data depository. CAD data management is important for us for purposes of quality assurance and our PLM systems significantly helps in assuring that there is only one valid version of each variant of each sub-component or machine active in the repository at the time. Interfacing with the PLM system, our ERP system receives its bill of material data enabling it to manage our orders and material flows. Our accounting system receives financial data from the ERP system and is supplemented by a multi-dimensional controlling system which can access data of the ERP system and finance system on a data field level. In addition, various supporting processes use modern IT systems such as automation simulation to ensure the feasibility of automation steps, virtual implementation software which enables us to test the functionality of our machine operating software well before the physical implementation of the machines. Further supporting tools are the project and customer relationship management systems.

We are currently testing and evaluating the implementation of virtual CAD workstations to enable our external engineering partners to directly work in our engineering data depository thus eliminating complicated quality control and import processes of external CAD data. Furthermore, we are experimenting with virtual visualization systems using virtual reality goggles aimed at replacing our existing power wall visualization system which is currently used for visualization using a stationary array of cameras and projectors.

14.10 Property, plants and equipment

Our corporate headquarters are located at Dieselstraße 6 in Beelen, Germany. As of 31 December 2016, our premises in Beelen and Espelkamp were encumbered with registered mortgages on the plot of land in Dieselstraße 6, 48361 Beelen (EUR 10,000 thousand for the benefit of DZ Bank AG and COMMERZBANK) and on the plot of land in In der Tütenbeke 37, 32339 Espelkamp (EUR 2,100 thousand for the benefit of Stadtparkasse Rahden as well as a subordinated mortgage of EUR 1,800 thousand for the benefit of Deutsche Bank AG) to secure financial debt in the amount of EUR 19,383 thousand.

The owner of our real estate is Aumann Immobilien GmbH, in which we hold 94.9%. We entered into an option agreement with Mr. Ingo Wojtynia, who holds the remaining 5.1% in Aumann Immobilien GmbH, pursuant to which we have the option right to demand delivery of the remaining shares in Aumann Immobilien GmbH to a third party to be determined by us against payment of EUR 1.00 (see for more information "*14.14.4 Option agreement regarding the remaining 5.1% stated capital (Stammkapital) of Aumann Immobilien GmbH*").

The following table provides an overview of the real property owned or leased by our Group as of 31 December 2016:

Location	Floor space (in sqm)	Leased / owned	End of lease	Primary Use	Used by
Dieselstraße 6, 48361 Beelen	3,874	Owned	n/a	Office	Aumann AG; MBB Fertigungstechnik GmbH
Dieselstraße 6, 48361 Beelen	14,926	Owned	n/a	Production	MBB Fertigungstechnik GmbH
Tich 25, 48361 Beelen	1,185	Leased	Unlimited, termination period of six months	Production	MBB Fertigungstechnik GmbH
Dieselstraße 8, 48361 Beelen	1,882	Leased	Unlimited, termination period of twelve months	Production	MBB Fertigungstechnik GmbH
Splieterstraße 70, 48231 Warendorf	643	Leased	Rolling three month prolongation	Office	MBB Fertigungstechnik GmbH
Dieselstraße 109-111, 33442 Herzebrock-Clarholz	1,165	Leased	31 August 2017 at the earliest, thereafter unlimited with a termination period of three months	Office	MBB Fertigungstechnik GmbH
In der Tütenbeke 37, 32339 Espelkamp	1,747	Owned	n/a	Office	Aumann GmbH
In der Tütenbeke 37, 32339 Espelkamp	5,203	Owned	n/a	Production	Aumann GmbH
Neuendorfer Straße 16a, 16761 Hennigsdorf	2,271	Leased	Unlimited, termination period of twelve months	Production	Aumann Berlin GmbH
Number nine building of Guozhan, Electrical and mechanical industrial park, 538 West Hehai Road, Xinbei district, Changzhou, 213022 China	3,756	Leased	31 May 2018	Production	MBB Technologies (China), Ltd.

14.11 Employees

We have a good working relationship with or employees and have not experienced any strikes or work stoppages during the periods under review.

As a high-tech engineering company, our growth depends on attracting the right people. As part of a comprehensive program to grow our business and talented and highly educated workforce, we have started to use in-house headhunters and social media search channels and to establish a long-term cross media employment strategy to attract engineers and other highly skilled employees. We have set up an internal training academy for mechatronics and software developers in Beelen, Germany, where we can train up to 50 new trainees per year and have also entered into cooperation arrangements with regional universities, colleges and schools to source new trainees and attract engineering graduates.

The following table shows our number of employees (FTEs) as of 31 December 2016, 31 December 2015 and 31 December 2014:

	As of 31 December		
	2016	**2015**	**2014**
		(audited)	
Employees	552	469	322
Managing directors	6	6	4
Total	**558**	**475**	**326**

In addition, we employed 46 trainees as of 31 December 2016 (as of 31 December 2015: 44 and as of 31 December 2014: 35) and 71 temporary workers as of 31 December 2016 (as of 31 December 2015: 46 and as of 31 December 2014: 27).

As of the date of this Prospectus, the number of employees (including trainees and temporary workers) has not changed significantly.

14.12 Insurance

Our insurance coverage includes, *inter alia*, property, business and product liability, legal protection, transport, travel and accident insurance.

In addition, we have taken out directors and officers insurance ("**D&O Insurance**") for the members of our Management Board and Supervisory Board with a total coverage of approximately EUR 35 million per year. The D&O Insurance covers financial losses that may arise in the course of the exercise of the corporate duties of the insured persons. As required under applicable German law, each member of our Management Board remains personally responsible, in the event he is adjudged to have personal liability, for 10% of the total amount of such liability, up to an amount that equals one point five times such member's total annual fixed remuneration.

We believe, according to our current knowledge, that the existing insurance coverage, including the level and conditions of coverage, meet the customary standard for our industry and provide reasonable protection, taking into account the costs for the insurance coverage and the potential risks of our business operations. We review our insurance coverage on a regular basis and make adjustments, if necessary. However, we cannot guarantee that losses will not be incurred or that claims will not be filed against us and companies of our Group which exceed the scope of the relevant existing insurance coverage.

14.13 Legal and arbitration proceedings

We are exposed from time to time to legal proceedings in the normal course of our business. We are currently not and have not been in the past twelve months, a party to any governmental, legal or arbitration proceedings (including any pending or threatened proceedings of which we are aware) which may have, or have had in the recent past, significant effects on our business, results of operations, cash flows, financial position or prospects.

14.14 Material contracts

14.14.1 Acquisition of 75% of the shares in each of Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH

On 19 November 2015, the Company (formerly under the legal name MBB Technologies GmbH) entered into a share purchase agreement with Ingo Wojtynia as sole shareholder of the Acquired Entities, i.,e. Aumann GmbH, a German limited liability company with its registered office in Bad Oeynhausen, Germany, Aumann Berlin GmbH, a German limited liability company with its registered office in Neuruppin, Germany and Aumann Immobilien GmbH (formerly Wojtynia Immobilien GmbH), a German limited liability company with its registered office in Bad Oeynhausen, Germany, under which the Company purchased 75% of the stated capital of each of the Acquired Entities (the "**Share Purchase Agreement**" and the respective transactions contemplated therein, the "**2015 Acquisition**"). Ingo Wojtynia continued to hold the remaining 25% of the stated capital of each of the Acquired Entities immediately after the 2015 Acquisition. The 2015 Acquisition was completed with economic effect on 1 November 2015.

The purpose of the 2015 Acquisition was to gain access to the winding technology and related services for the e-mobility business of the Acquired Entities as well as to expand the capacity of the Acquired Entities to meet future demand. Under the terms of the Share Purchase Agreement, the Company and Ingo Wojtynia agreed to customary representations and warranties regarding due incorporation, transferability of shares, intellectual property rights, financial representations, employees, real estate, court proceedings and disputes, distribution agreements, financial reporting, related party transactions, and due diligence reviews. The Company and Ingo Wojtynia also agreed to certain limitations of liability regarding certain representations and warranties and a time limitation on certain of these representations and warranties.

As consideration for the acquisition of 75% of of the stated capital of each of the Acquired Entities, the Company agreed to pay EUR 15 million as follows: EUR 12,500,000 for Aumann GmbH; EUR 2,470,000 for Aumann Berlin GmbH; and EUR 30,000 for Aumann Immobilien GmbH.

14.14.2 Shareholders' agreements

As part of the 2015 Acquisition referred to above under "*14.14.1 Acquisition of 75% of the shares in each of Aumann GmbH, Aumann Berlin GmbH and Aumann* Immobilien GmbH", the Company and Ingo Wojtynia also entered into a shareholders' agreement, dated 19 November 2015 (the "**2015 Shareholders' Agreement**"). The 2015 Shareholders' Agreement governed the rights of the shareholders among each other and their rights towards the Acquired Entities. The 2015 Shareholders' Agreement contained, *inter alia*, rights of first refusal, financing mechanisms to prevent dilution and a sale option right of Ingo Wojtynia and a purchase option of the Company with regard to the stated capital of 25% held by Ingo Wojtynia in each of the Acquired Entities.

After the contribution of 25% of the stated capital in Aumann GmbH and in Aumann Berlin GmbH and 19.9% of the stated capital in Aumann Immobilien GmbH into the Company (see in more detail below "*14.14.3 Acquisition of the remaining 25% of the stated capital in Aumann GmbH and Aumann Berlin GmbH and of additional 19.9% stated capital of Aumann Immobilien GmbH*") and the issuance of 812,500 Shares to Ingo Wojtynia in consideration for the contributions the 2015 Shareholders' Agreement was replaced by a new shareholders' agreement entered into between MBB SE and Ingo Wojtynia on 13 December 2016 (the "**2016 Shareholders' Agreement**"). The 2016 Shareholders' Agreement governs the rights of the shareholders among each other and their rights towards the Company and provides for, *inter alia*, rights of first refusal, financing mechanisms to prevent dilution, the right of Ingo Wojtynia to be appointed (or to propose a third party to be appointed) as a member of the Company's Supervisory Board and a sale option right of Ingo Wojtynia and a purchase option right of MBB SE with regard to the Shares held by Ingo Wojtynia.

The entire 2016 Shareholders' Agreement will terminate on the day immediately preceding the day of the admission of the Shares to listing on the regulated market of the Frankfurt Stock Exchange.

14.14.3 Acquisition of the remaining 25% of the stated capital in Aumann GmbH and Aumann Berlin GmbH and of additional 19.9% stated capital of Aumann Immobilien GmbH

On 13 December 2016, the Company and Ingo Wojtynia agreed on a contribution agreement pursuant to which the Company increased its share capital against contribution of Ingo Woitynia's remaining 25% of the stated capital of Aumann GmbH and Aumann Berlin GmbH and additional 19.9% of the stated capital of Aumann Immobilien GmbH. In consideration for these contributions the Company's shareholders' meeting resolved to increase its share capital (*Grundkapital*) through the issuance of 812,500 Shares to Ingo Wojtynia. The capital increase was registered with the commercial register of the local court of Münster on 21 December 2016. With economic effect as of 21 December 2016, the Company thereby increased its shareholdings in Aumann GmbH and Aumann Berlin GmbH to 100% and in Aumann Immobilien GmbH to 94.9% (see also "*17.1 Foundation, change of legal form and of legal name and capital measures*").

14.14.4 Option agreement regarding the remaining 5.1% stated capital (*Stammkapital*) of Aumann Immobilien GmbH

On 13 December 2016 the Company entered into a purchase option agreement with Ingo Wojtynia pursuant to which the Company has the option right to demand Ingo Wojtynia to sell the remaining 5.1% of the stated capital in Aumann Immobilien GmbH to a third party to be determined by the Company against payment of EUR 1.00. The option agreement has a term corresponding to the period of the participation of the Company and Ingo Wojtynia in Aumann Immobilien GmbH and may only be terminated for cause. We consider the assets of Aumann Immobilien GmbH not to constitute substantial assets as the real estate owned by Aumann Immobilien GmbH is financed by loans and the rent of the real estate is mainly needed for the payment of interest, principal repayment and taxes.

14.14.5 ThyssenKrupp Presta

On 30 November 2009, MBB Fertigungstechnik GmbH (formerly CLAAS Fertigungstechnik GmbH) and ThyssenKrupp Presta TecCenter AG and certain other members of the ThyssenKupp group ("**ThyssenKrupp Presta**") entered into an exclusive supply agreement (the "**ThyssenKrupp Presta Supply Agreement 2009**"). The ThyssenKrupp Presta Supply Agreement 2009 was superseded by a further exclusive supply agreement entered into between MBB Fertigungstechnik GmbH (formerly CLAAS Fertigungstechnik GmbH) and ThyssenKrupp Presta on 19 September 2011 (the "**ThyssenKrupp Presta Supply Agreement 2011**") under which MBB Fertigungstechnik GmbH agreed to deliver certain assembly equipment to ThyssenKrupp Presta which was jointly developed by the parties in return for which ThyssenKrupp Presta agreed to purchase such technology exclusively from MBB Fertigungstechnik GmbH subject to the fulfilment of certain price, quality and competitive delivery terms and the fulfilment of requirements of the specification sheets for a period of three years, i.e. until 19 September 2014. The time limitation does not apply to any equipment which contains specific know-how of ThyssenKrupp Presta.

In addition, MBB Fertigungstechnik GmbH undertook to deliver certain new and further jointly developed technologies exclusively to ThyssenKrupp Presta for a period of three years since the initial commissioning of such technology at ThyssenKrupp Presta or for an unlimited period if new joint developments contain specific know-how of ThyssenKrupp Presta. As consideration ThyssenKrupp Presta undertook to purchase such technologies subject to the fulfilment of certain price, quality and competitive delivery terms and the fulfilment of requirements of the specification sheets for the respective period of exclusivity.

Further, ThyssenKrupp Presta was given a right of first refusal for certain technologies which were not jointly developed by ThyssenKrupp Presta and MBB Fertigungstechnik GmbH or ordered by ThyssenKrupp Presta before MBB Fertigungstechnik GmbH sells such technologies to third parties. The ThyssenKrupp Presta Supply Agreement 2011 can be terminated within 12 months starting with the month in which the termination notice was provided.

Pursuant to general terms and conditions of ThyssenKrupp Presta TecCenter AG regarding the purchase of investment goods from MBB Fertigungstechnik GmbH (formely Claas Fertigungstechnik GmbH), dated 13 August / 29 September 2010 (the "**ThyssenKrupp Presta General Purchase Terms**"), the ThyssenKrupp Presta Supply Agreement 2011 is subject to certain conditions regarding individual orders, including that individual orders in whole or in part can be cancelled or suspended anytime.

ThyssenKrupp Presta TecCenter AG and other members of the ThyssenKrupp group and MBB Fertigungstechnik GmbH entered into a bonus agreement on 3/11 September 2013 (the "**Bonus Agreement**") pursuant to which MBB Fertigungstechnik GmbH is obliged to offer certain volume discounts for orders. The Bonus Agreement entered into force with retroactive effect on 1 October 2011 and has a fixed term until 30 September 2017. Should the ThyssenKrupp group not fulfill its obligations arising from the Bonus Agreement, we have the right to engage in business relationships with other companies for marketing this technology.

15. Regulatory Environment

Aumann is subject to legal requirements on product safety and liability, occupational health and safety, export control regulations, laws on state aid and specific regulations relevant for the industry sectors the Group is involved in, particularly the automotive sector. The specialized machinery and production lines Aumann manufactures have to comply with various legal requirements. In addition, the regulatory framework within which Aumann conducts its business activities includes, inter alia, provisions on permits, waste management, soil and groundwater contamination, water use and protection and handling, storage and transport of chemicals and hazardous substances, emissions as well as environmental liability. The application of the various regulations depends on the specific facilities, installations and activities at the business locations and the type and use of the products manufactured.

We operate in a heavily regulated environment. Environmental and regulatory laws and regulations applicable to us and our products are subject to permanent legislative changes. They are continuously being adapted, at international and national levels (especially by the European Union), following the steady technological development and the increased need for safety and the environmental consciousness of the population. The regulations applicable may have distinctive characteristics, in the EU for instance, due to leeway with regard to the implementation of EU directives, which have no immediate applicability, into each EU member state's legal system or within areas of law that have not yet been harmonized fully or in parts at the EU level.

In the following, we summarize the most important laws and regulations, with a focus on Germany and the EU, that are key factors for us in the manufacturing of our specialized machinery and production lines. In addition, we have to comply with United States and Chinese regulations due to our production site in Changzhou, China and our customer markets in both countries:

15.1 Permits and compliance for the construction, operation and alteration of industrial facilities

For the construction, operation and alteration of industrial facilities, such as production plants, we generally need emission control (environmental) permits or, alternatively, building permits and permits under water laws. In the application process for such permits, the authority assesses whether the specific facility the permit has been applied for will be in compliance with applicable provisions of environmental and regulatory law, in particular, with regard to emissions, planning law and building regulations, waste disposal, nature protection, occupational health and safety and, in the case of permits under water law, use and disposal of water. As a general rule, the permits cover most environmental, construction and regulatory requirements that have to be met (e.g., with respect to emissions and occupational health and safety).

The following paragraphs provide an overview of the material permits and permit requirements for our production.

15.1.1 Environmental Permits

Environmental permits are typically subject to numerous and substantial incidental conditions regulating and balancing other public and private interests such as the protection of neighbors against harmful noise, air or odor emissions and safeguarding of nearby protected areas and species, as well as conditions relating to waste management, and occupational health and safety. In order to ensure that the operations are maintained in the state of the art manner, relevant authorities may impose operational restrictions in subsequent orders even after the initial permit can no longer be challenged, within the limits of the proportionality principle.

Some application procedures include public participation (e.g., the application procedure for an emission control permit may include a public participation not limited to specific stakeholders). As a result of the involvement of the public, objections may be raised and thereby complicate and delay procedures. Moreover, permits may be subject to legal proceedings initiated by third parties, namely neighbors and environmental non-governmental organizations whose participation rights have been expanded by the EU public participation directive (Directive 2003/35/EC, as last amended by Directive 2016/2284 of the European Parliament and of the Council of 14 December 2016) and its interpretation by the European Court of Justice.

Non-compliance with the requirements set out in specific permits and their ancillary conditions may trigger administrative orders (provision of information, monitoring and measuring, submitting samples, restoring, complementing, and changing processes) and administrative fines. The responsible individuals may also be subject to criminal prosecution. Furthermore, in a worst case scenario, the relevant authority may order a (partial) shutdown of the facility and, under certain circumstances, revoke the permit.

15.1.2 Building permits

As a rule, all buildings and installations must have building permits under public building and construction laws. The building permit is already included (so-called "concentration effect") in an environmental permit for a facility. In the event that no environmental permit is required, a separate building permit is necessary. Building permits have, as compared to environmental permits, a reduced scope of review, do not include permits required under other laws, and do not provide for public participation. Typically, building permits contain incidental conditions relating to the impacts on the neighborhood such as maximum noise levels, odor or air emissions levels, operational hours, fire protection and monitoring duties. They must be issued in compliance with or on the basis of express exemptions from the stipulations in the relevant zoning plan covering the facility. Zoning plans establish restrictions for certain uses, types of building, etc.

15.1.3 Permits under water laws

The extraction and use of surface or ground water as well as the discharge of water (rain water, process (waste) water) into a river or into the municipal sewage system require specific permits under water laws. The discharge of water polluted with hazardous substances (such as oils, greases, organic solvents) is typically prohibited or maximum thresholds for such substances are imposed in addition to monitoring and reporting obligations. Permits under the water laws are typically limited in time and the relevant authority can, subject to the exercise of its lawful discretion, issue additional conditions, even after the original permit has become final and absolute.

15.1.4 Volatile Organic Compounds (VOC)

Our production involves surface treatment inter alia of metals using organic substances or other forms of processing resins which (due to their possible significant impacts on the environment) are in particular subject to EU-wide requirements. These were implemented in Germany in the Federal Emissions Control Act (*Bundesimmisionsschutzgesetz*) in connection with the Ordinance on Emissions Restrictions form Volatile Organic Compounds used in organic solvents (VOC Ordinance or 31th BImSchV). These regulations are subject to legal change and have been amended recently, which resulted in new requirements that have to be complied with by companies subject to such regulations.

15.1.5 Prevention of Major Accidents (Seveso Requirements)

Following an industrial accident in the Italian town of Seveso in 1976, European legislation on prevention and control of major industrial accidents was adopted to prevent major accidents involving dangerous substances, limit their consequences for human health and the environment and to reduce the hazards to human beings and the environment caused by dangerous chemicals ("**Seveso Requirements**"). Our manufacturing sites in Germany are subject to Seveso Requirements because of the types and quantities of the dangerous substances processed and stored which does not only trigger organizational, management and information obligations but also may result in building and use restrictions for us or our neighbors.

In Germany, the Seveso Requirements were implemented into German law with the enactment of the Ordinance on Major Accidents and Incidents (*Störfallverordnung* or 12th BImSchV) which regulates the set-up of specific plans, procedures and precautions for the production and storage of certain hazardous substances and applies to installations presenting a risk of accidents involving dangerous substances. As a result, a major accident prevention policy, safety reporting systems and management systems as well as emergency plans must be set up by companies depending on the type and quantities of dangerous substances stored and handled. In addition to these general duties, the operator must provide a safety report to be accepted by the competent authority, set up internal emergency plans and comply with extended information obligations.

15.1.6 Chemical Regulations (REACH)

REACH is the Regulation for **R**egistration, **E**valuation, **A**uthorization and **R**estriction of **C**hemicals (Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006, as last amended by Commission Regulation (EU) No 2015/830 of 28 May 2015). As to a limited extent we use chemical substances and mixtures as part of our production processes, we are subject to REACH as an importer or downstream user. REACH entered into force in stages, first on 1 June 2007, to streamline and improve the former legislative framework on chemicals of the EU. Its main objectives include improving the protection of human health and the environment from the risks that can be posed by chemicals and ensuring the free circulation of substances in the internal market of the EU.

REACH places greater responsibility on the industry to manage the risks that chemicals may pose to health and the environment. Other legislation regulating chemicals or related legislation (e.g. on health and safety of workers handling chemicals, product safety, construction products) not replaced by REACH continue to apply.

As a rule, REACH applies to all chemical substances. In principle, all manufacturers and importers of chemicals must identify and manage risks linked to the substance they manufacture and market. For substances produced or imported in quantities of one ton or more per year per company, manufacturers and importers need to demonstrate that they have appropriately done so by means of a registration dossier, which shall be submitted to the European Chemicals Agency ("**ECHA**"). ECHA will check that the dossier is compliant with REACH and will evaluate testing proposals to ensure that the assessment of the chemical substances will not result in unnecessary testing, especially on animals. Where appropriate, authorities may also select substances for a broader substance evaluation to further investigate substances of concern.

REACH also provides for an authorization system aiming to ensure that substances of very high concern are adequately controlled and progressively substituted by safer substances or technologies or only used where society benefits overall from using the substance. These substances are prioritized and gradually included in Annex XIV to REACH. Once they are included, the industry has to submit applications to ECHA on authorization for continued use of these substances which are otherwise prohibited. In addition, EU authorities can impose restrictions on the manufacture, use or placing on the market of substances causing an unacceptable risk to human health or the environment.

Manufacturers and importers must provide their downstream users with the risk information they need to be able to use the substances safely. This is done via the classification and labelling system and Safety Data Sheets (SDS) as needed.

15.2 Waste from production processes

As of 12 December 2010, Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008, as last amended by Commission Directive (EU) 2015/1127 of 10 July 2015 ("**Waste Framework Directive**"), redefined the legal framework on waste treatment within the EU. We have to comply with the requirements of the Waste Framework Directive as implemented by the national laws. This relates in particular to the disposal of waste from production processes. The measures provided for in the Waste Framework Directive apply to all substances or objects which the holder discards or intends or is required to discard. They do not apply to gaseous effluents, waste waters and some other types of waste which are subject to specific EU rules.

The Waste Framework Directive introduced a new waste hierarchy, i.e., the members states have to take the following measures for the treatment of their waste (listed in order of priority): (i) prevention, (ii) preparing for reuse, (iii) recycling, (iv) other recovery, including, notably, energy recovery, and (v) disposal. As regards specific waste streams, EU member states may depart from the hierarchy where this is justified by the overall impacts of the generation and management of such waste.

EU member states must ensure that any original waste producer or holder carries out the treatment of waste itself or has the treatment handled by a dealer or company which carries out waste treatment or arranges to have a public or private waste collector do so in compliance with the waste hierarchy and without endangering human health and without harming the environment. With respect to hazardous waste special requirements, inter alia, waste producers have to keep a record of the quantity, nature and origin of the waste and, where relevant, of its destination, mode of transport, frequency of collection and treatment method to be used.

In principle, EU member states have to require any company intending to carry out waste treatment to obtain a permit from the competent authority. Specific activities not subject to a permit requirement need prior registration with public authorities. In accordance with the "polluter pays" principle, the cost of waste management must be borne by the original waste producer or by the current or previous waste holders.

Furthermore, the Waste Framework Directive strengthens waste prevention by holding the producer of such waste accountable and through waste prevention programs. It also supports the recovery of waste by stating obligations to separate waste and recycling targets for certain types of waste.

The Waste Framework Directive was implemented into German law by the Law on Closed Cycle Management (*Kreislaufwirtschaftsgesetz*). The Law on Closed Cycle Management extends beyond the EU requirements in certain respects, e.g. by setting higher recycling targets than required under the Waste Framework Directive.

Waste law is a highly dynamic regulatory field. More restrictive requirements on waste prevention and recycling are expected to be introduced in the near future. The European Commission presented a new circular economy package on 2 December 2015. The goal of this package is to promote an economy in which wastes are increasingly used as a resource. It contains an action plan (COM/2015/0614 final) addressing the individual stages of the economy and setting for the work program containing measures in this respect (e.g. addressing eco-design or resource efficiency) and legislative proposals on amending provisions of the Waste Framework Directive (COM/2015/595 final) and related directives aiming at strengthening waste prevention, preparation for re-use and recycling and limiting landfills. The waste package may be relevant for us because of the processing of metals and various raw materials at our production sites.

15.3 Water use and waste water treatment

We are subject to EU regulations on water use and protection (implemented by the applicable national laws) as during the course of the production processes water is used and disposed of. Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 as last amended by Commission Directive 2014/101/EU of 30 October 2014 ("**Water Framework Directive**"), includes a comprehensive approach to water protection. Groundwater is protected by both the Water Framework Directive and its subsidiary related Directive 2006/118/EC of 12 December 2006 ("**Groundwater**

Subsidiary Directive") as last amended by Commission Directive 2014/80/EU of 20 June 2014 which lays down detailed quality criteria for the assessment of the groundwater's chemical status, including standards set at the EU level and requirements for threshold values to be set at the member state level. The Groundwater Subsidiary Directive requires member states to establish measures to prevent the input of hazardous substances into the groundwater and limit the introduction of other pollutants. The Water Framework Directive was implemented into German law by the Water Management Act (*Wasserhaushaltsgesetz),* setting the framework for sustainable water management. The requirements of the Water Management Act are set forth in several ordinances. The Ordinance on Installations for the Handling of Substances Hazardous to Water (*Verordnung über Anlagen zum Umgang mit wassergefährdenden Stoffen)* stipulates technical and organizational requirements handling hazardous substances at installations. The requirements of the Groundwater Subsidiary Directive were implemented into German law by the Groundwater Ordinance *(Grundwasserverordnung).* The Groundwater Ordinance sets criteria for the assessment and monitoring of the status of the ground water and requires the authorities to establish programs of measures to limit the contamination of groundwater by polluants.

Discharge of waste water and its treatment is regulated by Council Directive 91/271/EEC of 21 May 1991 concerning urban waste water treatment, as last amended by Council Directive 2013/64/EU of 17 December 2013. This directive addresses collection, treatment and discharge of urban waste water and the treatment and the discharge of waste water from certain industrial sectors. Its aim is to protect the environment from any adverse effects caused by the discharge of such waters. As urban waste water treatment falls within the competence of the German federal states (*Länder),* the requirements of Council Directive 91/271/EEC are implemented at the federal state level.

15.4 Soil and groundwater contamination

Many of the sites at which we operate have been used for industrial purposes for many years, leading to risks of soil and groundwater contamination. In Europe, liability for contamination of soil and groundwater has not to date been subject to specific regulations or a protection policy. Under German law, the current owner, the operator, and – under certain preconditions – the former owner of a site are jointly and severally liable for existing, threatened or suspected soil and groundwater contamination. In exceptional cases, piercing of the corporate veil is possible, i.e. the parent company may be held liable if the owning or operating company belonging to the same affiliated group was intentionally undercapitalized in order to avoid liability under the soil protection laws. The authority may, at its lawful discretion, impose measures and costs on one of the potentially liable parties regardless of possible agreements on liability under civil law. Such measures may consist of investigations, containment or clean-up actions. In order to determine the need for investigations or clean-up measures, reference is made to limit (trigger) values set for specific contaminants. The party held liable may claim, under civil law, contribution or compensation from other polluters.

15.5 EU product laws, health and safety

Under national and international provisions in most jurisdictions we are required to take measures relating to safety of products, the implementation of more extensive product requirements as well as those relating to health and safety at work. In general, compliance with product laws and employment safety regulations is subject to regulatory supervision.

Our products are mainly subject to the EU legislation and technical standards on machines, in particular Directive 2006/42/EC ("**Machinery Directive**") as amended by Directive 2009/127/EC of 21 October 2009, which became applicable on 29 December 2009. Compliance with the requirements of the Machinery Directive enables free movement within the EU of machinery that is placed on the EU market for the first time. Since machines usually contain electrical components or functions, Directive 2014/35/EU of 26 February 2014 ("**Low Voltage Directive**") and the Directive 2014/30/EU of 26 February 2014 relating to electromagnetic compatibility ("**EMC Directive**") may also be applicable. All of these directives establish essential (mandatory) health and safety requirements for the product and production process (occupational health and safety). Detailed technical specifications for fulfilling these requirements are given in (voluntary) European harmonized standards. If a manufacturer applies the specifications of such a harmonized standard, this entails the presumption of conformity of the product with the essential health and safety requirements. The manufacturer then issues a declaration of conformity and affixes the CE mark on their products. By CE marking, the manufacturer (self-)declares that its products comply with all applicable EU Directives. These Directives require transposition in national laws of the EU member states, but may apply directly in case the transposition does not occur by the set date. Both the regulatory requirements and the harmonized standards are subject to permanent revision and improvement so that manufacturers have to continuously check and adapt their products, processes and documentation.

15.6 Product safety

We have to comply with national and international legal requirements on product safety, such as, for example, Directive 2001/95/EC of 3 December 2001, as amended by Regulation No 596/2009/EC of 18 June 2009, on general product safety. This directive applies to products that are not covered by specific sector legislation (e.g., toys, chemicals, cosmetics, machinery), and also complements the provisions of sector legislation which do not cover certain matters, for instance, in relation to the obligations of producers. The Directive provides a general definition of a safe product, i.e., a product which, under normal or reasonably foreseeable conditions of use, does not present any risk or only the minimum risks compatible with the product's use. Products are required to comply with this definition. If there are no specific national rules, the safety of a product is assessed in accordance with European standards, community technical specifications, codes of good practice, and state of the art products and the expectations of consumers. In addition to the basic requirement to place only safe products in the market, producers must inform consumers of the risks associated with the products they supply. They must take appropriate measures to prevent such risks and be able to trace dangerous products.

On February 13, 2013, the European Commission published a Product Safety and Market Surveillance Package containing a draft regulation (COM (2013) 78 final) intended to replace Directive 2001/95/EC and imposing more obligations on manufacturers (e.g., as regards documentation) and a regulation on market surveillance of products (COM (2013) 75 final) amending Directive 2001/95/EC and closing gaps in market surveillance. The Product Safety and Market Surveillance Package was initially expected to be adopted in 2014 and to enter into force in 2015. The European Parliament approved the two proposals with amendments on first reading on 15 April 2014. The European Commission partially agreed to the European parliament’s amendments on first reading on 9 June 2014. However, the legislative process was suspended due to a disagreement between member states over mandatory indication of the product’s origin (i.e. the “made in…” element). The obligation imposed on manufacturers and importers will limit the use of the “made in the EU”/ or “in a particular EU member state” element as the country where the product underwent its last, substantial processing or working has to be indicated instead of e.g. the country were the product was developed. This obligation will not alter labelling of our products.

15.7 Product liability

We are subject to extensive legislation on product liability. All member states of the European Union were required to implement EU Directive 85/374/EEC of 25 July 1985, as amended by Directive 1999/34/EC of 10 May 1999, on product liability claims ("**Product Liability Directive**"), which applies to all movable things (with the exception of primary agricultural products and game) whether or not incorporated into another movable thing (such as a car) or into an immovable. The Product Liability Directive establishes the principle of objective liability, i.e., liability without fault of the producer, in cases of damage caused by a defective product. “Producer” means the manufacturer of a finished product, the producer of any raw material or the manufacturer of a component part or any person who, by putting his name, trade mark or other distinguishing feature on the product presents himself as its producer, Where the producer of the product cannot be identified, each supplier of the product is treated as its producer unless he informs the injured person of the identity of the producer or of the person who supplied him with the product. “Defectiveness” means lack of the safety which a person is entitled to expect given, among other things the presentation of the product and the use to which it could be reasonably be put. The Product Liability Directive applies to damage caused by death or by personal injuries and damage to an item of property, other than the defective product itself, intended for private use or consumption, with a lower threshold of EUR 500. The Product Liability Directive does not stipulate any financial ceiling on the producer's liability and allows the member states to derogate from the principle of unlimited liability only if the limit established under national law is sufficiently high to guarantee adequate protection of the consumer. For example, in Germany, the Product Liability Act stipulates a limit of EUR 85.0 million. In addition, the Product Liability Directive does not prevent the legal systems of the member states from granting additional or more far-reaching rights to injured parties based on grounds of contractual or non-contractual liability.

15.8 Energy Efficiency

Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 ("**Energy Efficiency Directive**") as last amended by Directive 2013/12/EU of 13 May 2013 requires all companies except for small and medium-sized companies to carry out energy audits. In Germany, this Directive was implemented through a Federal law on energy services and other energy efficiency measures (*Gesetz über Energiedienstleistungen und andere Energieeffizienzmaßnahmen*). Accordingly, energy audits are, as a rule, mandatory on a four-year basis.

15.9 Export control regulations

We have to comply with national and international export and import control regulations, in particular relating to military or dual-use goods, such as Council Regulation (EC) No 428/2009 of 5 May 2009, as last amended by Regulation (EU) No 2016/1969 of 12 September 2016 ("**Dual-Use-Regulation**") which sets forth an EU-wide regime for the control of exports, transfer, brokering and transit of dual-use items or other national or international instruments. Annex I of the Dual-Use-Regulation contains a list of dual-use items including inter alia electronics, aerospace and propulsion. The export of such dual-use goods to destinations outside the European Union requires a permit. Also, national or international export control regulations may require notifications of or permits for exports, but may also limit or prohibit the export of products if specific countries, entities or individuals are the destination or recipient of such exports. On the EU-level, such restrictions are set out in specific regulations on sanctioned countries or individuals. In order to comply with applicable laws and regulations, we employ specifically qualified personnel and use internal export control guidelines as well as specific software facilitating the internal handling of export processes.

15.10 Regulations on safety and technical standards for automotive products

Our machinery and production lines for the automotive sector have to comply with several regulatory requirements and road safety as well as technical standards. The requirements, for example, on emissions from vehicles do not apply directly to our products, but to our customers in the automotive industry. We assist them in meeting the regulatory requirements and technical standards by continuously adapting our products. For example, for the purpose of passenger safety, vehicle components and technical units have to comply with various requirements set forth in a large number of legal acts on the EU Ievel. For instance, Directive 2007/46/EC of 5 September 2007 (as amended by Regulation No 2015/166/EU of 3 February 2015) established a framework for the approval of motor vehicles and of systems, components and separate technical units intended for such vehicles, which member states were required to implement into national law. Directive 2007/46/EC was implemented into German law by the EC-Vehicle Approval Ordinance *(EG-Fahrzeuggenehmigungsverordnung)*. The directive lists several separate legal requirements for the purpose of EU type-approval of different models of vehicles. A further example is Regulation No 661/2009/EC of the European Parliament and of the Council of 13 July 2009 (as amended by Regulation No 2016/1004/EU of 22 June 2016), establishing requirements for the type-approval of motor vehicles including systems, components and separate technical units with regard to safety. As part of "**CARS 2020**," an action plan of the European Commission for a competitive and sustainable automotive industry in Europe of 8 November 2012 (COM (2012) 636 final), the European Commission carried out an extensive in-depth evaluation of the legal framework for vehicle type approval published on 12 November 2013 (SWD(2013) 466 final). On 27 January 2016, the European Commission published on the basis of these findings a proposal for a Regulation of the European Parliament and of the Council on the approval and market surveillance of motor vehicles and their trailers and of systems, components and separate technical units intended for such vehicles (COM (2016) 31 final) to repeal and replace Directive 2007/46/EC. The legislative proposal contains stricter provisions on market surveillance of automotive products with the aim to make vehicle testing more independent and increase surveillance also of cars already in circulation.

In addition, some of our products may have to comply with more specific product regulations. Specific product regulations comprise, inter alia, international as well as national and regional certification or approval requirements such as the ECE (United Nations Economic Commission for Europe) type approval system applicable in Germany and other European countries, the U.S. federal law-defined standard FMVSS 108 (Federal Motor Vehicle Safety Standard) or the CCC (Chinese Compulsory Certification) standard in the People's Republic of China. These requirements sometimes include independent testing of newly developed lighting products (e.g., testing for durability) and periodical inspections as to the conformity of serial production of such products.

15.11 Regulations promoting e-mobility

We design, manufacture, and sell special machinery and automated production lines for the automotive e-mobility industry. Regulations improving the required infrastructure and encouraging the purchase of electrified vehicles have a positive impact on our results of operations.

Directive 2014/94/EU of 22 October 2014 on the deployment of alternative fuels infrastructure sets out minimum requirements for the building-up of alternative fuels infrastructure, including recharging points for Electric Vehicles and refuelling points for natural gas and hydrogen as well as common technical specifications for such recharging and refuelling points. Germany has implemented this directive by an Ordinance on Charging Stations (*Ladesäulenverordnung*) which entered into force on 17 March 2016.

The Federal Law on Tax Incentives for Electric Mobility in Road Transport (*Gesetz zur steuerlichen Förderung von Elektromobilität im Straßenverkehr*) entered into force on 17 November 2016. It extends the vehicle tax exemption for electric vehicles registered for the first time, retroactively from 1 January 2016 onwards, from currently five to ten years. The tax exemption is also extended to approved conversions of fossil-fuel vehicles to electric vehicles. Also exemptions for income tax are foreseen for employees with respect to the advantages arising from the use of recharging facilities for electric vehicles and hybrid electric vehicles supplied by the employer. On the basis of the German Government Program on Electric Mobility of 2011, incentives for the purchase of new electric vehicles were set including a buyer’s premium financed by the Federal Government and the manufacturers.

15.12 Regulations on aeronautical products, parts and appliances

We develop, design and manufacture load carriers (so called jigs) for the aerospace industry. As a result, regulations on aeronautical products, parts and appliances do not apply directly to our products, but we must construct the machinery so that it is capable of producing aeronautical products, parts and appliances compliant with the requirements. We further assist our customers in the aerospace industry to comply with regulatory requirements and technical standards by adapting our products to the changes in the regulation.

The design, production and maintenance of aeronautical products, parts and appliances is regulated by Regulation (EC) No 216/2008 of the European Parliament and of the Council of 20 February 2008, as last amended by Commission Regulation (EU) No 6/2013 of 8 January 2013 as a basic regulation. Detailed requirements for the design and production of aeronautical products are provided by Commission Regulation (EU) No 748/2012 of 2 August 2012, as last amended by Commission Regulation (EU) No 2015/1039 of 30 June 2015. Regulation (EU) No 748/2012 lays down technical requirements and administrative procedures for the airworthiness and environmental certification of products, parts and appliances.

15.13 Regulations on products for rail vehicles

We develop products for the railway industry. As a result, regulations on products for rail vehicles do not apply directly to our products, but we must construct the machinery so that it is able to produce products for rail vehicles compliant with the requirements. We further assist our customers in the railway industry to comply with regulatory requirements and technical standards by adapting our products to the changes in the regulation.

Products for rail vehicles are subject to several regulations on EU level. Directive 2008/57/EC on the interoperability of the railway system within the Community of 17 June 2008, as last amended by Commission Directive 2014/106/EU of 5 December 2014, sets out requirements which have to be fulfilled by railway systems in order to achieve interoperability on the railway lines within the trans-European transport as defined in Decision No 1692/96/EC of the European Parliament and of the Council of 23 July 1996 on Community guidelines for the development of the trans-European transport network. The requirements of Directive 2008/57/EC concern the design, construction, placing in service, upgrading, renewal, operation and maintenance of the parts of this system and are further specified by technical specifications for interoperability ("**TSI**"). The TSI are drafted both for the high speed as well as the conventional railway system. Directive 2008/57/EC will be repealed with effect from 16 June 2020 by Directive (EU) 2016/797 of 11 May 2016 which extends the scope of the Directive and the TSIs to the entire rail system within the EU, to cover the vehicles and networks not included in the trans-European rail system.

Directive 2004/49/EC on Safety of the Community's railways was amended by Commission Directive 2014/88/EU of 9 July 2014 in respect of common safety indicators and common methods of calculating accident costs. Directive 2004/49/EC will be repealed with effect from 16 June 2020 by Directive (EU) 2016/798 of 11 May 2016 obliging manufacturers of products for railway vehicles to carry out risk control measures and to report known risks to the other participants in the railway system.

16. General Information about the Company and the Group

16.1 Formation, registration with the commercial register, name and registered office

The Company was initially incorporated on 12 September 2011 under the legal name "MBB Fertigungstechnik Beelen GmbH", changed its legal name into "MBB Technologies GmbH" on 17 June 2013 and changed its legal form into a German stock corporation and the legal name "Aumann AG"on 8 December 2016.

The legal name of the Company is “Aumann AG”. The commercial name of the Company and the Aumann Group is "**Aumann**". The Company is a German stock corporation (*Aktiengesellschaft*, *AG*) founded in Germany and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster under docket number HRB 16399 with its registered seat in Dieselstraße 6, 48361 Beelen, Germany. The Company was initially incorporated on 12 September 2011 with a share capital of EUR 25,000 under the legal name "MBB Fertigungstechnik Beelen GmbH" upon registration with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster under HRB 14437 and changed its legal form into a German stock corporation on 8 December 2016 upon the entry of the form-change in the commercial register.

The financial year of the Company is the calendar year. The term of the Company is unlimited. However, except in case of insolvency, the Company can be dissolved, in particular, by a resolution of the shareholders' meeting which requires a majority of not less than three fourths of the share capital represented at the passing of the resolution.

The Company is the parent company of the Aumann Group.

The registered business address of the Company is Dieselstraße 6, 48361 Beelen, Germany. The Company can be reached by telephone under the number +49 (0) 2586 888 78 00.

16.2 Business objective

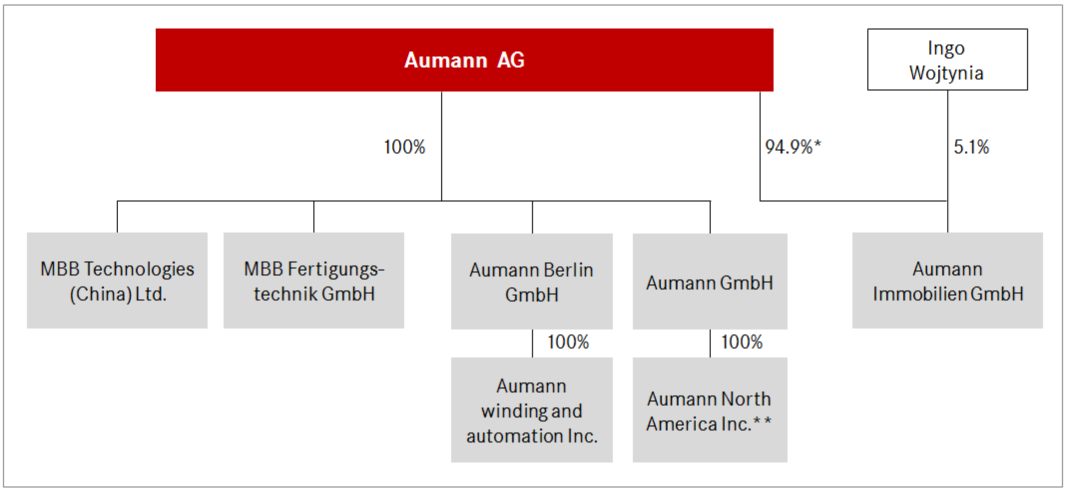
According to Section 2(1) of the Company’s articles of association of the Company, the Company's business objective is asset management, in particular the establishment and acquisition of participations in companies, as well as the management of companies in Germany and abroad. The Company designs, constructs, assembles and sells machines for the coiling and winding of motors, as well assembly, connection, testing or automation process solutions, which are used globally, in particular in the electric mobility and automobile industries.

The Company is empowered to use all measures and businesses which are appropriate to achieve this business purpose. Among others, this can include the establishment of branch offices in Germany and aboard, as well as the establishment, purchase or participation in similar or related types of businesses.

16.3 Group structure and development of the Group structure

As the parent company of the Aumann Group, the Company exercises certain group management functions, such as strategy, risk management, Group accounting and controlling, treasury, legal, taxation, investor relations, Group marketing and public relations.

The following chart shows the current structure of our Group with all subsidiaries of the Company and its respective shareholdings:



* The Company and Mr. Ingo Wojtynia entered into an option agreement pursuant to which the Company has the option right to demand delivery of Mr. Ingo Wojtynia's shares in Aumann Immobilien GmbH to a third party to be determined by the Company against payment of EUR 1.00 (see for more information "*14.14.4 Option agreement regarding the remaining 5.1% stated capital (Stammkapital) of Aumann Immobilien GmbH*").

** Dormant company.

16.4 Significant subsidiaries

The following table provides an overview of our significant subsidiaries. The Company holds 100% of the shares and voting rights in the significant subsidiaries listed below as of 31 December 2016. As of the date of the Prospectus, the aforementioned shareholdings remain unchanged.

Company name, registered office	**Field of Activity**	**Participation of the Company (directly and indirectly) as of 31 December 2016**
MBB Fertigungstechnik GmbH, Beelen, Germany	Specialized machinery, production lines and services.	100%
MBB Technologies (China) Ltd., Changzhou, China	Specialized machinery, production lines and services.	100%
Aumann GmbH, Espelkamp, Germany	Specialized machinery, production lines and services.	100%
Aumann Berlin GmbH, Hennigsdorf, Germany	Specialized machinery, production lines and services.	100%

16.5 Auditor

RSM Verhülsdonk GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Georg-Glock Str. 4, 40474 Düsseldorf, Germany, ("**RSM**"), has audited the following financial statements and issued in each case an unqualified independent auditor's report (uneingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers):

- the Company's consolidated financial statements in accordance with IFRS as of and for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014 (collectively, the "**Audited Consolidated Financial Statements**");
- the Company's unconsolidated financial statements in accordance with HGB as of and for the financial year ended 31 December 2016 (the "**Audited Unconsolidated Financial Statement**").

With respect to the Audited Consolidated Financial Statements and the Audited Unconsolidated Financial Statement, RSM conducted its audits in accordance with Section 317 German Commercial Code (*Handelsgesetzbuch*) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer e.V.*).

16.6 Announcements

According to the Company’s articles of association, announcements are to be published in the German Federal Gazette (*Bundesanzeiger*). For statements or information that must be made available to the shareholders by law but that are not subject to specific form requirements posting on the Company's website is sufficient. Information to shareholders may also be transmitted via electronic media, to the extent permitted by law.

In compliance with the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), notices in connection with the approval of the Prospectus, or supplements thereto must be published in the manner stipulated for the Prospectus, i.e., by publication on the website of the Company (www.aumann-ag.com/en/investor-relations/shares.html) and by making print versions available free of charge at the Company's offices and the offices of the Underwriters during regular business hours.

Publications concerning the Shares will be published in the German Federal Gazette and, if required by mandatory provisions, by media suitable for publication in the European Economic Area.

17. Information on the Company's Share Capital and further Material Provisions of the Articles of Association

17.1 Foundation, change of legal form and of legal name and capital measures

The Company was incorporated on 31 January 2012 based on its articles of association, dated 12 September 2011, with a registered share capital of EUR 25,000 under the legal name "Jade 1414. GmbH" upon registration with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under HRB 139607. On 15 March 2012 the change of the Company’s legal name into "MBB Fertitungstechnik Beelen GmbH" was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg, Germany, under HRB 139607.

On 5 March 2013 the shareholders of the Company resolved, *inter alia*, the change of the legal name of the Company into MBB Technologies GmbH and the change of the registered address to Dieselstraße 6, 48361 Beelen. These changes were registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster, Germany, under HRB 14437 on 17 June 2013.

On 10 November 2016, the extraordinary general shareholders’ meeting of MBB Technologies GmbH resolved to increase the Company’s stated capital (*Stammkapital*) from EUR 25,000 by EUR 11,662,500 to EUR 11,687,500 by converting the capital reserve (*Kapitalrücklage*) of EUR 8,500,000 and the retained earnings (*Gewinnrücklage*) of EUR 3,162,500 into equity. The capital increase was registered with the register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster, Germany, under HRB 14437 on 8 December 2016.

The extraordinary shareholders’ meeting of 10 November 2016 also resolved to change the legal form of the Company into a German stock corporation (*Aktiengesellschaft*) with a registered share capital of EUR 11,687,500 consisting of 11,687,500 ordinary registered shares with no par value (*Stückaktien*) with a notional interest of EUR 1.00 each in the share capital. In addition, the extraordinary shareholders’ meeting of 10 November 2016 resolved on the change of the legal name of the Company into Aumann AG. The change of legal form and legal name was registered and became legally effective upon the entry in the register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster, Germany, under HRB 16399 on 8 December 2016.

On 13 December 2016, the extraordinary general shareholders’ meeting of the Company resolved to increase the Company’s share capital (*Grundkapital*) from EUR 11,687,500 by EUR 812,500 to EUR 12,500,000. The capital increase was implemented through the issuance of 812,500 ordinary registered shares with no par value (*Stückaktien*) with a notional interest of EUR 1.00 each in the share capital to Mr. Ingo Wojtynia in consideration for contributing 25% of the stated capital (*Stammkapital*) in Aumann GmbH and in Aumann Berlin GmbH and 19.9% of the stated capital (*Stammkapital*) in Aumann Immobilien GmbH (see in more detail above “*14.14.3 Acquisition of the remaining 25% of the stated capital in Aumann GmbH and Aumann Berlin GmbH and of additional 19.9% stated capital of* Aumann Immobilien GmbH”). The subscription rights of the shareholders were excluded. The capital increase was registered with the register (*Handelsregister*) of the local court (*Amtsgericht*) of Münster, Germany, under HRB 16399 on 21 December 2016.

On 9 February 2017, the ordinary general shareholders’ meeting of the Company resolved to change the form of the shares from registered shares to bearer shares.

17.2 Capital increase, change from registered shares to bearer shares and resolution to implement the Offering

Presumably on 15 March 2017, an extraordinary general shareholders’ meeting of the Company will resolve to increase the Company’s share capital by up to EUR 1,500,000 to up to EUR 14,000,000 against cash contributions through the issuance of up to 1,500,000 ordinary bearer shares with no par value (*Stückaktien*) with a notional interest of EUR 1.00 each in the share capital (the "**New Shares**").

On 23 March 2017, the Management Board and the Supervisory Board are expected to resolve on the number of New Shares to be issued. The implementation of the Capital Increase with the commercial register of the Company is expected to be registered on 23 March 2017.

Following consummation of the Capital Increase, the Company’s share capital will amount to up to EUR 14,000,000, divided into up to 14,000,000 ordinary bearer shares with no par value (*Stückaktien*) and a notional interest of EUR 1.00 each in the share capital. The share capital will be fully paid up.

17.3 Description of shares

Each Share entitles the shareholder to one vote at the general shareholders’ meeting of the Company. There are no restrictions on voting rights. Voting rights are the same for all of the Company’s shareholders. Voting rights, however, do not attach until the respective capital contribution has been fully paid up. The Shares carry full dividend rights as from 1 January 2017, i.e. for the full financial year ending 31 December 2017 and for all subsequent financial years. In the event of the Company’s liquidation, the Company’s assets remaining after satisfaction of all liabilities of the Company will be distributed to the shareholders in proportion to their interest in the Company’s share capital.

As of the date of the Prospectus, the Company and its subsidiaries hold no shares in the Company.

17.4 Certification and transferability of the shares

The form of the share certificates, the dividend coupons and the renewal coupons, if any, are determined by the Management Board. The Company is entitled to issue share certificates embodying individual shares or multiples of shares. The Company’s articles of association stipulate that the shareholders’ right to the issuance of share certificates shall be excluded, unless such issuance is required in accordance with regulations applicable at a stock exchange to which the Shares are admitted for trading.

The Shares will initially be represented by one global share certificate without dividend coupons, which will be issued and deposited with Clearstream, subsequent to the approval of the Prospectus. With respect to the New Shares, one additional global share certificate will be issued and deposited with Clearstream.

There are no restrictions on the transferability of the Shares other than the lock-up agreements described under “*5.10 Lock-up agreements*”.

17.5 General provisions governing a liquidation of the Company, a change in the share capital and subscription rights

17.5.1 General provisions governing a liquidation of the Company

Apart from liquidation following insolvency proceedings, the Company may be liquidated only with a vote of 75% or more of the share capital represented at the general shareholders' meeting at which such a vote is taken. Pursuant to the German Stock Corporation Act (*Aktiengesetz*), in the event of the Company's liquidation, any assets remaining after all of the Company's liabilities have been settled will be distributed. The German Stock Corporation Act (*Aktiengesetz*) provides certain protections for creditors which must be observed in the event of liquidation.

17.5.2 General provisions governing a change in the share capital

According to the German Stock Corporation Act (*Aktiengesetz*), the share capital of a stock corporation may be increased against contributions in cash or in kind by resolution of the general shareholders' meeting which must be adopted by a simple majority of the votes cast and a majority of at least three-quarters of the share capital represented at the adoption of the resolution, unless the corporation's articles of association require a different majority; if the share capital is increased by issuing non-voting preference shares or the subscription rights of the shareholders are excluded, the articles of association may only require a larger majority. Pursuant to the Company's articles of association, an increase of the share capital against contributions in cash or in kind requires a simple majority of the votes cast and a simple majority of the share capital represented at the adoption of the resolution, unless preference shares are issued or the subscription rights of shareholders are excluded.

17.5.3 General provisions governing subscription rights

According to the German Stock Corporation Act (*Aktiengesetz*), each shareholder has, in principle, a right to subscribe for new shares issued in a capital increase (including securities convertible into shares, securities with warrants to purchase shares, securities with profit participation or participation certificates) to maintain their existing share in the share capital. Subscription rights are freely transferable and may be traded on German stock exchanges during a fixed period before the expiration of the subscription period. Pursuant to the German Stock Corporation Act (*Aktiengesetz*), the subscription period may not be shorter than two weeks. The general shareholders' meeting may exclude subscription rights with a majority of the votes cast and, at the same time, at least three-quarters of the share capital represented at the adoption of the resolution. An exclusion of subscription rights further requires a report of the management board, which must show, in order to justify the exclusion of subscription rights, that the company's interest in excluding the subscription rights outweighs the interest of the shareholders being granted in the subscription rights. In the absence of such objective justification, an exclusion of subscription rights may be permissible for an issuance of new shares if:

- the company increases the capital against cash contributions;
- the amount of the capital increase does not exceed 10% of the existing share capital; and
- the issuance price of the new shares is not substantially lower than the stock exchange price.

It is not considered an exclusion of subscription rights if new shares are acquired by a credit institution, which undertakes to offer the new shares to those persons who would otherwise have subscription rights.

17.6 Authorized Capital

Pursuant to section 4(5) of the Company’s articles of association the Management Board, with the consent of the Supervisory Board, is authorized to increase the Company's share capital on or before 8 February 2022 in the total amount of up to EUR 6,250,000.00 by issuing once or repeatedly new no-par value bearer shares against contributions in cash and/or in kind (Authorized Capital 2017/I). Subject to the Supervisory Board's consent, the Management Board is authorized to exclude the shareholders' statutory subscription right in the following events:

- for fractional amounts,

- if the capital increase is made against contributions in cash and if the overall prorated amount of the share capital attributable to the new shares for which the subscription right is being excluded does not exceed 10% of the share capital available at the time of the issue of the new shares and if the issuing price of the new shares, for purposes of § 203 (1) and (2), § 186 (3) sentence 4 of the German Stock Corporation Act, is not materially lower than the price quoted for the already quoted shares of the same class at the time the Management Board finally determines the issuing price; this limit includes the proportional amount of the share capital represented by shares issued from the Authorized Capital 2017/I since 9 February 2017; this limit includes further the proportional amount of the share capital represented by Company-owned Shares, which the Company has acquired pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act and sold to third parties against payment in cash without granting subscription rights, except in cases where such sales were executed through the stock exchange or by means of a public offer,

- if the Company increases its capital against contributions in kind in order to grant shares for purposes of acquiring any entities, partial entities or interests in entities.

Subject to the Supervisory Board's consent, the Management Board is authorized to determine the further details for executing capital increases based on the Authorized Capital 2017/I.

17.7 Authorization to acquire and sell Company-owned Shares

Based on an authorization of the ordinary shareholders’ meeting held on 9 February 2017 the Company is authorized in accordance with § 71 (1) number 8 of the German Stock Corporation Act, to acquire and sell

Company-owned Shares in the period ending 8 February 2022, in an amount not exceeding 10% of its share capital. Such authorization may not be used for purposes of trading in Company-owned Shares.

a) The acquisition shall be made via the stock exchange or via a public offer made to all shareholders of the Company or a public invitation to tender an offer (the "**Acquisition Offer**")

aa) If the acquisition is made via the stock exchange, the purchase price of a share (excluding incidental acquisition costs) must not be more than 10% higher or lower than the price of the Company's share as determined on the acquisition date in the opening auction in Xetra trading (or a similar successor system at the Frankfurt Stock Exchange that replaces the Xetra system).

bb) If the acquisition is made via an Acquisition Offer, the purchase price offered or the limits of the offered purchase price spread (excluding incidental acquisitions costs) must not be 20% higher or lower than the mean value of the closing prices in Xetra trading (or a similar successor system at the Frankfurt Stock Exchange that replaces the Xetra system) during the three trading days preceding the date of publication of the Acquisition Offer. If the definitive stock market price varies after public announcement of the Acquisition Offer on not an insignificant scale, the Acquisition Offer may be adjusted to match such variation. In that event, the closing price of the Company's share in Xetra trading (or a similar successor system at the Frankfurt Stock Exchange that replaces the Xetra system) on the third trading day preceding the public announcement of such potential adjustment shall be decisive. If the volume of the shares offered in an Acquisition Offer exceeds the intended repurchase volume, the Acquisition Offer may be accepted in proportion to the shares offered or according to quotas. Preferential acceptance of small offers or small portions of offers up to 100 shares may be provided for.

b) Subject to the Supervisory Board's consent, the Management Board is authorized to use Company-owned shares that have been or are acquired by virtue of this or an earlier authorization, other than by sale via a stock exchange or an offer to all shareholders, for all other purposes permitted by the law, including the following purposes:

aa) Offers to third parties as part of a business combination or the acquisition of entities or interests in entities as long as this is made at a price that is not materially lower than the stock exchange price of Company shares at the time of the sale, and/or

bb) Sale to third parties against payment of cash as long as the sale is made at a price that is not materially lower than the stock exchange price of Company shares at the time of the sale, and/or

cc) For purposes of performing obligations attaching to any convertible bonds or option bonds the Company may issue in future, and/or

dd) Cancellation of the acquired shares whether with or without a reduction of the share capital, with no separate resolution to be made in the shareholders' meeting in support of such cancellation or the performance thereof.

c) The foregoing authorizations may be exercised in whole or in partial amounts whether recurrently or non-recurrently to pursue a single purpose or several purposes permitted by the law.

d) The price at which Company shares may be sold to third parties according to the authorizations contained in points b) aa) and bb) must not be 5% higher or lower than the mean value of the price of the Company's share as determined in the midday auction in Xetra trading (or a similar successor system at the Frankfurt Stock Exchange that replaces the Xetra system) during the three trading days preceding the sale.

e) The shares acquired by virtue of this authorization, together with any other Company-owned shares that are in the Company's possession or attributable to the Company according to §§ 71a ff of the German Stock Corporation Act, must not constitute more than 10% of the share capital at any time.

f) The shareholders' statutory right to subscribe to Company-owned shares is excluded in accordance with § 71 (1) point 8, § 186 (3) and (4) of the German Stock Corporation Act insofar as such shares are being used in accordance with the foregoing authorizations in points b) aa), bb), cc). The permissible maximum of 10% of the respective share capital shall take into account the mathematical percentage in the share capital of shares that are issued during the term of such authorization through direct or analogous application of § 186 (3) sentence 4 of the German Stock Corporation Act and subject to exclusion of subscription rights.

17.8 Mandatory takeover bids, exclusion of minority shareholders, share ownership notification requirements, director's dealings

17.8.1 Mandatory takeover bids

After the Shares are admitted to trading on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange (Prime Standard), the Company is subject to the provisions of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* – "**WpÜG**").

Under the provisions of the WpÜG, shareholders who acquire 30% or more of the voting rights in a listed stock corporation (the "**Offeror**") are obligated to publish this fact, including the percentage of their voting interest, within seven calendar days and subsequently (provided no exemption from this obligation has been granted by the BaFin) make a mandatory tender offer to all shareholders of the target company. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights connected with the shares.

If a shareholder fails to disclose that the 30% threshold was reached or exceeded or fails to submit a mandatory public offer, the shareholder will be precluded from exercising the rights associated with these shares (including the voting right and in case of willful failure to send the notice and failure to subsequently send the notice in a timely fashion, the right to receive dividends) while such default subsists. In addition, an administrative fine may be imposed in the event of failure to comply with duties of notification.

17.8.2 Exclusion of minority shareholders

Pursuant to the provisions in Sections 327a et seqq. of the German Stock Corporation Act (*Aktiengesetz*) regarding the so-called "squeeze-out" process, the general shareholders' meeting of a stock corporation may resolve upon the request of a shareholder holding at least 95% of the share capital (the "**Majority Shareholder**") on the transfer of the shares of the remaining minority shareholders to the Majority Shareholder in exchange for granting reasonable cash compensation.

The amount of the cash compensation to be granted to the minority shareholders must take into account "the circumstances of the company" at the time the resolution is adopted by the general shareholders' meeting. The amount of the compensation is determined by the full value of the enterprise which is normally determined using the capitalized earnings method (*Ertragswertverfahren*).

The shareholding requirements for a squeeze-out are lowered if the squeeze-out takes place in connection with the merger of a subsidiary into the parent company. According to Section 62(5) of the German Transformation Act (*Umwandlungsgesetz*), the general shareholders' meeting of a transferring stock corporation may, within three months after the signing of the merger agreement, adopt a squeeze-out resolution in accordance with Section 327a of the German Stock Corporation Act (*Aktiengesetz*) if the acquiring company is a German stock corporation, partnership limited by shares (*Kommanditgesellschaft auf Aktien*) or European public company (*Societas Europea*) that holds at least 90% of the registered share capital. After registration of the squeeze-out with the commercial register, the merger can be implemented without a further resolution by the general shareholders' meeting of the subsidiary.

In addition to the squeeze-out process under the German Stock Corporation Act (*Aktiengesetz*) summarized above, the WpÜG permits the so-called squeeze-out under the law on takeovers. Under these provisions, a bidder holding at least 95% of the voting share capital in a target company (within the meaning of the WpÜG) after a public takeover offer or mandatory offer can generally file a motion with the district court

(*Landgericht*) of Frankfurt am Main for the transfer of the other voting shares in exchange for the grant of reasonable compensation by means of a court order within three months after expiration of the acceptance period. A resolution of the general shareholders' meeting is not necessary. The type of compensation must correspond to the consideration in the takeover offer or the mandatory offer; cash compensation must always be offered as an alternative. The consideration offered in connection with the takeover or mandatory offer is deemed to be reasonable if the bidder has acquired shares equal to at least 90% of the share capital affected by the offer. In addition, shareholders have a sell-out right. During squeeze-out proceedings under the law on takeovers initiated upon the motion of the bidder, the provisions on a squeeze-out under stock corporation law do not apply, and they are only applicable after a final conclusion of the squeeze-out proceedings under takeover law.

Pursuant to the provisions in Sections 319 et seqq. of the German Stock Corporation Act (*Aktiengesetz*) regarding the so-called integration process (*Eingliederung*), the general shareholders' meeting of a stock corporation can resolve upon the integration into another company if the future principal company holds at least 95% of the shares in the company to be integrated. The existing shareholders in the integrated company have a claim for reasonable compensation which must as a general rule be granted in the form of own shares in the principal company. The amount of the compensation must be determined using the so-called merger value ratio (*Verschmelzungswertrelation*) between the two companies, i.e., the exchange ratio which would be considered reasonable in the event of merging the two companies. In contrast to the rules governing squeeze-outs, integration is only possible if the future principle company is a stock corporation domiciled in Germany.

17.8.3 Share ownership notification requirements

After the Shares are admitted to trading on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange (Prime Standard), the Company is subject to the provisions of the WpHG, which has been amended effective as of 26 November 2015 most recently by the Act on the Adoption of the Transparency Regulation Amendment Directive.

The WpHG provides that any shareholder who, through acquisition, sale or otherwise, reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the voting rights in a listed company whose country of origin is Germany must notify the respective company and the BaFin without undue delay, but no later than four trading days after the event, of having reached, exceeded or fallen below the threshold values and must also disclose the amount of its current share of the voting rights. The prescribed time limit commences at the time when the shareholder required to give the notification has actual knowledge or should have had knowledge under the circumstances that its share of voting rights reached, exceeded or fell below the stated thresholds. It is assumed that the shareholder required to give the notification has gained knowledge about his shareholding two trading days after the reaching, exceeding or falling below the of the aforementioned thresholds.

Except for the threshold at 3%, corresponding disclosure obligations towards the Company and BaFin apply for reaching, exceeding, or falling below the above mentioned threshold values when the relevant shareholder directly or indirectly holds financial instruments (i) which either, on maturity, give the holder the unconditional right to acquire already issued shares carrying voting rights in the Company or the discretion as to his right to acquire such shares in the Company or (ii) which are referenced to already issued shares of the Company carrying voting rights and have similar economic effect to the instruments mentioned under (i), irrespective of whether or not they confer a right to a physical settlement. In particular such instruments comprise transferable securities, options, futures, swaps, forward rate agreements and contracts for differences. The number of voting rights relevant for the notification requirement is generally calculated by reference to the full nominal amount of shares underlying the instrument, except where the instrument provides exclusively for a cash settlement. The voting rights from shares and voting rights obtainable through financial instruments will be aggregated.

The WpHG defines "holding" as the existence of an unconditional claim related to a transfer of shares without any undue delay or a respective obligation.

In case of non-compliance with the notification requirement, for example by failing to file a notice or providing false information, the shareholder is precluded from exercising the rights attached to its shares (including voting rights and the right to dividends) for the duration of the failure. Under certain circumstances the shareholder is precluded from exercising the rights attached to its shares for a period of six month after he or she files the necessary notice. In addition, a fine may be imposed for failure to comply with the notification requirement.

17.8.4 Director's dealings

According to the Market Abuse Regulation, persons discharging managerial responsibilities ("**Manager**") within the Company are obliged to notify the Company and BaFin within three working days regarding any of their transactions in shares of the Company or financial instruments linked to them, particularly derivatives. This obligation also applies to persons closely associated with a Manager. The Company is obliged to promptly publish the information received in accordance with the foregoing and to simultaneously notify BaFin of the publication no later than three business days after the transaction. Notification is not required if the sum of all transactions involving a Manager and persons closely related to him or her is less than EUR 5,000 in a given calendar year.

A "Manager" is any member of the Company's administrative, management or supervisory body or another senior executive who has regular access to inside information relating directly or indirectly to the Company and power to take managerial decisions affecting the future developments and business prospects of the Company. Persons closely related to a Manager are spouses, registered civil partners, dependent children as well as other relatives who have been living in the same household as the Manager for at least one year when the relevant transaction is made. Notification is also required for transactions by legal entities in which a Manager or any of the aforementioned parties holds management responsibilities, which are directly or indirectly controlled by a Manager or such a party, which were established for the benefit of a Manager or such a party or whose economic interests are substantially equivalent to those of a Manager or such party. Non-compliance with the notification requirements may result in a fine.

Furthermore, the Market Abuse Regulation imposes a closed period of 30 calendar days prior to the announcement of an interim financial report or a year-end report which the Company is obliged to publish, during which a Manager shall not conduct any transactions in shares of the Company or financial instruments linked to them, particularly derivatives, or act on behalf of a third party in relation to such transactions.

17.8.5 Sanctions

The German law on the Amendment of the Financial Market Regulation due to European Legislation (*Finanzmarktnovellierungsgesetz* - ***"FiMaNoG"***) has introduced the following sanctions into the WpHG:

- Infringements against the prohibition of insider dealing and market manipulation will be subject to a fine of up to a maximum amount of EUR 5 million for individuals and of EUR 15 million or 15% of the consolidated revenues for corporations.
- If the Company fails to comply with its duties to publish ad-hoc announcements, it may be subject to fines up to a maximum amount of EUR 2.5 million or 2% of the consolidated revenues of the Group. Additionally, if the Company has received economic advantages through the non-publication, BaFin may impose penalties of up to a maximum of three times the economic advantage.
- Infringements with regard to directors' dealings will be sanctioned for individual with a fine of up to EUR 500,000 for individuals and for corporations with a fine of up to EUR 1 million.

Additionally, criminal sanctions are possible in case of willful non-compliance.

18. Corporate Bodies

18.1 Overview

The Company as a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Germany has the management board (*Vorstand*) (the "**Management Board**"), the supervisory board (*Aufsichtsrat*) (the "**Supervisory Board**") and the general shareholders' meeting (*Hauptversammlung*) (the "**General Shareholders' Meeting**") as corporate bodies. The powers vested in these bodies are set forth in the German Stock Corporation Act (*Aktiengesetz*), the Company's articles of association (*Satzung*) and the internal rules of procedure (*Geschäftsordnungen*) for the Management Board and the Supervisory Board.

The Management Board manages the Company's business in accordance with the provisions of the relevant statutes, the Company's articles of association, the resolutions of the General Shareholders' Meeting, and the internal rules of procedure for the Management Board including a schedule of responsibilities (*Geschäftsverteilungsplan*). It represents the Company in its dealings with third parties.

The Management Board is responsible for the management of the entire Company. Further, it bears responsibility for the preparation of the quarterly statement or quarterly financial report and half-year reports and the annual financial statements of the Company and the consolidated financial statements, ensures compliance with the legal provisions and the Company's internal guidelines, and works towards adherence to these throughout the Group companies. In particular, it ensures an appropriate adequate risk management and risk controlling throughout the Group.

The Supervisory Board appoints the members of the Management Board and is authorized to remove them. The Supervisory Board is required to supervise the Management Board in its management of the Company. Pursuant to the German Stock Corporation Act (*Aktiengesetz*), the Supervisory Board is not authorized to perform management tasks.

Pursuant to the rules of procedure of the Management Board, other than as provided for by law, the Management Board may conduct the following transactions, or in case of associated companies, permit the conduct of the following transactions only with the approval of the Supervisory Board:

- Preparing and modifying an annual budget (business plan);
- acquiring, selling and disposing of patents;
- forming, modifying or dissolving any joint ventures or similar cooperation agreements;
- divesting the Company's business or parts of its business as a whole and corporate changes of any kind in affiliated investment companies;
- the formation, acquisition or sale of companies or company shares or interests in other companies;
- setting up or closing any branch offices;
- permits that are granted as shareholder of another company on the basis of this catalogue of transactions requiring consent;
- individual investments that exceed a net sum of EUR 250,000.00 except as previously approved in the business plan;
- acquiring, encumbering or divesting any buildings, land or land improvements or similar rights;
- maintenance or structural preservation measures that exceed a net sum of EUR 250,000.00 individually except as previously approved in the business plan;
- hiring employees or freelancers whose annual income is to exceed a sum of EUR 120,000.00 as well as any amendments to such contracts except for any amendments that are due to

mandatory statutory law or mandatory application of collective bargaining rules or except as previously approved in the business plan;

- appointing or removing from office any authorized officers (*Prokuristen*) or authorized signatories (*Handlungsbevollmächtigte*);
- granting any variable remuneration or other allowances to employees or freelancers, including any dismissal compensation to the extent the relevant sum exceeds 25% of the annual remuneration or except as previously approved in the business plan;
- pension commitments except as they are based on an approved pension scheme;
- executing, cancelling or modifying any contracts with relatives or in-laws of a member of the Management Board or enterprises related to a member of the Management Board, or stockholders holding an interest of more than 3% or granting loans by the Company to members of the Management Board or the Supervisory Board and their families as well as any consultancy contracts or other contracts for work or services between a member of the Supervisory Board and the Company;
- executing, cancelling or modifying any affiliation agreements or agreements under the Corporate Reorganization Act (*Umwandlungsgesetz*), absorptions;
- operational changes as defined in §§ 111 ff. of the Works Constitution Act (*Betriebsverfassungsgesetz*);
- accepting liabilities or giving guarantees including letters of comfort of any kind except for any client order-related guarantees or advance payment guarantees and any client order-related liabilities;
- accepting bills of exchange or similar obligations of any kind;
- transferring by way of security or pledging any movable fixed assets or current assets;
- raising or granting any loans or extending any credit facilities (current accounts) except as previously approved in the business plan; issuing bonds;
- executing, cancelling or modifying any leasing, rental, tenancy or lease contracts or other contracts involving continuous obligations (*Dauerschuldverhältnisse*), in particular insurance contracts involving annual costs of more than EUR 100,000.00 except as previously approved in the business plan;
- granting loans to employees or third parties;
- conducting legal disputes in patent or licence matters with a value of more than EUR 100,000.00;
- offers for more than EUR 20,000,000.00 and any offers to be made as part of a community of bidders, a syndicate or similar structure;
- donations of more than EUR 5,000.00;
- sales, consultancy, service or consultancy contracts with a volume of more than EUR 100,000.00;
- the permanent relocation of material business activities of Aumann GmbH from the Espelkamp site or of MBB Fertigungstechnik GmbH from the Beelen site to another location;
- other transactions that materially affect the assets or financial position or earnings of the Company or the undertaking concerned.

To the extent permitted by law, the resolutions of the Supervisory Board concerning these matters are adopted by a simple majority of the votes cast. The Supervisory Board may also provide for further transactions which require its consent. It may grant revocable general approval in advance with respect to a specific class or a specific type of transactions.

The members of the Management Board and the Supervisory Board are subject to fiduciary duties and duties of care towards the Company. The members of these bodies must take a wide range of interests into consideration, including those of the Company, its shareholders, its employees, its creditors and, to a limited extent, the general public. In addition, the Management Board must consider the shareholders' rights to equal treatment and equal information. In the event that the members of the Management Board or the Supervisory Board breach their duties, they are jointly and severally liable to the Company. Under German law, however, a shareholder generally does not have standing to sue members of the Management or Supervisory Board directly if he or she believes that these have breached their duties to the Company. Only the Company has the right to claim damages from the members of the Management or Supervisory Board. The Company may not waive compensation rights until three years from the date on which such rights arose, and may only do so or reach a settlement if so resolved by the shareholders at the General Shareholders' Meeting with a simple majority of the votes cast and provided that a minority of shareholders whose shares together make up or exceed 10% of the share capital do not raise an objection that is recorded in the minutes. Shareholders and shareholder associations may call on other shareholders, for example in the shareholder forum (*Aktionärsforum*) of the Federal Gazette (*Bundesanzeiger*), to apply for a special audit or a call for a General Shareholders' Meeting to be convened or exercise their voting rights in the General Shareholders' Meeting, either jointly or by proxy. Shareholders who together hold 1% of the share capital or a proportionate share of EUR 100,000 can also assert a claim for damages against members of the governing bodies on behalf of the Company in their own name by way of a claim admission process.

German law prohibits individual shareholders (or any other person) from exercising their influence on the Company so as to cause a member of the Management or Supervisory Board to act in a manner that would be detrimental to the Company. Shareholders with a controlling influence may not use their influence to cause the Company to act against its interests unless a domination agreement (*Beherrschungsvertrag*) exists between the shareholder and the Company and the influence is exercised within the scope of certain mandatory statutory provisions or the damages are compensated for. Anyone who uses his or her influence to cause a member of the Management or Supervisory Board, a procurated officer (*Prokurist*), or an authorized agent (*Handlungsbevollmächtigter*) to act in a manner that would be detrimental to the Company or its shareholders is liable for the damage incurred by the Company and its shareholders as a result thereof. Moreover, if members of the Management Board or the Supervisory Board breach their duties they are jointly and severally liable for the resulting damages.

18.2 Management Board

18.2.1 Overview

Under the Company's articles of association, the Management Board consists of one or more persons, with the Supervisory Board deciding on the exact number. Currently the Management Board consists of Mr. Rolf Beckhoff and Mr. Ludger Martinschledde, both appointed as chief executive officers and Mr. Sebastion Roll, appointed as chief financial officer.

The Supervisory Board appoints the members of the Management Board for a maximum term of five years. Reappointment or extension of the term for up to five years is permissible. The Supervisory Board may revoke the appointment of a Management Board member prior to the expiration of his or her term for good cause only, such as for gross breach of fiduciary duties or if the shareholders’ meeting passes a vote of no-confidence with respect to such member, unless the no-confidence vote was clearly unreasonable. The Supervisory Board is also responsible for entering into, amending and terminating service agreements with the members of the Management Board and, in general, for representing the Company in and out of court against the Management Board. The Supervisory Board may assign these duties to a committee of the Supervisory Board, except for the rights to set forth the remuneration of member of the Management Board and to reduce the remuneration in case of a deterioration of the Company's status on which the plenum of the Supervisory Board has to resolve. The Management Board determines the Company's business areas and operating segments. The chairman of the Supervisory Board sets up a schedule of responsibilities (*Geschäftsverteilungsplan*) allocating the businesses to the various members of the Management Board.

According to the Company's articles of association, the Company may be represented by one member of the Management Board, if the Management Board only consists of one member or by two members of the Management Board or by one member of the Management Board and a procurated officer (*Prokurist*) acting jointly in each case. The Supervisory Board may grant any Management Board member the right to represent the Company alone and may release any member of the Management Board from the restrictions on multiple representations under Section 181 2nd case of the German Civil Code (*Bürgerliches Gesetzbuch*); Section 112 of the German Stock Corporation Act (*Aktiengesetz*), however, remains unaffected. Both chief executive officers, Mr. Rolf Beckhoff and Mr. Ludger Martinschledde have been released from the restrictions imposed by Section 181 2nd case of the German Civil Code (*Bürgerliches Gesetzbuch*); the chief financial officer, Mr. Sebastian Roll, has not been released from the restrictions imposed by Section 181 2nd case of the German Civil Code (*Bürgerliches Gesetzbuch*).

18.2.2 Current members of the Management Board

The following table lists the current members of the Management Board, their age, the date on which they were first appointed, the date on which their current appointment is scheduled to end, their position as well as their other positions in administrative, management and supervisory bodies and as partners in partnerships outside the Aumann Group during the past five years; unless stated otherwise below, these memberships are current:

Name	**Age**	**First appointed**	**Appointed until**	**Position**	**Other memberships in administrative, management or supervisory bodies or as partners in partnerships in the previous five years**
Rolf Beckhoff	48	10 November 2016	2021	Chief Executive Officer (CEO)	• Managing Director of MBB Technologies GmbH (until 2016; this company has been transformed into Aumann AG) • Managing director of MBB Fertigungstechnik GmbH (since 2013) • Member of the board of directors of MBB Technologies China, Ltd. (since 2013)
Ludger Martinschledde	50	10 November 2016	2021	Chief Executive Officer (CEO)	• Managing Director of MBB Technologies GmbH (until 2016; this company has been transformed into Aumann AG) • Managing director of MBB Fertigungstechnik GmbH (since 2013) • Member of the board of directors of MBB Technologies China, Ltd. (since 2013)
Sebastian Roll	38	9 February 2017	2021	Chief Financial Officer (CFO)	• Managing director of MBB Fertigungstechnik GmbH (since 2016)

Rolf Beckhoff (age 48). Dipl. Wirt. Ing. Rolf Beckhoff has held a number of different positions at MBB Fertigungstechnik GmbH, Beelen, over the last 13 years. After completing his degree in Mechanical Engineering and Industrial Engineering, he worked for two other mechanical engineering companies in design and construction and market management. As CEO of the Company, he is responsible for sales, procurement, strategy & internationalization and investor relations.

Ludger Martinschledde (age 50). Dipl. Ing. Ludger Martinschledde has held a number of different position at MBB Fertigungstechnik GmbH, Beelen, over the last 25 years. After completing his degree in Mechanical Engineering, he worked in the construction and project management departments and developed the assembly engineering technology center of the Group. As CEO of the Company, he is responsible for operations, engineering, project management, research & development and legal affairs.

Sebastian Roll (age 38). Dipl. Betriebswirt (BA) Sebastian Roll has held a a number of different positions at MBB Fertigungstechnik GmbH, Beelen. In 1999, Mr. Roll joined CLAAS Group, completed his business degree and worked in the corporate controlling department. After completion of his business degree, Mr. Roll joined CLAAS KGaA mbH and worked in the group controlling department. In 2009 Mr. Roll joined CLAAS Fertigungstechnik GmbH (today MBB Fertigungstechnik GmbH). After first being responsible for project controlling, Mr. Roll became responsible for finance, controlling and human resources. Since 2016 Mr. Roll is heading this department as managing director. As CFO of the Company, he is responsible for financing, controlling, human resources, information technology and service.

The members of the Management Board may be contacted at the Company's business address.

18.2.3 Service agreements and compensation of the members of the Management Board; ownership of Shares

The compensation of the members of the Management Board consists of fixed and variable, performance based components. Until the Admission Date, the members of the Management Board are compensated by MBB Fertigungstechnik GmbH, a subsidiary of the Company. The variable remuneration consists of an annual cash bonus based on a defined return on sales target and the long-term Old Phantom Stock Program (as further below defined and described in more detail).

The service agreements between MBB Fertigungstechnik GmbH and the members of the Management Board will automatically terminate upon the Admission Date. Simultaneously, new service agreements between the Company and the members of the Management Board will enter into force (the "**New Service Agreements**"). Under the New Service Agreements, each member of the Management Board will be entitled to a fixed and two variable components of compensation. The variable components of compensation will consist of (i) an annual cash payment of EUR 20,000 in case the dividend yield is at least 1% for the respective financial year ("**Dividend Bonus**") and (ii) an annual cash payment which is capped at EUR 400,000 for Mr. Rolf Beckhoff and Mr. Ludger Martinschledde and at EUR 300,000 for Mr. Sebastian Roll; the latter payment is in all three cases based on the Group's EBT and return on sales yield calculated as the quotient of the Group's EBT divided by the Group's total performance where extraordinary business transactions with no effect on cash flow but with a profit contribution of more than EUR 500,000 are not taken into account, whereas the return on sales yield (*Umsatzrendite vor Steuern*) must be at least 1.5% for the respective financial year ("**RoS Bonus**"). The calculation of the RoS Bonus is subject to the discretionary decision of the Supervisory Board that extraordinary costs can be deducted from the Group EBT for the purpose of the calculation of the RoS Bonus. In addition, a New Phantom Stock Program (as subsequently described in more detail) will enter into force on the Admission Date. The New Phantom Stock Program is only exercisable on the Admission Date and will cease to exist after the Admission Date. Therefore, after the Admission Date, the New Service Agreements will not provide for any long-term incentive.

The members of the Management Board did not receive compensation from the Company for the financial year ended 31 December 2016. However, the current members of the Management Board were compensated as managing directors of MBB Fertigungstechnik GmbH for the financial year ended 31 December 2016 as follows:

Management Board member	Fixed Compensation	Bonus payments	Total
in EUR			
Rolf Beckhoff	120,000	158,750	278,750
Ludger Martinschledde	120,000	158,750	278,750
Sebastian Roll	102,000	158,750	260,750

In addition, the members of the Management Board were, and, under the New Service Agreements, will be entitled to further benefits such as severance payments upon the occurrence of certain events, usage of company cars, continued payment of fixed salary in case of sickness, disability or death as well as health benefits.

The New Service Agreements which become effective on the Admission Date will have initial terms ending on 31 December 2021. During its agreed term, the service agreement of each board member may only be terminated for cause. In the event MBB SE and any of its affiliates (*verbundene Unternehmen*) do not have the simple majority of the votes cast at a shareholders' meeting, each member of the Management Board may, however, extraordinarily terminate its service agreement with the Company by giving a three-months’ notice by the end of the month within 30 days after such shareholders’ meeting. In the event of revocation of the corporate appointment of a member of the Management Board, such revocation automatically terminates the service agreement, except in cases of a revocation for cause within the meaning of Section 84(3) of the German Stock Corporation Act which does not necessarily also constitute a cause within the meaning of Section 626 of the German Civil Code (e.g. if the revocation is based on the inability to conduct business in a proper manner or if the general shareholders’ meeting passes a vote of non-confidence in the member of the Management Board because in such cases a cause within the meaning of Section 626 of the German Civil Code to terminate the service agreement additionally requires that the personal interests of the member of the Management Board are not counter to the termination). In the latter case the service agreement terminates 12 months after the end of the month in which the revocation of the corporate appointment of the member of the Management Board was declared. If the appointment of a Management Board member is renewed, that Management Board member’s service agreement is not automatically extended.

There are no provisions under the service agreements between the Company, on the one hand, and one or more of the members of the Management Board, on the other hand, which provide for severance payments or other benefits if the service agreement is terminated. In case of an early termination of a service agreement with a member of the Management Board by the Company without due cause, any severance payment to be agreed upon may not amount to more than one total annual fixed compensation plus Dividend Bonus and in any event may not exceed the remuneration due until the end of the service agreement. For purposes of the calculation of the severance payment cap the expected total compensation for the financial year in which the termination is declared is to be used as basis for the calculation.

The members of the Management Board are covered under a directors and officers ("**D&O**") insurance policy, the costs of which are borne by the Company (see “*14.12 Insurance*”). The D&O insurance policy acknowledges the statutory requirements under the German Stock Corporation Act (*Aktiengesetz*) which provide for a deductible of 10% for each insured event which is, however, limited to a maximum of 1.5 times the annual fixed compensation defined as the sum of the fixed compensation and the Dividend Bonus.

In 2013 MBB Fertigungstechnik GmbH, a subsidiary of the Company, established a long-term incentive program for the managing directors (*Geschäftsführer*) of MBB Fertigungstechnik GmbH (the "**Old Phantom Stock Program**"). The Old Phantom Stock Program, *inter alia*, provided for the right to demand a final pay-out in case of a trade sale of the group of MBB Technologies GmbH or MBB Fertigungstechnik

GmbH in the amount of 1% (in case of Mr. Rolf Beckhoff and Mr. Ludger Martinschledde) and of 0.6% (in case of Mr. Sebastian Roll) of the difference amount between the Acquisition Price (as defined below) and the purchase price less transaction costs (prior to income tax) received in the context of a trade sale. In the event that MBB Fertigungstechnik GmbH were converted into a stock corporation and were listed on a stock exchange, each member of the Management Board was entitled to subscribe for 1% (in case of Mr. Rolf Beckhoff and Mr. Ludger Martinschledde) and for 0.6% (in case of Mr. Sebastian Roll) of the share capital of the Company against payment of 1% (in case of Mr. Rolf Beckhoff and Mr. Ludger Martinschledde) and 0.6% (in case of Mr. Sebastian Roll) of the Acquisition Price (as defined below). Until the date of this Prospectus, no payments have been made under the Old Phantom Stock Program.

Simultaneously with the entry into force of the New Service Agreements on the Admission Date, the Old Phantom Stock Program will be replaced by a new phantom stock program between the Company and its members of the Management Board (the "**New Phantom Stock Program**"). The New Phantom Stock Program, *inter alia*, will provide for the right to demand a final pay-out upon the Admission Date. The final pay-out will be 0.935% (in case of Mr. Rolf Beckhoff and Mr. Ludger Martinschledde) and 0.561% (in case of Mr. Sebastian Roll) of the difference amount between the Acquisition Price (as defined below) and the product of the Offer Price multiplied by 12,500,000, i.e. the number of Shares currently representing the Company’s share capital.

The members of the Management Board may under the New Phantom Stock Program exercise their option rights on the Admission Date and will be obliged to re-invest 50% of the respective gross amount payable upon exercise of the option granted under the New Phantom Stock Program to each beneficiary less calculated income tax on such gross amount based on a hypothetical maximum of 45% income tax plus German solidarity tax (*Solidaritätszuschlag*) and church tax (if applicable) (*Kirchensteuer*) (the "**Mandatory Investment Amount**") by purchasing Offer Shares in connection with the Offering. The Company set up a Preferential Allocation Program for the benefit of the beneficiaries under the New Phantom Stock Program under which they will receive a guaranteed allocation of Offer Shares up to an investment amount corresponding to the Mandatory Investment Amount. Assuming the exercise of the options of the members of the Management Board under the New Phantom Stock Program and an Offer Price at the mid-point of the Price Range, Mr. Rolf Beckhoff will subscribe for EUR 1,128,660 worth of Offer Shares, representing 28,940 Offer Shares, Mr. Ludger Martinschledde will subscribe for EUR 1,128,660 worth of Offer Shares, representing 28,940 Offer Shares and Mr. Sebastian Roll will subscribe for EUR 728,520 worth of Offer Shares, representing 18,680 Offer Shares. The Offer Shares acquired pursuant to the Preferential Allocation Program will be subject to a lock-up (for further information see below “*5.10 Lock-up agreements*”).

The "**Acquisition Price**" is defined as the amount of EUR 10 million plus capital returns of 3 percentage points above the applicable base interest rate since 1 April 2012.

As of the date of this Prospectus, no member of the Management Board holds Shares or option rights with a claim for physical settlement. The members of the Management Board are beneficiaries under the New Phantom Stock Program described above.

18.3 Supervisory Board

18.3.1 Overview

The Supervisory Board currently consists of three members, who are elected by the shareholders at the General Shareholders' Meeting in accordance with the provisions of the German Stock Corporation Act (*Aktiengesetz*).

The Supervisory Board members are elected pursuant to the Company's articles of association in conjunction with Section 102 of the German Stock Corporation Act (*Aktiengesetz*) for a maximum period ending upon termination of the General Shareholders' Meeting that resolves on the discharge (*Entlastung*) of the Supervisory Board members for the fourth financial year after the commencement of their term of office. The financial year in which their term of office has commenced will not count for purposes of calculating such period. Supervisory Board members may be re-elected.

Resolutions of the Supervisory Board will generally be adopted in meetings. The chairman of the Supervisory Board or, if he or she is unavailable, the deputy chairman is responsible for convening and chairing the Supervisory Board meetings. The Supervisory Board has a quorum if at least three of its members participate in the vote.

Unless otherwise provided by mandatory law, Supervisory Board resolutions are adopted by a simple majority of the votes cast.

18.3.2 Current members of the Supervisory Board

The following table lists the current members of the Supervisory Board, their age, the date on which they were first appointed, the date on which their current appointment is scheduled to end, their position as well as their other positions in administrative, management and supervisory bodies and as partners in partnerships outside the Aumann Group during the past five years; unless stated otherwise below, these memberships are current:

Name	**Age**	**Appointed until**	**Position**	**Other memberships in administrative, management or supervisory bodies or as partners in partnerships in the previous five years**
Gert-Maria Freimuth	51	2021	Chairman	• Chairman of the board of MBB SE (since 2015) • Chairmann of the supervisory board of MBB Industries AG (until 2015) • Member of the management board of MBB Industries AG (until 2013) • Managing director of MBB Fertigungstechnik GmbH (until 2013) • Managing director of MBB Technologies GmbH (until 2013) • Supervisor of MBB Technologies China, Ltd. (until 2015) • Vice-chairman of the supervisory board of Delignit AG (since 2007) • Chairman of the supervisory board of DTS IT AG (since 2011) • Managing Director of CT Formpolster GmbH (until 2013) • Managing Director of OBO Modulan GmbH, OBO-Werke Verwaltungsgesellschaft mbH and OBO Industrieanlagen GmbH (until 2013) • Managing director of MBB Capital GmbH (since 1997) • Managing director of Brillant 1780. GmbH (since 2013) • Managing director of MBB Capital Group GmbH (until 2013) • Chairmann of the supervisory board of United Labels AG (until 2016)
Christoph Weigler	33	2021	Deputy chairman	• n/a
Klaus Seidel	46	2021	Member	• Member of the board of directors of MBB SE (since 2015) • Member of the board of directors of MBB Technologies China, Ltd. (since 2015)

- Member of the supervisory board of DTS IT AG (since 2011)
- Managing director of bEasy Management GmbH (since 2001)

Gert-Maria Freimuth (age 51). Mr. Freimuth was first appointed as member of the Supervisory Board in 2016. Mr. Freimuth studied economics and Christian social ethics at the University of Münster. Mr. Freimuth is co-founder of Nesemeier & Freimuth GmbH, the predecessor company of MBB SE. Mr. Freimuth served from 2005 until 2013 as member of the management board of MBB Industries AG, from 2013 until 2015 as chairman of the supervisory board of MBB Industries AG and since the change of MBB Industries AG's legal form and legal name into MBB SE in 2015 he serves as chairman of the board of MBB SE. Between 1994 and 1996 Mr. Freimuth was a member of the executive management of BDO Structured Finance and until 1994 Mr. Freimuth worked in the corporate finance department of Price Waterhouse.

Christoph Weigler (age 33). Mr. Weigler studied business administration at European Business School, Oestrich-Winkel, Germany, Tsinghua University Beijing, China, and Arizona State University, United States. He had worked for a strategic consulting firm on international projects in the automotive industry for OEMs and Tier 1s before Mr. Weigler became general manager of Uber Germany GmbH in 2015.

Klaus Seidel (age 46). Mr. Seidel was first appointed as member of the Supervisory Board in 2016. Mr. Seidel studied business administration in European business at Fachhochschule Münster and University of Portsmouth, Great Britain. Mr. Seidel has been part of the management team of MBB SE and its predecessors since 1999. Since 2015, Mr. Seidel has been a member of the board of directors of MBB SE and in such function, *inter alia*, responsible for the Company. Since then, Mr. Seidel has also been a member of the board of directors of MBB Technologies China, Ltd. Since 2011, Mr. Seidel has been a member of the supervisory board of DTS IT AG. Mr. Seidel worked in the consulting and business development department of Microsoft in Germany until 1999.

The members of the Supervisory Board may be contacted at the Company's business address.

18.3.3 Compensation of the members of the Supervisory Board; ownership of shares

Together with a reimbursement for expenses, the members of the Supervisory Board receive a fixed remuneration determined by the General Shareholders' Meeting. As of the date of this Prospectus, each member of the Supervisory board receives an annual remuneration of EUR 17,500. The chairman of the Supervisory Board receives an annual remuneration of EUR 22,500 and the deputy chairman of the Supervisory Board receives an annual remuneration of EUR 20,000 plus, in each case, reimbursement of expenses. The members of the Supervisory Board are also covered under a D&O insurance policy, the costs of which are borne by the Company, see "*14.12 Insurance*".

The members of the Supervisory Board currently do not hold Shares. Mr. Gert-Maria Freimuth indirectly via investment companies holds 35.4 % of the share capital of MBB SE which, in turn, holds 93.5% of the share capital of the Company.

18.4 Further information on the members of the Management Board and the Supervisory Board

In the last five years, no member of the Management Board or member of the Supervisory Board has been convicted in relation to any fraudulent offences, nor has been subject to any bankruptcies, receiverships or liquidations. No official public incriminations by statutory or regulatory authorities (including designated professional bodies) have been made and/or sanctions have been imposed against a member of the Management Board or of the Supervisory Board in the aforementioned period. No member of the Management Board or of the Supervisory Board has been disqualified by a court from acting as a member of an administrative, management, or supervisory body of any issuer or from conducting the management or the affairs of any issuer during the last five years.

There are no service agreements between the Company or its subsidiaries, on the one hand, and one or more members of the Management Board or of the Supervisory Board on the other hand, which provide for a severance payment or other benefits in the case of termination of the service agreement. In case of an early termination of a service agreement with a member of the Management Board by the Company without due cause, any severance payment to be agreed upon may not amount to more than one total annual fixed compensation plus Dividend Bonus and in any event may not exceed the remuneration due until the end of the service agreement. For purposes of the calculation of the severance payment cap the expected total compensation for the financial year in which the termination is declared is to be used as basis for the calculation.

As of the date hereof, the Company has not granted any loans to members of the Supervisory Board or the Management Board or assumed any sureties or guarantees for them.

The members of the Management Board will be entitled to demand a pay-out under the New Phantom Stock Program on the Admission Date. Each member of the Management Board will be obliged to re-invest 50% of the respective gross amount payable upon exercise of the option granted under the New Phantom Stock Program to each beneficiary less calculated income tax on such gross amount based on a hypothetical maximum of 45% income tax plus German solidarity tax (*Solidaritätszuschlag*) and church tax (if applicable) (*Kirchensteuer*). Assuming the exercise of the options of the members of the Management Board under the New Phantom Stock Program and an Offer Price at the mid-point of the Price Range, Mr. Rolf Beckhoff will subscribe for EUR 1,128,660 worth of Offer Shares, representing 28,940 Offer Shares, Mr. Ludger Martinschledde will subscribe for EUR 1,128,660 worth of Offer Shares, representing 28,940 Offer Shares and Mr. Sebastian Roll will subscribe for EUR 728,520 worth of Offer Shares, representing 18,680 Offer Shares. Therefore, it cannot be ruled out that potential conflict of interests may arise as all have a personal interest in the development in the value of the Shares.

Apart from that, no conflict of interest with regard to obligations owed to the Company as of the date of the Prospectus could result with respect to the members of the Management Board or Supervisory Board. Furthermore, no family relationships exist between the members of the Management Board and the Supervisory Board.

18.5 General shareholders' meeting

General Shareholders' Meetings (ordinary and extraordinary) are held either at the Company's registered office, any other place in Germany or at the registered office of a domestic subsidiary or branch office, at the place of a stock exchange in Germany or in Bielefeld. Each Share entitles the shareholder to one vote in the respective General Shareholders' Meetings.

Unless mandatory law and the Company's articles of association do not provide otherwise, resolutions are adopted by a simple majority of the votes cast and, if a capital majority is required, with the simple majority of the share capital represented on the adoption of a resolution. According to mandatory law, resolutions of fundamental importance require, in addition to the majority of votes cast, a majority of three quarters of the share capital represented at the adoption of the resolution. Resolutions of fundamental importance include in particular:

- Changes of the corporate purpose of the Company;
- Share capital increases; if preference shares are issued, and share capital decreases;
- Creation of authorized and conditional share capital;
- Exclusion of the subscription rights of shareholders;
- Mergers, split-ups, spin-offs as well as the transfer of all assets of the Company;
- Entering into enterprise agreements (*Unternehmensverträge*) (in particular domination agreements and profit and loss transfer agreements (*Beherrschungs- und Ergebnisabführungsverträge*));

- Change of the corporate form of the Company; and
- Dissolution of the Company.

General Shareholders' Meetings are convened by the Management Board. The Supervisory Board must convene General Shareholders' Meetings whenever the interests of the Company so require. Upon request of shareholders holding an aggregate of 5% or more of the registered share capital, the Management Board is obliged to convene a General Shareholders' Meeting. The annual General Shareholders' Meeting, which decides on the discharge of the Management Board and the Supervisory Board, profit distributions, appointment of the auditor and the approval of the annual accounts, must be held within the first eight months of each financial year.

The German Stock Corporation Act (*Aktiengesetz*) requires the Company to publish notices of General Shareholders' Meetings in the German Federal Gazette (*Bundesanzeiger*) at least 30 days prior the day of the meeting. When calculating the notice period the day on which the invitation is sent and the day of the shareholders' meeting are disregarded.

Only those shareholders who are registered in the Company's stock register (*Aktienregister*) and have duly submitted notification of attendance in a timely manner prior to the meeting shall be entitled to attend the general shareholders' meeting and to exercise their voting rights. Such notification of attendance shall be made in text form in German or English language and must be received by the Company at the address specified for this purpose in the notice of the meeting not later than six days prior to the general shareholders' meeting. A shorter time limit to be expressed in days may be stipulated in the notice of the meeting. The day of receipt of the notification of attendance and the day of the general shareholders' meeting shall not be taken into account for the purpose of calculating this time limit.

Neither German law nor the Company's articles of association restrict the right of non-resident or foreign shareholders to hold shares or to exercise any voting rights attached to these shares.

18.6 Corporate governance

The German Government Commission of the German Corporate Governance Code (*Regierungskommission Deutscher Corporate Governance Kodex*) established by the German Federal Ministry of Justice in September 2001, approved the German Corporate Governance Code on 26 February 2002 (the "**Code**"), and most recently adopted various amendments to the Code on 5 May 2015. The Code contains recommendations and suggestions for the management and supervision of German listed companies. In this respect, it is based on internationally and nationally accepted standards for good and responsible corporate management. The Code is intended to make the German corporate governance system transparent and comprehensible. The Code includes recommendations (so-called "shall provisions") and suggestions (so-called "should or can provisions") on corporate governance in relation to shareholders and the General Shareholders' Meeting, the Management Board and the Supervisory Board, transparency, accounting and auditing of financial statements. The Code is available at: www.corporate-governance-code.de.

There is no obligation to comply with the recommendations or suggestions of the Code. However, Section 161 of the German Stock Corporation Act (*Aktiengesetz*) obliges the Management Board and the Supervisory Board of a listed company to declare annually either that the recommendations of the Code were and are being complied with, or to declare which recommendations were not and are not applied. This declaration is to be made accessible to shareholders.

Prior to the Listing, the Company will not be required to ensure that it complies with the Code. The Company currently complies, and following the Listing intends to comply, with the recommendations of the Code, with the following exceptions:

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

- Section 4.1.5 of the Code: Composition of top level management: As a precautionary measure, we point out that the Management Board has not set any targets for a women's quota for the two top tiers of management below the Management Board for the Group. As the Company itself does not have management levels below the Management Board, no quota targets have to be set in accordance with the Act for equal participation of women and men in managerial positions in the private sector and in public service (*Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst*). On a Group level we do not deem a quota necessary as we ensure that candidates have the skills, knowledge and experience that are required for the work on a management level. Management Board and Supervisory Board consider criteria such as a candidate's gender as less decisive, even though they expressly welcome diversity.

- Section 4.2.1 of the Code: Structure of the Management Board: The current Management Board does not have a speaker or chairman. All current members of the Management Board have been with the Group for a number of years and have jointly led it in the past. As our Management Board comprises three members, an efficient decision making process as well as a mutual stand in across deprtment s are ensured. As a result, the Supervisory Board does not deem a chairman or speaker useful.

- Section 4.2.3 of the Code: Calculation of severance payment cap: The calculation of the severance payment cap is neither based on a Management Board member's total remuneration in the current year nor on the total remuneration for the forthcoming year. It is solely based on the current year's fixed income and the bonus related to dividend payments. The total remuneration package also includes an entitlement to a share of the earnings. The Supervisory Board does not deem it sensible to include components into severance payments, which are not under the influence of the individual board member.

- Section 4.2.5 of the Code: Use of table templates: For the disclosure of the total remuneration of the members of the Management Board, the Company does not make use of the Code's table templates. The Supervisory Board is confident that there are other ways of disclosing all relevant information in a generally understandable format as the Code requires.

- Section 5.1.2 of the Code: Composition of Management Board: When appointing members of the Management Board, the Supervisory Board will follow the requirements of the German Stock Corporation Act by ensuring that candidates have the skills, knowledge and experience that are required for the work of the Management Board. However, the Supervisory Board considers criteria such as a candidate's gender as less decisive, even though it expressly welcomes diversity.

- Section 5.3 of the Code: Supervisory Board committees: As the Supervisory Board consists of three members, committees would not provide for more efficiency. We consider the number of Supervisory Board members to be adequate in light of the size of the Company.

- Section 5.4.1 of the Code: Limits on membership: An age limit is not specified for the members of the Supervisory Board. In light of the age of the Supervisory Board members and their remaining term of office, we do not believe that it is necessary to introduce such limit. Furthermore, there is no limit to the duration of board membership, which we currently do not deem to be necessary given the current shareholder structure.

- Section 7.1.2 of the Code: Publications: The consolidated financial statements and interim financial reports are published in accordance with the statutory periods and those imposed by Deutsche Börse AG for the Prime Standard. As a fast growing company, Aumann AG is required to consolidate a number of individual companies as well as regularly performing first-time consolidations and deconsolidations. Therefore, adhering to the periods proposed by the German Corporate Governance Codex would place a disproportionate burden on the Company.

19. Shareholder Structure (before and after the Offering)

19.1 Overview

Before completion of the Offering, all of the Company's shares are held by the Selling Shareholders. The Selling Shareholders, i.e. MBB SE and Mr. Ingo Wojtynia, which represent all of the existing shareholders of the Company, intend to place up to 4,480,000 Shares from their holdings in the Offering (including 780,000 Greenshoe Shares). In addition, the Selling Shareholders will provide (for the account of the Underwriters) up to 780,000 additional Shares to cover possible over-allotments as well as the respective Greenshoe Shares. See "5. *The Offering – 5.9. Stabilization measures, Over-Allotment and Greenshoe Option*".

The following table indicates the number of Sale Shares and the number of Greenshoe Shares offered by each Selling Shareholder and presents an overview of the Company's shareholder structure before and after completion of the Offering (without exercise of the Greenshoe Option as well as assuming full exercise of the Greenshoe Option, in each case assuming that all Offer Shares are sold in the Offering and the Capital Increase is fully implemented), based on the information provided to the Company by the Selling Shareholders:

	Shareholdings							
	Before the Offering		**Offering**		**After the Offering (excluding exercise of the Greenshoe Option)**		**After the Offering (assuming full exercise of the Greenshoe Option)**	
Name of shareholder or shareholder group	**No-par value Shares**	**%**	**Number of Sale Shares**	**Number of Greenshoe Shares**	**No-par value Shares**	**%**	**No-par value Shares**	**%**
MBB SE..................	11,687,500	93.5	3,459,500	729,300	8,228,000	58.8	7,498,700	53.6
Mr. Ingo Wojtynia ..	812,500	6.5	240,500	50,700	572,000	4.1	521,300	3.7
Freefloat[1]................	-	-	-	-	5,200,000	37.1	5,980,000	42.7
Total...................	**12,500,000**	**100**	**3,700,000**	**780,000**	**14,000,000**	**100**	**14,000,000**	**100**

1 The Selling Shareholders will be subject to a six month lock-up period and the members of the Management Board, which have been granted a preferential right to acquire shares in the Offering, will be subject to a 12 month lock-up period (see also "*5.10 Lock-up agreements*"). Accordingly, the lock-up agreements of the members of the Management Board will during their term reduce the freefloat as calculated pursuant to the applicable rules and regulations of the Frankfurt Stock Exchange. Notwithstanding this, the shareholdings of the members of the Management Board are included in the freefloat for the purpose of the above table. In addition, after the end of Mr. Ingo Wojtynia's lock-up period, the shareholdings of Mr. Ingo Wojtynia will also be regarded as part of the freefloat. By contrast, the shareholdings of the Selling Shareholder MBB SE will even after the lock-up period not be regarded as part of the freefloat.

All of the Shares carry the same rights. The Selling Shareholders do not have different voting rights or other rights with respect to the Company than any other shareholders.

19.2 Shareholders' agreement

On 13 December 2016, MBB SE and Ingo Wojtynia entered into the 2016 Shareholders' Agreement which governs the rights of the shareholders among each other and their rights towards the Company (see for more information "*14.14.2 Shareholders' agreements*"). The 2016 Shareholders' Agreement will terminate upon the admission of the Shares to listing on the regulated market of the Frankfurt Stock Exchange.

20. Related Party Transactions

The following describes the transactions and legal relationships that existed between the Company or other companies of the Group on the one hand and related parties (in the meaning of IAS 24) on the other hand in the financial years ended 31 December 2016, 2015 and 2014, and in the current financial year up to the date of the Prospectus.

According to IAS 24, related parties of the Company are entities or persons related to the Company, including:

- Group companies that are controlled by the Company, in which the Company has an interest that gives it a significant influence, or over which it has joint control;
- Companies that are associated with the Company within the meaning of IAS 28, and that are not consolidated by Company, as well as joint ventures in which the Company participates;
- The principal shareholders whose shares give them control, joint control or a significant influence over the Company, as well as all companies and businesses over which these shareholders can exert a controlling influence and/or in which they hold more than 50% of the voting rights.
- The members of the Management Board and the Supervisory Board of the Company (or their close family members), as well as entities controlled or significantly influenced by members of the Management Board or the Supervisory Board (or their close family members), or in which those persons directly or indirectly hold significant voting power.

Intra-group relationships and transactions among the Company and consolidated companies of the Group or among consolidated companies of the Group are not discussed below.

All business transactions with related parties are in our view made on an arm’s-length basis.

20.1 Transactions with shareholders

20.1.1 Cost Sharing and Indemnity Agreement

By a cost sharing and indemnity agreement dated 10 March 2017 (the "**Cost Sharing and Indemnity Agreement**"), the Selling Shareholders undertook to reimburse certain defined costs and expenses incurred by the Company in connection with the Offering and the admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*) of the Frankfurt Stock Exchange (the "**Listing**" and together with the Offering, the "**IPO**") based on the respective Shareholder’s Percentage (as defined below). However, in connection with payments related to the New Phantom Stock Program solely the Company will bear all costs and expenses incurred, which are therefore not considered as costs incurred by the Company in connection with the IPO for the purpose of the Cost Sharing and Indemnification Agreement (see “*18.2.3 Service agreements and compensation of the members of the Management Board; ownership of Shares*”). "**Shareholder’s Percentage**" shall mean the number of Sale Shares of a Selling Shareholder sold, allocated and settled in the IPO divided by the total number of Offer Shares sold, allocated and settled in the IPO (including the settlement of the Shares ultimately sold after the exercise of the Greenshoe Option).

Furthermore, the Company and the Selling Shareholders agreed that each Selling Shareholder shall, subject to its respective Shareholder’s Percentage, indemnify and hold harmless the Company from any liabilities, losses, and damages incurred in connection with the consummation of the IPO and caused by or based upon the fact that (i) the IPO Documents (as defined below) actually or allegedly contain statements that are incorrect, incomplete or otherwise misleading, including any indemnification liability of the Company under the Underwriting Agreement or (ii) material facts have been omitted from the IPO Documents (as defined below) that are reasonably necessary for the information contained therein not to be misleading in view of the circumstances under which the IPO occurred (collectively, the "**IPO Damages**", and any claim or action raised based on facts given rise to IPO Damages, the "**IPO Damage Claim**"). The Company is obliged to indemnify and hold harmless each Selling Shareholder from any IPO Damages suffered by the respective Selling Shareholder to the extent that these IPO Damages exceeded the Shareholder's Percentage. In this case the general indemnification rule will still apply with regard to the other Selling Shareholder, who has to indemnify and hold harmless the Company from any IPO Damages in accordance with its respective Shareholder's Percentage. Each Selling Shareholder shall further reimburse its respective Shareholder's Percentage of all costs and expenses reasonably incurred by the Company for the purpose of avoiding, defending, or compromising any such IPO Damage Claim. "**IPO Documents**" shall mean this Prospectus, the international offering circular and all other marketing materials or other documents that the Company publishes or makes accessible to investors in connection with the IPO, and any amendments or supplements thereto.

The Selling Shareholders shall no longer be obliged to hold harmless, indemnify or reimburse the Company, if and to the extent the Company is compensated by any third party, including but not limited to any payments under an IPO insurance and from officers and directors of the Company. If a Selling Shareholder already fulfilled its indemnification obligations under the Cost Sharing and Indemnity Agreement, the Company is obliged to assign and transfer any such claim for third party indemnification to such indemnifying Selling Shareholder *pro rata* to the amount the shareholder has paid under its indemnification obligation.

20.1.2 Consultancy services of MBB SE

MBB SE (formerly MBB Industries AG) concluded a service agreement with the Company on 2 May 2012 pursuant to which MBB SE provides certain services to the Group, including, but not limited to, assumption of management functions, assisting in the preparation of controlling tools and reports, preparation of annual and interim financial reports and operational advisory services. For these services, the Company paid a fee to MBB SE amounting to EUR 660 thousand in the financial year ended 31 December 2014, EUR 669 thousand in the financial year ended 31 December 2015 and EUR 765 thousand in the financial year ended 31 December 2016.

MBB SE entered into a new service agreement with the Company on 28 February 2017 pursuant to which MBB SE provides support for the strategic development of the Group. In particular, MBB SE will identify potential M&A targets for the Group and execute the relevant M&A process for the Group, and establish new subsidiaries, especially relating to the internationalization of the Group's business. MBB SE also will develop the corporate finance functions of the Group and assist in capital markets related issues. The remuneration for these services is based on daily rates for each representative of MBB SE who provides the services. Executive officers (*Geschäftsführender Direktor*) will be paid €2,500 per day and managers will be paid €1,500. In addition, certain expenses will be reimbursed. The term of this service agreement is unlimited. Each party may terminate the agreement with a six month notice prior to the end of the month. The right to termination for cause remains unaffected and such cause exists if MBB SE holds less than 50% of the shares of the Company. This service agreement replaces the former service agreement described in the paragraph above with effect as of 1 January 2017.

20.1.3 Relation to Mr. Ingo Wojtynia

As at 31 December 2016 Mr. Ingo Wojtynia is managing director of Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH and minority shareholder of the Company.

In the last two months of the financial year ended 31 December 2015 he received a fixed remuneration of EUR 23 thousand and in the financial year ended 31 December 2016 he received a fixed remuneration of EUR 166 thousand and a variable remuneration of EUR 70 thousand for his role as managing director of these entities.

Please refer to section "*14.14.1 Acquisition of 75% of the shares in each of Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH*", "*14.14.2 Shareholders' agreements*" and "*14.14.3 Acquisition of the remaining 25% of the stated capital in Aumann GmbH and Aumann Berlin GmbH and of additional*

19.9% stated capital of Aumann Immobilien GmbH" of this Prospectus for a description of the stepwise acquisition by the Company of the Acquired Entities from Mr. Wojtynia.

20.2 Executive management services of Anton Breitkopf

Until 8 November 2016, Anton Breitkopf (CFO of MBB SE) was managing director of MBB Technologies GmbH. For his services as managing director of MBB Technologies GmbH, MBB Technologies GmbH paid a fee of EUR 120 thousand in the financial year ended 31 December 2015 and EUR 110 thousand in the financial year ended 31 December 2016 to Tolea GmbH, a company held by Anton Breitkopf. Any such payments due to Tolea GmbH for these services were deducted from the compensation received by Tolea GmbH for the services of Mr. Anton Breitkopf as member of the board of directors of MBB SE.

20.3 Transactions with other companies held by MBB SE

Other related companies are the companies included in the consolidated financial statements of MBB SE. Minor transactions with these entities, e.g. for the rendering of IT services, were performed at market conditions.

20.4 Relationship with members of the Management Board and Supervisory Board

For an overview regarding the compensation of the members of the Management Board and the Supervisory Board please refer to the sections "*18.2.3 Service agreements and compensation of the members of the Management Board; ownership of Shares*" and "*18.3.3 Compensation of the members of the Supervisory Board; ownership of shares*" as well as the notes to our Audited Consolidated Financial Statements, which are included in the section "*24 Financial Information*" of this Prospectus.

21. Underwriting

On 10 March 2017, the Company, the Selling Shareholders and the Underwriters entered into the Underwriting Agreement relating to the offer and sale of the Offer Shares in connection with the Offering. Under the terms of the Underwriting Agreement and subject to certain conditions, each Underwriter will be obliged to acquire the number of Offer Shares set forth below opposite the Underwriter's name:

		Offer Shares	Percent
Joh. Berenberg, Gossler & Co. KG		2,392,000	40
Citigroup Global Markets Limited		2,392,000	40
Hauck & Aufhäuser Privatbankiers KGaA		1,196,000	20
	Total	**5,980,000**	**100**

21.1 Underwriting Agreement

In the Underwriting Agreement, the Underwriters agreed to subscribe for and purchase the Offer Shares with a view to offering them to investors in this Offering. The Underwriters will be granted the option to acquire up to 780,000 additional Shares from the Selling Shareholders with regard to a possible over-allotment and to sell such Over-Allotment Shares as part of the Offering.

The obligations of the Underwriters are subject to various conditions, including (i) the absence of a material event, e.g., a material adverse change in or affecting the business, prospects, management, consolidated financial position, shareholders' equity, or results of operations of the Group, or a suspension or material limitation in trading in securities generally on the Frankfurt Stock Exchange, the London Stock Exchange or the New York Stock Exchange (ii) receipt of customary certificates, legal opinions, auditor letters, and (iii) the admission of the Shares to trading on the Frankfurt Stock Exchange.

The Underwriters have provided and may in the future provide services to the Group and the Selling Shareholders in the ordinary course of business and may extend credit to and have regular business dealings with the Group and the Selling Shareholders in their capacity as financial institutions. For a more detailed description of the interests of the Underwriters in the Offering, see "*6.2 Interests of persons participating in the Offering and the listing of the Shares*".

21.2 Commission

The Underwriters will offer the Offer Shares at the Offer Price. The Company and the Selling Shareholder will pay the Underwriters a base commission of 2.5% of the aggregate gross Offering proceeds, each in proportion to the gross Offering proceeds they will receive. In addition to the base commission, the Company and the Selling Shareholders may pay the Underwriters an additional discretionary incentive fee of up to 1.5% of the aggregate gross Offering proceeds. The total underwriting commission is expected to amount to approximately EUR 9,329 thousand (assuming (i) gross Offering proceeds of EUR 58,500 thousand to the Company, (ii) gross Offering proceeds to the Selling Shareholders of EUR 174,720 thousand calculated based on an Offer Price at the mid-point of the Price Range and 3,700,000 Sale Shares and 780,000 Over-Allotment Shares sold by the Selling Shareholders and (iii) payment in full of the discretionary incentive fee of up to 1.5% of the aggregate gross Offering proceeds). The decision to pay any incentive fee and its amount are within the sole discretion of the Company and the Selling Shareholders, and such decision must be made and such distribution is to be made on the closing day of the Offering. The Company and the Selling Shareholders also agreed to reimburse the Underwriters for certain expenses incurred by them in connection with the Offering.

21.3 Greenshoe Option and Securities Loan

To cover potential over-allotments, the Selling Shareholders will make available up to 780,000 additional Shares to the Stabilization Manager, for the account of the Underwriters, free of charge through a share loan. In addition, the Selling Shareholders will grant the Underwriters the option to acquire up to 780,000 Shares at the Offer Price less agreed commissions. This option will terminate 30 calendar days after commencement of the trading of the Shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange.

21.4 Termination/Indemnification

The Underwriting Agreement provides that the Underwriters may, under certain circumstances, terminate the Underwriting Agreement, including after the Shares have been allotted and listed, up to delivery and settlement. Grounds for termination include in particular:

- a material adverse change in the economic position or the business of the Company or our Group; and
- an event that has material adverse effects on the financial markets..

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allotments already made to investors will be invalidated and investors will have no claim for delivery. Claims with respect to subscription fees already paid and costs incurred by an investor in connection with the subscription will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations. The Company and the Selling Shareholders agreed in the Underwriting Agreement to indemnify the Underwriters against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

21.5 Selling Restrictions

The distribution of this Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company, the Selling Shareholders or the Underwriters to permit a public offering of the Offers Shares anywhere other than in Germany and Luxembourg or the possession or distribution of this document in any other jurisdiction where action for that purpose may be required.

The Offer Shares are not and will not be registered pursuant to the provisions of the Securities Act or with the securities regulators of the individual states of the United States. The Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from the registration and reporting requirements of the United States securities laws and in compliance with all other applicable U.S. legal regulations. The Offer Shares may be sold in or into the United States only to persons who are QIBs within the meaning of Rule 144A or another exemption from registration, and outside the United States in accordance with Rule 903 of Regulation S and in compliance with other U.S. legal regulations, and no (i) "direct selling efforts" as defined in Regulation S or (ii) "general advertising" or "general solicitation", each as defined in Regulation D under the Securities Act in relation to the Offer Shares may take place. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the U.S. Securities Exchange Act of 1934, as amended. Terms used above have the meanings given to them by Regulation S and Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sales is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

The Company does not intend to register either the Offering or any portion of the Offering in the United States or to conduct a public offering of shares in the United States. This Prospectus has been approved solely by BaFin.

Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than Germany and Luxembourg except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions, including those set out in the preceding paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Sales in the United Kingdom are also subject to restrictions. In the United Kingdom, this Prospectus is only addressed to and directed to qualified investors (i) who have professional experience in matters relating to investments falling within Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), and/or (ii) who are high net worth entities falling within Article 49 para. 2(a) through (d) of the Order, and other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). The securities described herein are only available in the United Kingdom to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities in the United Kingdom will be engaged in only with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

In relation to each member state of the European Economic Area which has implemented Directive 2003/71/EC as amended (the "**Prospectus Directive**") from the date of the implementation of the Prospectus Directive (each a "**Relevant Member State**") no offer to the public of any Offer Shares which are the subject of this Offering have been and will be made in that Relevant Member State, other than the offers contemplated in this Prospectus in Germany (and Luxembourg once the Prospectus has been approved by the BaFin, notified to the Commission de Surveillance du Secteur Financier (CSSF)) and published in accordance with the Prospectus Directive as implemented in Germany, except that an offer may be made to the public in that Relevant Member State of any Offer Shares at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any qualified investor (as defined in the Prospectus Directive);
- by the Underwriters to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall result in a requirement for the publication by the Company or any Underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this section, an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares so as to enable an investor to decide to purchase or subscribe for the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Offer Shares which are the subject of the Offering contemplated by this Prospectus under the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with each Underwriter that:

- it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2 para. 1 lit. (e) of the Prospectus Directive; and
- in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3 para. 2 of the Prospectus Directive, (i) the Offer Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than to "qualified investors" as defined in the Prospectus Directive, or in circumstances in which the prior consent of the Underwriters has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons

in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons.

22. Taxation in the Federal Republic of Germany

The following section contains a summary of key German taxation principles which generally are or may be relevant to the acquisition, holding or transfer of shares. This summary does not purport to be an exhaustive or complete description of all potential tax aspects that could be relevant for shareholders. The information is based on the domestic tax law in force in Germany as of the date of the Prospectus (and its interpretation by administrative directives and courts) as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax legislation and the status of the treaties may change, possibly with retroactive or retrospective effect. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative assessment to be correct that differs from the one described in this section.

*This section is no substitute for individual tax advice to a particular shareholder. Prospective investors are therefore advised to consult their tax advisers regarding the tax implications of the acquisition, holding or transfer, donating or bequeathing of shares and/or subscription rights and regarding the procedures to be followed to potentially achieve a reimbursement of German withholding tax (*Kapitalertragsteuer*). Only such individual tax advice can adequately take the specific tax-relevant circumstances of individual investors into due account.*

22.1 Taxation of the Company

As a rule, the taxable profits generated by the Company are subject to corporate income tax (*Körperschaftsteuer*). The rate of the corporate income tax is a uniform 15% for both distributed and retained earnings, plus a solidarity surcharge (*Solidaritätszuschlag*) amounting to 5.5% on the corporate income tax liability (i.e., 15.825% in total).

In general, dividends (*Dividenden*) or other distributions that the Company derives from domestic or foreign corporations are exempt from corporate income tax, however 5% of such income is treated as a non-deductible business expense, and are therefore subject to corporate income tax (and solidarity surcharge), so that effectively a 95% exemption applies. However, dividends are not exempt from corporate income tax (including solidarity surcharge thereon) if the Company only holds a direct participation of less than 10% in the registered share capital of such corporation at the beginning of the calendar year (herein after in all cases, a "Portfolio Participation" – *Streubesitzbeteiligung*). Participations of at least 10% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year for purposes of this rule. Participations in the share capital of corporations which the Company holds through a partnership (including through a co-entrepreneurship (*Mitunternehmerschaft*)) are attributable to the Company on a pro rata basis of the Company's entitlement to the profits of such partnership.

The Company's capital gains from the disposal of shares in a domestic or foreign corporation are in general effectively 95% exempt from corporate income tax (including the solidarity surcharge thereon), regardless of the size of the participation and the holding period. 5% of the capital gains are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge thereon). Losses incurred from the disposal of such shares are generally not deductible for corporate income tax purposes. Currently, there are no specific rules for the taxation of capital gains arising from the disposal of Portfolio Participations.

Additionally, the Company is generally subject to trade tax (*Gewerbesteuer*) on its taxable trade profit (*Gewerbeertrag*) generated at its permanent establishments maintained in Germany (*inländische Betriebstätten*). The effective trade tax rate depends on the municipalities in which the Company maintains permanent establishments. The effective trade tax rates generally range from approximately 7% to 19% depending on the municipal trade tax multiplier (*Hebesatz*) applied by the relevant municipal authority. Trade tax is generally based on the taxable income as determined for corporate income tax purposes taking however into account certain add-backs and deductions. When determining the tax base for the trade tax, among other things, 25% of the interest expense on debt, as well as 25% of the interest portion on finance leases, 12.5% of rental payments for real property and 3.25% of royalty expenses are added back to the corporate income tax assessment base to the extent these cumulatively exceed the amount of EUR 100,000 per annum. The trade tax may not be deducted as a business expense.

Dividends received from other corporations and capital gains from the sale of shares in other corporations are treated in principle in the same manner for trade tax purposes as for corporate income tax purposes. However, dividends received from domestic and foreign corporations are effectively 95% exempt from trade tax only if the Company held at least 15% (10% in the event of companies resident for tax purposes in EU member states other than Germany) of the registered share capital (*Grundkapital* or *Stammkapital*) of the distributing corporation at the beginning or – in the event of foreign corporations – since the beginning of the relevant tax assessment period. Additional limitations apply with respect to dividends received from foreign non-EU corporations.

If and to the extent the Company and its German subsidiaries form a tax group for corporate income and trade tax purposes (*ertragsteuerliche Organschaft*), the profits and losses are generally effectively consolidated and subject to tax at the level of the Company.

The provisions of the so-called interest barrier rules (*Zinsschranke*) limit the amount of interest expenses which can be deducted from the tax base in certain cases. According to these rules, interest (and other financing) expenses are tax deductible without limitation to the extent that the relevant entity earns taxable interest income in the same financial year. Interest (and other financing) expenses which exceed the taxable interest income ("net interest expenses"), are only tax deductible up to an amount of 30% of the current year net taxable EBITDA(taxable earnings before interest, tax and certain depreciation/amortization and other reductions) of the respective entity if the net interest expenses (including interest carry-forward, if any) of the entity amount to at least EUR 3,000,000 per annum (*Freigrenze*) and no other exceptions apply. Non-deductible interest expenses may be carried forward to subsequent fiscal years (interest carry-forward) and will increase the interest expense in those subsequent years. Tax EBITDA amounts that have not been fully utilized may under certain circumstances be carried forward to subsequent years. If such EBITDA carry-forward is not used within five fiscal years it will be forfeited. By decision dated 14 October 2015 the German Federal Fiscal Court (*Bundesfinanzhof*) submitted to the German Federal Constitutional Court (*Bundesverfassungsgericht*) the question as to whether or not the interest barrier is unconstitutional. The final decision on whether the interest barrier violates the constitution now lies with the German Federal Constitutional Court which may take several years until it decides. For the time being, the interest barrier remains applicable, and tax assessments may be kept open.

Under certain conditions, negative income of the Company that has not been offset by the current year's positive income may be carried forward or back into other assessment periods. Loss carry-backs to the immediately preceding assessment period are only permissible up to an amount of EUR 1,000,000 for corporate income tax but not for trade tax purposes. Negative income that has not been offset and not been carried back may be carried forward to subsequent assessment periods. Tax loss carry forwards may only fully offset taxable income for corporate income and trade tax purposes up to an amount of EUR 1,000,000. If the taxable income or the taxable trade profit for the year exceeds this amount, only 60% of the excess amount may be offset by tax loss carry-forwards. The remaining 40% of the taxable income are subject to and corporate income and trade tax (so called minimum taxation –*Mindestbesteuerung*). Generally, tax loss carry forwards that are not utilized may be carried forward and be used to offset by future income, subject to the application of the minimum taxation rules.

However, unused losses of the current financial year, tax loss carry-forwards and interest carry-forwards are forfeited in full if within a period of five years more than 50% of the subscribed capital, membership rights, equity interests, participation rights or voting rights in the Company are transferred, directly or indirectly, to an acquirer or related parties of such acquirer (or a group of acquirers with common interest) or in case of comparable measures (such as a capital increase leading to an according change in the shareholding ratio) (harmful acquisition – *schädlicher Beteiligungserwerb*). In case of a respective transfer of more than 25% and up to 50% of the subscribed capital, membership rights, equity interests, participation rights or voting rights in the Company, a proportional amount of the Company's tax unused losses of the current financial year, tax loss carry-forwards and interest carry-forwards will be forfeited . Unused losses of the current financial year, tax loss carry-forwards and interest carry-forwards are not forfeited in the event of certain intra-group transactions, or to the extent they are covered at the time of the harmful acquisition by built in gains (*stille Reserven*) of the loss making company's business assets that are subject to domestic taxation. An allocation of the built-in gains to interest carry-forwards is subordinated to the allocation of built-in gains to loss carry forwards/unused losses. Further exceptions may be applicable in certain cases.

22.2 Taxation of the shareholders

Shareholders may be subject to taxation in connection with the holding of shares ("*22.2.2 — Taxation of Dividends*"), the sale of shares ("*22.2.3 — Taxation of Capital Gains*") and the gratuitous transfer of shares ("*22.4 — Inheritance and Gift Tax*").

22.2.1 Income tax implications of the holding, sale and transfer of shares

22.2.2 Taxation of dividends

22.2.2.1 Withholding tax

As a general rule, the dividends distributed by the Company are subject to a dividend withholding tax (*Kapitalertragsteuer*) at a rate of 25% plus solidarity surcharge of 5.5% thereon (i.e., 26.375% in total plus church tax, if applicable). This, however, will not apply if and to the extent that dividend payments are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 of the German Corporate Taxation Act (*Körperschaftsteuergesetz* –"**KStG**"); in this case no withholding tax will be withheld. The basis for the withholding tax is the dividend approved by the General Shareholders' Meeting.

If shares – as is the case with shares in the Company – are admitted for collective custody (*Sammelverwahrung*) by a securities custodian bank (*Wertpapiersammelbank*) pursuant to Section 5 of the German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such bank for collective custody (*Sammelverwahrung*) in Germany, the withholding tax is generally withheld and passed on for the account of the shareholders by the domestic branch of a domestic foreign credit or financial services institution *(inländisches Kredit – oder Finanzdienstleistungsinstitut*), by the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps or administers the shares and disburses or credits the dividends or disburses the dividends to a foreign agent or by the central securities depository (*Wertpapiersammelbank*) to which the shares were entrusted for collective custody if the dividends are disbursed to a foreign agent by such central securities depository (*Wertpapiersammelbank*) (hereinafter in all cases, the "**Dividend Paying Agent**"). The Company does not assume any responsibility for the withholding of the withholding tax.

In general, the dividend withholding tax must be withheld regardless of whether and to what extent the shareholder must report the dividend for tax purposes and whether the shareholder is domiciled in Germany or in a foreign country. As an exemption, withholding tax does not have to be (fully) withheld if, prior to the distribution, the taxing authorities have issued a (partial) exemption certificate upon application.

Where dividends are distributed to a company resident in another member state of the European Union within the meaning of Article 2 of the Parent- Subsidiary Directive (EC Directive 2011/96/EU of the Council of 30 November 2011, as amended), the dividend withholding tax may be refunded upon application, provided that additional requirements are met, including inter alia that the shareholder has directly held at least 10% of the Company's registered share capital continuously for one year, and that the substance requirements of the German anti-treaty shopping rules are fulfilled. This also applies to dividends distributed to a permanent establishment of such a parent company in another Member State of the European Union or to a parent company that tax resident in Germany, provided that the participation in the Company is actually part of such permanent establishment's business assets.

With respect to distributions made to other shareholders without a tax domicile in Germany, the dividend withholding tax rate may be reduced in accordance with a double taxation treaty if Germany has entered into such double taxation treaty with the shareholder's country of residence, and if *inter alia* the shares neither form part of the assets of a permanent establishment or a fixed place of business in Germany, nor form part of business assets for which a permanent representative in Germany has been appointed. The dividend withholding tax reduction is generally obtained by applying to the German Federal Central Tax Office (*Bundeszentralamt für Steuern*, Hauptdienstsitz Bonn-Beuel, An der Küppe 1, D-53225 Bonn, Germany) for a refund of the difference between the dividend withholding tax withheld (including solidarity surcharge) and the amount of withholding tax applicable under the applicable double taxation treaty, which is in many cases 15%.

The German Federal Central Tax Office (www.bzst.bund.de) as well as at German embassies and consulates provide forms for the application of the refund of the withheld tax.

If dividends are distributed to corporations not tax resident in Germany and if the shares neither belong to the assets of a permanent establishment or fixed place of business in Germany nor are part of business assets for which a permanent representative in Germany has been appointed, two-fifths of the tax withheld at the source may generally be refunded even if not all of the prerequisites for a refund under the Parent-Subsidiary Directive or the relevant double taxation treaty are fulfilled. The relevant application forms are available at the German Federal Central Tax Office (at the address specified above).

Foreign corporations will generally have to meet certain substance criteria defined by statute in order to receive a (partial) refund of German dividend withholding tax.

22.2.2.2 Taxation of dividends of shareholders with a tax domicile in Germany

22.2.2.2.1 Shares held as private assets of an individual

Dividends distributed to individuals who are tax resident in Germany (generally, individuals whose domicile (*Wohnsitz*) or habitual abode (*gewöhnlicher Aufenthalt*) is located in Germany) and hold the shares as private (non-business) assets form part of their taxable capital investment income, which is subject to a special uniform income tax at a rate of 25% plus solidarity surcharge of 5.5% thereon (i.e., 26.375% in total plus church tax, if applicable). The private investor's income tax liability is in general settled by the withholding tax withheld by the Dividend Paying Agent (flat-rate tax regime for capital income - *Abgeltungsteuer*). Income-related expenses cannot be deducted from the shareholder's capital investment income (including dividends), except for an annual savers' allowance (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples or registered life partners filing jointly). However, the shareholder may request that his capital investment income (including dividends) together with his other taxable income be subject to their personal progressive income tax rate (instead of the uniform tax rate for capital investment income) if this results in a lower tax burden. In this case the withholding tax will be credited against the progressive income tax and any excess amount will be refunded. Also in this case income-related expenses cannot be deducted from the capital investment income, except for the aforementioned annual savers' allowance.

Exceptions from the flat-rate tax regime for capital income (*Abgeltungsteuer*) may apply upon application for shareholders who have a shareholding of at least 25% in the Company and for shareholders who have a shareholding of at least 1% in the Company and are able to exercise through their professional occupation for the Company a relevant entrepreneurial influence on its business activities. In such case, the taxing authorities may approve that the dividends are treated under the partial- income method (see below ''*20.2.2.4 Sole Proprietors (Individuals)*'').

With regard to church tax on dividends an automatic procedure for deducting church tax applies unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office. Where church tax is not levied by way of withholding, it is determined in by way of an income tax assessment.

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) qualify as a repayment of capital. In case of a Qualified Participation (as defined below), such payments are deemed a disposal of shares and a capital gain deriving thereof is in principle taxable if the dividend payment funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) exceeds the acquisition costs of the shares). In this case the taxation corresponds with the description in the section "*22.2.3.1.4 Sole proprietors (individuals)*". Otherwise, such payments exceeding the acquisition costs may result in negative acquisition costs.

22.2.2.2.2 Shares held as business assets

Dividends from shares held as business assets of a shareholder with a tax domicile in Germany are not subject to the flat-rate tax regime for capital income (*Abgeltungsteuer*). The taxation depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship) (*Mitunternehmerschaft*). The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid by the Dividend Paying Agent will be credited against the shareholder's income or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) or refunded in the amount of any overpayment.

However, pursuant to a special rule on the restriction of withholding tax credit recently enacted as part of the bill on the reform of investment taxation (*Investmentsteuerreformgesetz*), the credit of withholding tax is subject to the following three cumulative prerequisites: (i) the shareholder must qualify as beneficial owner of the shares in the Company for a minimum holding period of 45 consecutive days within a period of 45 days prior and 45 consecutive days after the due date of the dividends, (ii) the shareholder has to bear at least 70% of the change in value risk related to the shares in the Company during the minimum holding period without being directly or indirectly hedged, and (iii) the shareholder must not be required to fully or largely compensate the dividends directly or indirectly to third parties. Absent the fulfillment of these prerequisites, three fifths of the withholding tax on the dividends will not be credited against the shareholder’s (corporate) income tax liability, but may, upon application, be deducted from the shareholder’s tax base for the relevant assessment period. A shareholder that has received gross dividends without any deduction of withholding tax due to a tax exemption without qualifying for a full tax credit has to notify the competent local tax office accordingly and has to make a payment in the amount of the omitted withholding tax deduction. The special rule on the restriction of withholding tax credit does not apply to a shareholder whose overall dividend earnings within an assessment period do not exceed EUR 20,000 or that has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends.

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) qualify as a repayment of capital. They are deemed a disposal of shares and a capital gain deriving thereof is in principle taxable if the dividend payment funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) exceeds the book value of the shares). In this case the taxation corresponds with the description in the section "*22.2.3.1.2 Shares and subscription rights held as business assets*" (however, as regards the application of the 95% exemption in case of a corporation, this is not undisputed).

22.2.2.2.2.i Corporations

Generally, dividends paid to a corporation with a tax domicile in Germany are subject to corporate income tax (and solidarity surcharge thereon) at a rate of 15.825%. However, the dividends are in general effectively 95% exempt from corporate income tax and the solidarity surcharge if the corporation holds a direct participation in the registered share capital (*Grundkapital* or *Stammkapital*) of at least 10% at the beginning of the calendar year. Participations of at least 10% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations which a shareholder holds through a partnership (including co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the shareholder only on a pro rata basis at the ratio of its entitlement to the profits of the relevant partnership. 5% of the dividends are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge). In other respects, business expenses actually incurred in relation to the generation of the dividends may be deducted.

Dividends (after deducting business expenses economically related to the dividends) are subject to trade tax in the full amount, unless the requirements of the trade tax participation exemption are fulfilled. This is generally the case if the dividend receiving entity holds a stake of at least 15% in the share capital of the Company at the beginning of the assessment period. In case the requirements of the participation exemption are met, the dividends are not subject to trade tax; however, trade tax is levied on the amount considered to be non-deductible business expenses (amounting to 5% of the dividend); business expenses directly related to the dividends (for example financing costs) are not deductible unless they exceed the amount of the exempted dividend income. Trade tax ranges from approximately 7% to 19% of the taxable trade profit depending on the municipal trade tax multiplier applied by the relevant municipal authority.

22.2.2.2.2.ii Sole proprietors

In general, if the shares are held as business assets by a sole proprietor (individual) with his or her tax domicile in Germany, only 60% of the dividends are subject to income tax (plus the solidarity surcharge) at the personal progressive tax rate of the shareholder, so-called partial income method (*Teileinkünfteverfahren*). Respectively, only 60% of the business expenses incurred in connection with the dividends are tax-deductible. If the shares form part of the business assets of a domestic commercial permanent establishment in Germany of the shareholder, the dividend income (after deduction of business expenses) is also fully subject to trade tax, unless the prerequisites of the trade tax participation exemption are fulfilled. In this latter case the net amount of dividends, i.e., after deducting directly related expenses, is exempt from trade tax. As a rule, trade tax may be credited against the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method, depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer. Upon application and provided that additional prerequisites are met, a sole proprietor can obtain a certain reduction of his or her personal income tax rate for profits not withdrawn from the business.

22.2.2.2.2.iii Partnerships

The income or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. The taxation for every partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, the dividends contained in the profit share of the shareholder will be taxed in accordance with the principles applicable for corporations (see "— *Corporations*" above). If the partner is an individual, the taxation is in line with the principles described for sole proprietors (see "— *Sole Proprietors*" above). Upon application and subject to further conditions, an individual as a partner may obtain a reduction of his or her personal income tax rate for earnings not withdrawn from the partnership.

If the shares form part of the business assets of a domestic permanent establishment of a commercial partnership or a partnership with a commercial imprint (*gewerblich geprägt*), the full amount of the dividend income is subject to trade tax at the level of the partnership. In the event of partners who are individuals, the trade tax that the partnership pays on his or her proportion of the partnership’s income is generally credited as a lump sum – fully or in part – against the individual’s personal income tax liability.

If the partnership held at least 15% of the Company’s registered share capital at the beginning of the relevant tax assessment period, the dividends should generally not be subject to the trade tax. However, if the partners are corporations, the 5% of the dividend income treated as non-deductible business expenses will be subject to trade tax. The business expenses directly related to the dividends (for example, financing costs) are not deductible unless they exceed the amount of dividend income exempted.

22.2.2.2.2.iv Financial and Insurance Sector

Special rules apply to certain companies active in the financial and insurance sectors (see below "*22.3 Special treatment of companies in the financial and insurance sectors and pension funds*").

22.2.2.3 Taxation of dividends of shareholders without a tax domicile in Germany

Shareholders without a tax domicile in Germany, whose shares are attributable to a German permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed, are liable for tax in Germany on their dividend income. In this respect the provisions outlined above for shareholders with a tax domicile in Germany whose shares are held as business assets apply accordingly (see, "-22.2.2.2 *Taxation of dividends of shareholders with a tax domicile in Germany* – 22.2.2.2.2 *Shares held as business assets*"). The withholding tax (including the solidarity surcharge) withheld and remitted to the German tax authorities will be credited against the respective shareholder's income or corporate income tax liability or refunded in the amount of any overpayment.

In all other cases, any German tax liability for dividends is satisfied by the withholding of the withholding tax by the Dividend Paying Agent. Withholding tax is only reimbursed in the cases and to the extent described above under "-22.2.2.1 *Withholding tax*."

22.2.3 Taxation of capital gains

22.2.3.1 Taxation of capital gains of shareholders with a tax domicile in Germany

22.2.3.1.1 Shares and subscription rights held as private assets

Gains on the disposal of shares or subscription rights held by a shareholder who is an individual with a tax domicile in Germany as private assets are generally – regardless of the holding period – subject to a uniform tax rate on capital investment income in Germany (25% plus the solidarity surcharge of 5.5% thereon, i.e., 26.375% in total, plus church tax if applicable). The same applies to gains on the sale of subscription rights granted for such shares.

In the view of taxing authorities, the exercise of subscription rights is not considered as a sale of such subscription rights. Shares acquired as a consequence of the exercise of subscription rights are deemed to be acquired at a subscription price of EUR 0 at the time of exercise of the subscription right.

The taxable capital gain is computed from the difference between (a) the proceeds of the disposal and (b) the acquisition costs of the shares and the expenses related directly and materially to the disposal. Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) reduce the original acquisition costs; in case the shareholding does not constitute a Qualified Participation (as defined below), dividend payments that are funded from the Company's contribution account for tax purposes *(steuerliches Einlagekonto*; Section 27 KStG) exceeding the acquisition costs may result in negative acquisition costs which may increase a capital gain. In relation to Qualified Participation (as defined below), such payments are deemed a disposal. To the extent they exceed the acquisition costs, this results in a taxable capital gain which is in principle taxable. In this case the taxation corresponds with the description in the section "*22.2.3.1.4 Sole proprietors (individuals)*".

Only an annual savers' allowance of EUR 801 (EUR 1,602 for married couples or registered life partners filing jointly) may be deducted from the entire capital investments income. It is generally not possible to deduct income-related expenses in connection with capital gains, except for the expenses directly related in substance to the disposal which can be deducted when calculating the capital gains. Losses on disposals of shares or subscription rights may only be offset against gains on the disposal of shares or subscription rights realized during the same year or, subject to certain restrictions, in subsequent years.

If the shares or subscription rights are held in custody or administered by a domestic branch of a domestic or foreign credit institution, a domestic branch of a domestic or foreign financial services institution, domestic securities trading company or a domestic securities trading bank, or if such an office executes the disposal of the shares or subscription rights and disburses or credits the capital gain (a "**Domestic Paying Agent**"), the tax on the capital gain will in general be satisfied by the Domestic Paying Agent withholding the withholding tax on investment income in the amount of 26.375% (including the solidarity surcharge plus church tax, if any) on the capital gain and remitting it to the tax authority for the account of the seller. If the shares were held in safekeeping or administered by the respective Domestic Paying Agent after acquisition, the amount of tax withheld is generally based on the difference between the proceeds from the sale, after deducting expenses that stand in direct relation to the sale, and the amount paid to acquire the shares. However, the withholding tax rate of 25% (plus the 5.5% solidarity surcharge thereon and church tax, if any) will be applied to 30% of the gross sales proceeds if the shares were not administered by the same Domestic Paying Agent since acquisition and the original cost of the shares cannot be verified or such verification is not valid. In this case, the shareholder is entitled to verify the original costs of the shares in his annual tax return. In any case, the acquisition costs for subscription rights granted by the Company are deemed to be EUR 0 for purposes of this calculation.

However, the shareholder can apply for his total capital investment income together with his other taxable income to be subject to income tax at the personal progressive tax rate as opposed to the uniform tax rate on investment income, if this results in a lower tax liability. In this case the withholding tax is credited against the progressive income tax and any resulting excess amount will be refunded. Income-related expenses are non-deductible, except for the annual savers' allowance. The limitations on offsetting losses are also applicable under the income tax assessment.

If the withholding tax or, if applicable, the church tax on capital gains is not withheld by a Domestic Paying Agent, the shareholder is required to declare the capital gains in his or her income tax return. The income tax, solidarity surcharge and any applicable church tax on the capital gains will then be collected by way of assessment.

With regard to church tax on dividends an automatic procedure for deducting church tax applies unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal tax Office.

Notwithstanding the foregoing, if the shareholder making the disposal – or, in case the shares have been acquired by way of gratuitous transfer, his or her legal predecessor – held a direct or indirect stake of at least 1% in the Company's share capital at any time in the five years preceding the disposal (a "**Qualified Participation**"), the partial income method applies to capital gains on the disposal of shares, which means that only 60% of the capital gains are subject to tax at the shareholder's personal progressive income tax rate, and only 60% of the losses on the disposal and expenses economically related thereto are tax deductible. The withholding tax withheld by a Domestic Paying Agent does not satisfy the tax liability of the shareholder but the shareholder must declare his or her capital gains in his income tax returns. The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid will be credited against the shareholder's income tax in the shareholder's tax assessment (including the solidarity surcharge and any church tax if applicable) or refunded in the amount of any overpayment.

The aforesaid taxation rules apply accordingly to the sale of subscription rights by shareholders holding a Qualified Participation. Unlike under the flat-tax regime for capital income (*Abgeltungsteuer*), the acquisition costs of subscription rights are calculated as a fraction of the original acquisition costs of the underlying shares which is split off from the shares and attributed to the subscription rights (aggregate value method). Upon exercise of a subscription right, its acquisition costs increase the acquisition costs of the newly acquired shares.

Under certain conditions, prior payments from the contribution account for tax purposes (*steuerliches Einlagekonto*) may lead to reduced acquisition costs of the shares held as personal assets and, as a consequence, increase the taxable capital gain.

22.2.3.1.2 Shares and subscription rights held as business assets

Where a Domestic Paying Agent is involved, gains on the sale of shares or subscription rights held as business assets are generally subject to withholding tax to the same extent as for a shareholder whose shares or subscription rights are held as private assets (see the section entitled ''*22.2.3.1.1 Shares and subscription rights held as private assets*"). However, the Domestic Paying Agent may refrain from withholding the withholding tax if (i) the shareholder is a corporation, association (*Personenvereinigung*) or estate (*Vermögensmasse*) with its tax domicile in Germany, or (ii) the shares form part of the shareholder's domestic business assets, and the shareholder informs the paying agent of this on the officially prescribed form and meets certain additional prerequisites. If the Domestic Paying Agent nevertheless withholds taxes, the withholding tax withheld and remitted (including solidarity surcharge) will be credited against the shareholder’s income tax or corporate income tax liability and any excess amount will be refunded.

The taxation of the capital gains depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; Section 27 KStG*) reduce the original acquisition costs. In case of disposal a higher taxable capital gain can arise herefrom. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain can arise. If the dividend payments exceed the shares’ book value for tax purposes, a taxable capital gain can arise.

22.2.3.1.3 Corporations

If the shareholder is a corporation with a tax domicile in Germany, the gains on the disposal of shares are in general effectively 95% exempt from corporate income tax (including the solidarity surcharge) and trade tax, currently, regardless of the size of the participation and the holding period. 5% of the gains are treated as a non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge) at a tax rate amounting to 15.825% and trade tax (depending on the municipal trade tax multiplier applied by the municipal authority, generally between approximately 7% and 19%). As a rule, losses on disposals and other profit reductions in connection with shares (e.g., from a write-down) cannot be deducted as business expenses. Currently, there are no specific rules for the taxation of gains arising from the disposal of Portfolio Participations.

Gains realized on the sale of subscription rights are subject in full to corporate income tax and trade tax. Losses from the sale of subscription rights and other reductions in profit reduce the taxable income.

22.2.3.1.4 Sole proprietors (individuals)

In general, if the shares or subscription rights are held as business assets by a sole proprietor who is an individual with a tax domicile in Germany, only 60% of the capital gains on the disposal of the shares are subject to income tax (plus the solidarity surcharge) at the personal progressive tax rate of the shareholder (partial-income method), and, if applicable, church tax. Correspondingly, only 60% of the losses and expenses in connection with the disposal of the shares or subscription rights are tax deductible. If the shares/subscription rights belong to a German permanent establishment of a business operation of the sole proprietor, 60% of the capital gains of the disposal of the shares are, in addition, subject to trade tax.

Trade tax may be credited towards the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

The taxing authorities take the view that the exercise of subscription rights is not considered a taxable event. Upon application and provided that additional prerequisites are met, a sole proprietor may obtain a certain reduction of his personal income tax rate for profits not withdrawn from the business.

22.2.3.1.5 Partnerships

The income or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. The taxation depends on whether the partner is a corporation or an individual. If the partner is a corporation, the gains on the disposal of the shares as contained in the profit share of the partner will be taxed in accordance with the principles applicable for corporations (see "22.2.3.1.3 *Corporations*" above). For capital gains in the profit share of a partner that is an individual, the principles outlined above for sole proprietors apply accordingly (partial-income method, see above under "— *Sole proprietors*"). Upon application and subject to further conditions, an individual as a partner can obtain a reduction of his personal income tax rate for earnings not withdrawn from the partnership.

In addition, gains on the disposal of shares/subscription rights are subject to trade tax at the level of the partnership, if the shares/subscription rights are attributed to a domestic permanent establishment of a business operation of a trading partnership or a partnership that has a commercial imprint (*gewerblich geprägt*): Generally, at 60% as far as they are attributable to the profit share of an individual as the partner of the partnership, and, currently, at 5% as far as they are attributable to the profit share of a corporation as the partner of the partnership (fully taxable in case of a disposal of subscription rights if the partner is a corporation). Losses on disposals and other profit reductions in connection with the shares are currently not considered for the purposes of trade tax if they are attributable to the profit share of a corporation, and are taken into account at 60% in the context of general limitations if they are attributable to the profit share of an individual. Losses on the disposal of subscription rights are fully tax deductible if the partner is a corporation.

If the partner of the partnership is an individual, the portion of the trade tax paid by the partnership attributable to his profit share will generally be credited, either in full or in part, against his personal income tax by means of a lump-sum method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

22.2.4 Taxation of capital gains of shareholders without a tax domicile in Germany

Generally, capital gains derived by shareholders with no tax domicile in Germany are only subject to German tax if (i) the shareholder making the disposal holds a Qualified Participation, or (ii) the shares belong to a domestic permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed.

In case of a Qualified Participation, 5% of the gains on the disposal of the shares are currently in general subject to corporate income tax plus the solidarity surcharge, if the shareholder is a corporation. If the shareholder is a private individual, only 60% of the gains of the disposal of the shares are subject to progressive income tax plus the solidarity surcharge (partial-income method). However, most double taxation treaties provide for exemption from German taxation and assign the right of taxation to the shareholder's country of residence. According to the tax authorities there is no obligation to withhold withholding tax at source in the case of a Qualified Participation if the shareholder submits to the Domestic Paying Agent a certificate of domicile issued by a foreign tax authority.

With regard to gains or losses of the disposal of shares belonging to a domestic permanent establishment or fixed place of business or which are part of business assets for which a permanent representative in Germany has been appointed, the above-mentioned provisions pertaining to shareholders with a tax domicile in Germany whose shares are business assets apply mutatis mutandis (see "*-22.2.2 Taxation of dividends – 22.2.2.2 Taxation of dividends of shareholders with a tax domicile in Germany – 22.2.2.2.2 Shares held as business assets*"). The Domestic Paying Agent can refrain from deducting the withholding tax if the shareholder declares to the Domestic Paying Agent on an official form that the shares form part of domestic business assets and certain other requirements are met.

22.3 Special treatment of companies in the financial and insurance sectors and pension funds

If financial institutions or financial services providers hold or sell shares that are allocable to their trading book within the meaning of Section 340e of the German Commercial Code (*Handelsgesetzbuch*), they will neither be able to use the partial income method nor be entitled to the effective 95% exemption from corporate income tax plus the solidarity surcharge and any applicable trade tax. Thus, dividend income and capital gains are fully taxable. The same applies to shares which have to be shown as current assets (*Umlaufvermögen*) at the time of the entry to the business assets of a financial institution within the meaning of the German Banking Act (*Gesetz über das Kreditwesen*) in which credit institutions or financial services institutions hold directly or indirectly more than 50%. Likewise, the tax exemption described earlier afforded to corporations for dividend income and capital gains from the sale of shares does not apply to shares that qualify as a capital investment in the case of life insurance and health insurance companies, or those which are held by pension funds.

However, an exemption to the foregoing, and thus a 95% effective tax exemption, applies to dividends obtained by the aforementioned companies, to which the Parent-Subsidiary Directive applies.

22.4 Inheritance and gift tax

The transfer of shares to another person by way of gift or upon death is generally subject to German inheritance or gift tax if:

i. the place of residence, habitual abode, place of management or registered office of the decedent, the donor, the heir, the donee or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German national, has not spent more than five continuous years outside of Germany without maintaining a place of residence in Germany, or

ii. independent of these individual circumstances, the decedent's or donor's shares belonged to business assets for which there had been a permanent establishment in Germany or a permanent representative had been appointed, or

iii. the decedent or the donor, at the time of the succession or gift, held a direct or indirect interest of at least 10% of the Company's share capital either alone or jointly with other related parties.

The small number of double taxation treaties in respect of inheritance and gift tax which Germany has concluded to date usually provide for German inheritance or gift tax only to be levied in the cases under (i) and, subject to certain restrictions, in case of (ii) above. Special provisions apply to certain German nationals living outside of Germany and to former German nationals.

22.5 Other taxes

No German capital transfer taxes, value-added-tax, stamp duties or similar taxes are currently levied on the purchase or disposal or other forms of transfer of the shares or subscription rights. However, an entrepreneur may under certain circumstances opt to subject the disposals of shares, which are in principle exempt from value-added-tax, to value-added-tax if the sale is made to another entrepreneur for the entrepreneur's business. Net wealth tax is currently not levied in Germany.

On 22 January 2013, the Council of the European Union approved the resolution of the ministers of finance from eleven EU member states (including Germany) to introduce a financial transaction tax ("**FTT**") within the framework of enhanced cooperation. On 14 February 2013, the European Commission accepted the Proposal for a Council Directive implementing enhanced cooperation in the area of the FTT. The plan focuses on levying a financial transaction tax of 0.1% (0.01% for derivatives) on the purchase and sale of financial instruments. The directive awaits the unanimous agreement of the participating member states (Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia; Estonia has since stated that it will not participate).

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Company’s ordinary shares where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, ‘‘established’’ in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating member states and the scope of any such tax is uncertain. Additional EU Member States may decide to participate. Prospective shareholders are advised to seek their own professional advice in relation to the FTT.

23. Taxation in Luxembourg

The following information is of a general nature only on certain tax considerations effective in Luxembourg in relation to shares held in a non-resident company, such as the Company, and does not purport to be a comprehensive description of all of the tax considerations that might be relevant to an investment decision in such a company. It is included herein solely for preliminary information purposes and is not intended to be, nor should it be construed to be, legal or tax advice. The information contained herein is based on the laws presently in force in Luxembourg on the date of the Prospectus, and thus subject to any change in law that may take effect after such date. Prospective shareholders should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. Further, any reference to a resident corporate shareholder/taxpayer includes non-resident corporate shareholders/taxpayers carrying out business activities through a permanent establishment, a permanent representative or a fixed place of business in Luxembourg to which assets (such as the Shares) would be attributable. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi) and personal income tax (impôt sur le revenu). Corporate shareholders may further be subject to net wealth tax (impôt sur la fortune), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

23.1 Withholding Tax

Dividend distributions made by a non-resident company, as is the case of the Company, to Luxembourg resident shareholders are not subject to Luxembourg withholding tax. This is also the case for liquidation proceeds and capital gains. Therefore the non-resident company has no responsibility to withhold tax in Luxembourg, even if the payments are made through a Luxembourg-based paying agent, provided that the latter is not considered as being the beneficial owner of such incomes, proceeds or gains.

23.2 Income tax on dividends and capital gains

23.2.1 Fully taxable resident corporate shareholders

For resident corporate taxpayers, dividends (and other payments) derived from shares held in a company and capital gains realized on the disposal of shares in a company are, in principle, fully taxable and thus subject to a combined corporate income tax rate amounting to 27.08% for year 2017 and 26.01% as at 1 January 2018 (provided that (i) they are resident corporate taxpayers established in Luxembourg City and that (ii) their taxable base exceed EUR 30,000). Resident corporate taxpayers whose tax base is below EUR 25,000 should be subject to a combined corporate income tax rate amounting to 22.80% (still subject to the above (i) condition) and those whose tax base ranges from EUR 25,000 and EUR 30,000 subject to EUR 3,750 plus 39% of the tax base between EUR 25,000 and EUR 30,000.

However, as described in further detail below, (i) dividends can benefit either from a full exemption if the conditions of article 166 of the Luxembourg income tax law ("**LITL**") are met or from a 50% exemption if the conditions of Article 115 (15a) LITL are met, and (ii) capital gains realized by resident corporate shareholders are fully exempt if the conditions of Grand Ducal Decree of 21 December 2002 (as amended) are fulfilled.

Under the Luxembourg participation exemption on dividends as implemented by Article 166 LITL, dividends derived from shares may be exempt from income tax at the level of the resident corporate shareholder if cumulatively, (i) the shareholder is either (a) a fully taxable resident collective entity taking one of the forms listed in the appendix to paragraph 10 of Article 166 LITL, (b) a fully taxable resident corporation not listed in the appendix to paragraph (10) of Article 166 LITL, (c) a permanent establishment of a collective entity referred to in Article 2 of the Parent-Subsidiary Directive, (d) a permanent establishment of a corporation resident in a State with which the Grand Duchy of Luxembourg has signed an agreement in an attempt to avoid double taxation, or (e) a permanent establishment of a corporation or a cooperative company resident in a State party to the European Economic Area Agreement other than a Member State of the European Union, (ii) the subsidiary is either (a) a collective entity referred to in Article 2 of the Parent-Subsidiary Directive, (b) a fully taxable resident corporation not listed in the appendix to paragraph (10) of Article 166 LITL, or (c) a non-resident corporation fully subject to a tax corresponding to the Luxembourg corporate income tax, and (iii) the shareholder has held or commits itself to hold, for an uninterrupted period of at least 12 months, a participation representing at least 10% in the share capital of the subsidiary or for an acquisition price of at least EUR 1.2 million. Liquidation proceeds may be exempt under the same conditions. The participation through an entity that is transparent for Luxembourg income tax purposes is to be considered as direct participation in proportion to the amount held in the net assets invested in that tax transparent entity.

With effect as from 1 January 2016, an anti-abuse rule, based on the amended Council Directive No. 2011/96/EC of 30 November 2011 (the "Parent-Subsidiary Directive"), was added to Article 166 LITL. According to this new Article 166 (2bis) LITL, under which dividends distributed do not benefit from the exemption when (i) the beneficiary is an EU resident company or a permanent establishment of a company resident in another EU Member State, and the distributions are made in the framework of an arrangement which has been set-up with the main purpose of obtaining a tax advantage which is contrary to the object or purpose of the Parent-Subsidiary Directive, and is not genuine in light of all the relevant facts and circumstances. An arrangement will not be considered genuine to the extent that it is not set-up for valid economic reasons which reflect economic reality.

Expenses, including interest expenses and impairments, in direct economic relation with the shareholding held by a resident corporate shareholder should not be deductible for income tax purposes up to the amount of any exempt dividend derived during the same financial year. Expenses exceeding the amount of the exempt dividend received from this shareholding during the same financial year should remain deductible for income tax purposes but are however subject to recapture upon sale of the company (see below).

If the conditions of the Luxembourg participation exemption, as described above, are not met, 50% of the gross amount of dividends may however be exempt from corporate income tax in accordance with Article 115 (15a) LITL if such dividends are received from (i) a fully taxable corporation, (ii) a corporation (a) resident in a State with which the Grand Duchy of Luxembourg has signed an agreement in an attempt to avoid double taxation, and (b) fully subject to a tax corresponding to the Luxembourg corporate income tax, or (iii) a company resident in a Member State of the European Union and referred to in Article 2 of the Parent-Subsidiary Directive. A tax credit may further be granted for German withholding taxes, provided it does not exceed the corresponding Luxembourg corporate income tax on the dividends and other payments derived from German source income.

Capital gains realized on a disposal of shares by resident corporate shareholders may be exempt from corporate income tax if the conditions mentioned above under the Luxembourg participation exemption on dividends are met, except that the acquisition price must be at least EUR 6 million instead of 1.2 million (if the shareholding constitutes less than 10% of the participation). The holding of a participation through an entity that is transparent for Luxembourg income tax purposes should be considered as a direct participation in proportion to the amount held in the net assets invested in that tax transparent entity. Taxable gains are determined as being the difference between the price for which the shares were disposed for and the lower of their cost or book value.

Capital gains realized upon the disposal of shares should remain taxable for an amount corresponding to the sum of the expenses related to the shareholding and impairments recorded on the shareholding that reduced the taxable base of the resident corporate shareholder in the year of disposal or in previous financial years (*i.e.* expenses in recapture).

23.2.2 Resident corporate shareholders with a special tax regime

A resident corporate shareholder that is governed either by the law of 11 May 2007 on Family Estate Management Companies (as amended), or by the Law of 13 February 2007 on Specialized Investment Funds (as amended) or by the Law of 17 December 2010 on Undertakings for Collective Investment (as amended), or by the Law of 23 July 2016 on Reserved Alternative Investment Funds having elected for the Specialized Investment Funds regime as referred to in the Law of 13 February 2007 on Specialized Investment Funds (as amended) is not subject to Luxembourg income tax. Thus dividends (and other payments) derived from shares held in a company and capital gains realized on the sale or disposal, in any form whatsoever, of shares in a company, are not taxable at the level of such resident corporate shareholders.

23.2.3 Resident individual shareholders

For resident individual shareholders, dividends derived from shares and capital gains realized on the disposal of shares are, in principle, subject to income tax at the progressive rate (with a current effective marginal rate of up to 42%). Such income tax rate is increased by 7% for income not exceeding EUR 150,000 for single taxpayers and EUR 300,000 for couples taxed jointly, and by 9% for income above these amounts. In addition, a 1.4% dependence insurance contribution is also due.

50% of the gross amount of dividends derived from shares may however be exempt from income tax, if the conditions laid down under Article 115 (15a) LITL, as described above, are complied with. In addition, a total lump-sum of EUR 1,500 (which is doubled for taxpayers who are jointly taxable) is deductible from the total of dividends received during the tax year.

Capital gains realized on the disposal of the shares by resident individual shareholders who act in the course of the management of their private wealth, will in principle only be taxable if (i) these capital gains qualify either as speculative gains or (ii) as gains on a substantial participation. A disposal may include a sale, an exchange, a contribution or any other kind of alienation of shares.

(i) Capital gains are deemed to be speculative if the shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. Speculative gains realized during the year that are equal to, or greater than EUR 500 are subject to income tax at the progressive rate.

(ii) A participation is deemed to be substantial when a resident individual shareholder holds, either alone or together with his spouse, his partner and/or children under the age of eighteen, directly or indirectly, at any time within a 5 year period preceding the disposal, more than 10% of the share capital of a collective entity. A shareholder is also deemed to alienate a substantial participation if such participation (i) was acquired free of charge, within a 5 year period preceding the transfer, and (ii) constituted a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same 5 year period). Capital gains realized on a substantial participation more than six months after its acquisition may benefit from an allowance of up to EUR 50,000 granted for a ten-year period (which is doubled for couples that are jointly taxable). They are subject to income tax according to the half- global rate method, (i.e. the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the substantial participation).

Capital gains realized on the disposal of the Company's shares by resident individual shareholders, who act in the course of their professional or business activity, are subject to income tax at the progressive rate. Taxable gains are determined as the difference between the price for which the shares was disposed for and the lower of their cost or book value.

23.3 Other taxes

23.3.1 Net wealth tax

Non-resident corporate taxpayers are in principle only subject to net wealth tax on their Luxembourg wealth. However resident corporate taxpayers are in principle subject to net wealth tax at the rate of 0.5% (the rate decreases to 0.05% for the portion of unitary value in excess of 500 Mio EUR) applied on their worldwide net assets, unless a double tax treaty provides for a specific exemption or the asset benefits from the Luxembourg participation exemption regime. Net worth is referred to as the unitary value (*valeur unitaire*), which is determined on a yearly basis, as at 1 January. The unitary value corresponds to the difference between (a) assets estimated at their fair market value and (b) third party liabilities, unless one of the exceptions mentioned below applies.

A resident corporate shareholder will be subject to net wealth tax on shares, except if (i) the shareholder is a securitization company governed by the Law of 22 March 2004 on Securitization (as amended) or an investment company in risk capital governed by the Law of 15 June 2004 on Venture Capital Vehicles (as amended) or a specialized investment fund governed by the Law of 13 February 2007 on Specialized Investment Funds (as amended) or a family wealth management company governed by the Law of 11 May 2007 on Family Estate Management Companies (as amended) or an undertaking for collective investment governed by the Law of 17 December 2010 on Undertakings for Collective Investment (as amended) or a pension-saving company as well as a pension-saving association, both governed by the Law of 13 July 2005 (as amended) or a reserved alternative investment funds governed by the Law of 23 July 2016 on Reserved Alternative Investment Funds or (ii) the shares may be exempt from net wealth tax in a given year if the conditions mentioned above for the participation exemption regime on dividend income are met at the end of the previous year (except that no minimum holding period is required).

The net wealth tax charge for a given year can be avoided or reduced if a specific reserve, equal to five times the net wealth tax to save, is created before the end of the subsequent tax year and maintained during the five following tax years. The net wealth tax reduction corresponds to a fifth of the reserve created, except that the maximum net wealth tax to be saved is limited to the corporate income tax amount due for the same tax year, including the employment fund surcharge, but before imputation of available tax credits.

As from 1 January 2017, a corporate resident shareholder might be subject to (a) minimum net wealth tax amounting to EUR 4,815, if it holds assets such as fixed financial assets, receivables owed to affiliated companies, transferable securities, postal checking accounts, checks and cash, in a proportion that exceeds 90 % of its total balance sheet value and EUR 350,000 or (b) a minimum net wealth tax between EUR 535 and EUR 32,100 based on the total amount of its assets. Items (*e.g.* real estate properties or assets allocated to a permanent establishment) located in a treaty country, where the latter has the exclusive tax right, are not considered for the calculation of the 90% threshold. Despite the above mentioned exceptions, the minimum net wealth tax also applies if the resident corporate shareholder is a securitization company governed by the Law of 22 March 2004 on Securitization (as amended) or an investment company in risk capital governed by the Law of 15 June 2004 on Venture Capital Vehicles (as amended) or a pension-saving company as well as a pension-saving association, both governed by the Law of 13 July 2005 (as amended) or a reserved alternative investment funds governed by the Law of 23 July 2016 on Reserved Alternative Investment Funds having elected for the regime of an investment company in risk capital as referred to in the Law of 15 June 2004 on Venture Capital Vehicles (as amended).

23.3.2 Inheritance tax

Where a shareholder is a resident of Luxembourg for tax purposes at the time of his/her death, shares are included in his/her taxable estate for inheritance tax purposes.

23.3.3 Gift tax

Gift tax may be due on a gift or donation of shares if recorded in a Luxembourg notarial deed or otherwise recorded in Luxembourg.

23.3.4 Registration taxes and stamp duties

In principle, the issuance of shares and the disposal of shares are not subject to Luxembourg registration tax or stamp duty.

However a registration duty may be due upon the registration of the deed acknowledging the issuance/disposal of shares in Luxembourg in the case of a registration of this deed on a voluntary basis or in case this deed would be appended to a deed which is mandatorily subject to registration or kept by the notary for his records (*deposé au rang des minutes d’un notaire*).

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24. Financial Information

24.1 Audited Consolidated Financial Statements of the Aumann Group prepared in accordance with IFRS as of and for the financial year ended 31 December 2016

Consolidated statement of comprehensive income

IFRS Consolidated Financial Statements for 2016

IFRS consolidated statement of comprehensive income	Notes	1 Jan - 31 Dec 2016 €k	1 Jan - 31 Dec 2015 €k
Revenue	III.1.	**156,016**	**93,415**
Increase (+)/decrease (-) in finished goods and work in progress		-213	116
Operating performance		**155,803**	**93,531**
Other operating income	III.2.	2,950	1,650
Total performance		**158,753**	**95,181**
Cost of raw materials and supplies		-80,806	-46,635
Cost of purchased services		-9,320	-3,328
Cost of materials		**-90,126**	**-49,963**
Wages and salaries		-29,949	-19,854
Social security and pension costs		-9,987	-8,529
Staff costs		**-39,936**	**-28,383**
Other operating expenses	III.3.	-8,545	-5,593
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)		**20,146**	**11,242**
Amortisation and depreciation expense	II.1.	-1,698	-1,052
Earnings before interest and taxes (EBIT)		**18,448**	**10,190**
Other interest and similar income	III.4.	655	577
Interest and similar expenses	III.5.	-1,245	-891
Net finance costs		**-590**	**-314**
Earnings before taxes (EBT)		**17,858**	**9,876**
Income tax expense	III.6.	-4,920	-2,672
Other taxes	III.6.	-147	-37
Profit or loss for the period		**12,791**	**7,167**
Non-controlling interests		0	-247
Consolidated net profit		**12,791**	**6,920**

IFRS consolidated statement of comprehensive income	Notes	1 Jan - 31 Dec 2016 €k	1 Jan - 31 Dec 2015 €k
Consolidated net profit		**12,791**	**6,920**
Non-controlling interests		0	247
Profit or loss for the period		**12,791**	**7,167**
Items that may be reclassified subsequently to profit and loss			
Currency translation changes		-15	30
available-for-sale financial assets	II.8.3	-31	-105
Items that will not be reclassified to profit and loss			
Remeasurement of defined benefit obligation	II.9.	-1,418	411
Deferred Tax Liabilities		428	-124
Other comprehensive income after taxes		**-1,036**	**212**
Comprehensive income for the reporting period		**11,755**	**7,379**
there of attributable to:			
- Shareholders of the parent company		11,755	7,132
- Non-controlling interests		0	247

Consolidated statement of financial position

Statement of financial position Assets (IFRS)	Notes	31 Dec 2016 audited €k	31 Dec 2015 audited €k
Non-current assets			
Concessions, industrial property rights and similar rights	II.1.	840	1,186
Goodwill	II.2.	10,057	10,057
Intangible assets		**10,897**	**11,243**
Land and buildings including buildings on third-party land	II.1.	11,868	10,738
Technical equipment and machinery	II.1.	1,179	1,144
Other equipment, operating and office equipment	II.1.	1,444	1,396
Advance payments and assets under development	II.1.	947	245
Property, plant and equipment		**15,438**	**13,523**
Financial assets	II.6.	**0**	**7,446**
Deferred tax assets	II.7.	**380**	**405**
		26,715	**32,617**
Current assets			
Raw materials and supplies	II.3.	1,414	1,699
Work in progress	II.3.	34	702
Finished goods	II.3.	454	0
Advance payments	II.3.	2,137	947
Inventories		**4,039**	**3,348**
Trade receivables	II.4.	13,969	16,799
Receivables from construction contracts	II.4.	39,660	27,155
Other current assets	II.5.	1,785	1,668
Trade receivables and other current assets		**55,414**	**45,622**
Securities	II.6.	7,663	11,738
Available-for-sale financial assets		**7,663**	**11,738**
Cash in hand	V.	6	4
Bank balances	V.	38,177	12,594
Cash in hand, bank balances		**38,183**	**12,598**
		105,299	**73,306**
Total assets		**132,014**	**105,923**

Statement of financial position Equity and liabilities (IFRS)	Notes	31 Dec 2016 audited €k	31 Dec 2015 audited €k
Equity			
Issued capital	II.8.	12,500	25
Capital reserves	II.8.	4,188	8,500
Retained earnings	II.8.	24,749	23,762
Non-controlling interests	II.8.	0	1,895
		41,437	**34,182**
Non-current liabilities			
Pension provisions	II.9.	18,514	16,701
Liabilities to banks	II.10.	16,666	9,788
Other provisions	II.12.	1,235	833
Deferred tax liabilities	II.7.	1,213	304
Other liabilities	II.11.	66	131
		37,694	**27,757**
Current liabilities			
Other provisions	II.12.	15,651	15,266
Trade payables	II.10.	11,475	9,063
Advance payments received	II.10.	12,157	7,760
Provisions with the nature of a liability	II.12.	6,780	4,976
Liabilities to banks	II.10.	2,717	3,043
Tax provisions	II.12.	991	1,414
Other liabilities	II.11.	3,112	2,462
		52,883	**43,984**
Total equity and liabilities		**132,014**	**105,923**

Consolidated statement of cash flows

Consolidated statement of cash flows	1 Jan - 31 Dec 2016 €k	1 Jan - 31 Dec 2015 €k
1. Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	**18,448**	**10,190**
Adjustments for non-cash transactions		
Write-downs on non-current assets	1,698	1,052
Increase (+)/decrease (-) in provisions	1,230	-7,105
Gains (+)/ Losses (-) from disposal of PPE	-158	-20
Other non-cash expenses/income	-3	0
	2,767	**-6,073**
Change in working capital:		
Increase (-)/decrease (+) in inventories, trade receivables and other assets	-10,788	5,637
Decrease (-)/increase (+) in trade payables and other liabilities	9,198	5,539
	-1,590	**11,176**
Income taxes paid	-4,251	-3,918
Interest received	655	577
	-3,596	**-3,341**
Cash flow from operating activities	**16,029**	**11,952**
2. Cash flow from investing activities		
Investments in (-)/divestments of (+) intangible assets	-210	-292
Investments in (-)/divestments of (+) property, plant and equipment	-3,057	-327
Investments in (-)/ divestments of (+) of available-for-sale financial assets and securities	11,490	-8,487
Cash from disposal of assets	158	20
Acquisition of Aumann group (less cash received)	0	-12,784
Cash flow from investing activities	**8,381**	**-21,870**
3. Cash flow from financing activities		
Profit distribution to shareholders	-4,500	-2,500
Proceeds from borrowing financial loans	8,617	594
Repayments of financial loans	-2,065	-1,175
Interest payments	-865	-512
Cash flow from financing activities	**1,187**	**-3,593**
Cash and cash equivalents at end of period		
Change in cash and cash equivalents (Subtotal 1-3)	25,597	-13,511
Effects of changes in foreign exchange rates (no cash effect)	-12	2
Cash and cash equivalents at start of reporting period	12,598	26,107
Cash and cash equivalents at end of period	**38,183**	**12,598**
Composition of cash and cash equivalents		
Cash in hand	6	4
Bank balances	38,177	12,594

Reconciliation to liquidity reserve on 31 Dec	2016	2015
Cash and cash equivalents at end of period	38,183	12,598
Securities	7,663	19,184
Liquidity reserve on 31 Dec	**45,846**	**31,782**

Consolidated statement of changes in equity

Statement of changes in consolidated equity								
			Retained earnings					
	Issued capital	Capital reserves	Currency translation difference	Available for sale financial assets	Pension Reserve	Generated consolidated equity	Non-controlling interests	Consolidated equity
	€k	€k	€k	€k	€k	€k	€k	€k
1 Jan 2015	**25**	**8,500**	**62**	**224**	**-1,714**	**20,558**	**0**	**27,655**
Dividends paid	0	0	0	0	0	-2,500	0	-2,500
Subtotal	**25**	**8,500**	**62**	**224**	**-1,714**	**18,058**	**0**	**25,155**
Amounts recognised in other comprehensive income	0	0	0	-105	287	0	0	182
Currency translation difference	0	0	30	0	0	0	0	30
Consolidated net profit	0	0	0	0	0	6,920	247	7,167
Total comprehensive income	**0**	**0**	**30**	**-105**	**287**	**6,920**	**247**	**7,379**
Acquisition of Aumann Group	**0**	**0**	**0**	**0**	**0**	**0**	**1,648**	**1,648**
31 Dec 2015	**25**	**8,500**	**92**	**119**	**-1,427**	**24,978**	**1,895**	**34,182**
Dividends paid	0	0	0	0	0	-4,500	0	-4,500
Amounts recognised in other comprehensive income	0	0	0	-31	-990	0	0	-1,021
Currency translation difference	0	0	-15	0	0	0	0	-15
Consolidated net profit	0	0	0	0	0	12,791	0	12,791
Total comprehensive income	**0**	**0**	**-15**	**-31**	**-990**	**12,791**	**0**	**11,755**
Capital increase from company resources	11,663	-8,500	0	0	0	-3,163	0	0
Non-cash contribution	812	4,188	0	0	0	-3,105	-1,895	0
31 Dec 2016	**12,500**	**4,188**	**77**	**88**	**-2,417**	**27,001**	**0**	**41,437**

Notes

Notes to the Consolidated Financial Statements for 2016

I. Methods and principles

1. Basic accounting information

1.1 Information on the Company

Aumann AG (hereinafter also referred to as "Aumann") was formed as a result of the transformation of MBB Technologies GmbH by way of a change in legal form as resolved by the shareholders' meeting on 10 November 2016. It is headquartered at Dieselstr. 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 provider of systems for the automotive industry and other industries with a focus on e-mobility.

The consolidated financial statements of Aumann for the 2016 financial year were approved by the shareholders of Aumann on 9 February 2017.

1.2 Accounting policies

The consolidated financial statements for the year ended 31 December 2016 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 reporting date. 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 accounting standards are required to be applied for the first time or in a revised version in the 2016 financial year.

Regulation	Title	Effects
IAS 1	Disclosure Initiative	none
IAS 16, 38	Acceptable Methods of Depreciation and Amortisation	none
IAS 16, 41	Bearer Plants	none
IAS 27	Equity Method in Separate Financial Statements	none
IAS 28	Investment Entities – Applying the Consolidation Exception	none
IFRS 10,12	Investment Entities – Applying the Consolidation Exception	none
IFRS 11	Acquisitions of Interests in Joint Operations	none
	Annual Improvements to IFRSs 2012 - 2014	minor

The following newly issued standards, standards endorsed in the year under review or amended standards or interpretations that were not yet mandatory 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.

Regulation	Title	Publication	Application	Endorsement	Effect
IAS 7	Disclosure Initiative	29/01/2016	01/01/2017	no	no material effects
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	19/01/2016	01/01/2017	no	no material effects
IAS 40	Transfers of Investmenty Property	08/12/2016	01/01/2018	no	no material effects
IFRS 2	Share-based Payment Transactions	20/06/2016	01/01/2018	no	no material effects
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	12/09/2016	01/01/2018	no	no material effects
IFRS 9	Financial Instruments	24/09/2014	01/01/2018	22/11/2016	is being reviewed
IFRS 15	Revenue from Contracts with Customers	28/05/2014	01/01/2018	22/09/2016	is being reviewed
IFRS 15	Amendments to IFRS 15: Effective date	11/09/2015	01/01/2018	22/12/2016	no material effects
IFRS 15	Clarifications	12/04/2016	01/01/2018	no	is being reviewed
IFRS 16	Leases	13/01/2016	01/01/2019	no	is being reviewed
	Annual Improvements 2014 - 2016	08/12/2016	01/01/2018	no	is being reviewed
IFRIC 22	Foreign Currency Transactions and Advance Consideration	08/12/2016	01/01/2018	24/11/2015	is being reviewed

1.3 Company law changes and structural changes in 2016

Wojtynia Immobilien GmbH was renamed Aumann Immobilien GmbH by way of entry in the commercial register on 7 September 2016.

On 10 November 2016, the shareholders' meeting of MBB Technologies GmbH resolved to transform the company into Aumann AG by way of a change in legal form. This change in legal form was entered in the commercial register on 8 December 2016.

On 13 December 2016, Mr Ingo Wojtynia contributed his shares in Aumann GmbH, Espelkamp, and Aumann Berlin GmbH, Hennigsdorf, as well as his shares in Aumann Immobilien GmbH, Espelkamp (with the exception of 5.1%), to Aumann AG in the form of a non-cash contribution. Aumann AG has a time-unlimited option to purchase Mr Wojtynia's 5.1% stake in Aumann Immobilien GmbH for a purchase price of €1.00. The shareholders of Aumann AG are MBB SE (93.5%) and Mr Ingo Wojtynia (6.5%).

Aumann Winding and Automation Inc., Kansas City, USA, was formed on 8 December 2016. No contributions have been made to date.

2. Scope of consolidation

In addition to the parent company Aumann, 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**
MBB Fertigungstechnik Beelen GmbH, Beelen, Germany	100.00
MBB Technologies (China) Ltd. Changzhou, China	100.00
Aumann 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., Fort Wayne, USA	100.00
Aumann Immobilen GmbH, Espelkamp, Germany	94.90

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 at the same balance sheet date 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 over which Aumann exercises control. 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 fully consolidated from the date on which the parent has the possibility of controlling the subsidiary and ends when this possibility no longer exists.

Capital consolidation 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 balance sheet. If the acquisition cost exceeds the fair value of the net assets attributable to the Group, the difference is capitalised as goodwill.

The proportion of the subsidiary's assets, liabilities and contingent liabilities attributable to minority 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

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 balance sheet was 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 (€k) in line with standard commercial practice. The amounts are stated in euro (€), thousands of euro (€k) 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 each reporting date using the closing rate. All exchange differences are recognised in income.

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 operations 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 Dec2016	Average rate 2016
Chinese renminbi (CNY)	7,3068	7.3545
	Closing rate 31 Dec 2015	Average rate 2015
Chinese renminbi (CNY)	7.0952	6.9223

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.

Costs for research activities are charged as expenses in the period in which they are incurred.

For the purposes of subsequent measurement, intangible assets are recognised at cost less accumulated amortisation and accumulated impairment losses (reported under amortisation). Intangible assets (excluding 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.

Costs incurred in order 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 differential value between the net disposal proceeds and the carrying amount of the asset and recognised in income in the period in which the asset is disposed of.

4.5 Goodwill

Goodwill from the business combination is the residual amount of the surplus of the cost of the business combination over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the company acquired.

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

4.6 Property, plant and equipment

Property, plant and equipment is recognised at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price and other non-refundable purchase taxes incurred in connection with the purchase as well as all directly attributable costs incurred to bring the asset to its location and to bring it to working condition for its intended use. Subsequent expenditure, such as servicing and maintenance costs, that is incurred after the non-current asset is put into operation is expensed in the period in which it is incurred. If it is likely that expenditure will lead to additional future economic benefits to the Company in excess of the originally assessed earnings power of the existing asset, the expenditure is capitalised as additional acquisition 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 acquisition cost and the accumulated depreciation is derecognised. Any realised gain or loss from the disposal is reported in the statement of comprehensive income. The profit or loss resulting from the sale of an item of property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognised in income.

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 at the balance sheet date are reported separately in the balance sheet 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 income.

An adjustment in income of an impairment recognised as an expense in previous years is carried out for an asset (except for goodwill) if there are indications that the impairment no longer exists or may have decreased. The reversal is recorded in the income statement as income. However, the value increase (or reduction in the impairment) of an asset is recognised only 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 into account depreciation effects).

4.10 Financial investments and other financial assets

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

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

As at 31 December 2016, the Group had extended loans and receivables and available-for-sale financial assets.

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

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

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

After initial recognition, held-for-sale financial assets are measured at fair value, with gains or losses recognised in a separate item of equity. On the date when the financial investment is derecognised or an impairment on the financial investment is ascertained, the accumulated gain or loss previously recognised in equity is recognised in the income statement. The fair value of investments traded on organised markets is calculated by reference to the buying rate quoted on the stock exchange on the balance sheet date. Market values were available for the available-for-sale financial assets reported by the Group as at 31 December 2016 and 2015.

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

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

4.11 Inventories

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

4.12 Cash and cash equivalents

Cash and cash equivalents shown in the balance sheet 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 cash flow statement are delimited in accordance with the above definition.

4.13 Financial liabilities

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

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

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

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

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

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

4.14 Provisions

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

Provisions are reviewed at each balance sheet date and adjusted to the current best estimate. The amount of the provision corresponds to the present value of the expenses expected to be required to fulfil the obligation if the related interest effect is material. The increase in the provision over time is recognised as interest expense.

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

4.15 Pensions and other post-employment benefits

The pension obligations calculated at MBB Fertigungstechnik GmbH are reported in accordance with IAS 19. Payments for defined contribution pension plans are expensed. In the case of defined benefit pension plans, the obligation is recognised as a pension provision in the balance sheet. These pension commitments are regarded as defined benefit plan commitments and are therefore measured actuarially 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.

4.16 Revenue recognition

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

a) Sale of goods and products, performance of services

Revenue is recognised when the significant risks and rewards of ownership of the goods and products sold have been transferred to the buyer. This generally takes place when the goods and products are delivered or accepted by the end customer. Revenue from service transactions is recognised only when it is sufficiently probable that the economic benefits associated with the transaction will flow to the Group. It is recognised in the accounting period in which the services in question are performed.

b) Construction contracts

At the Aumann Group, the PoC (percentage-of-completion) method described in IAS 11 is applied at MBB Fertigungstechnik GmbH, MBB Technologies China Ltd., Aumann GmbH and Aumann Berlin GmbH. 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 balance sheet date. The degree of completion is calculated as the ratio of the contract costs incurred up until the balance sheet date to the total estimated contract costs as at the balance sheet date (cost-to-cost method).

Construction contracts accounted for using the PoC method are recognised as receivables from construction contracts in the amount of the contract costs incurred up until the balance sheet date plus the proportionate profit resulting from the degree 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.

4.17 Taxes

a) Current income taxes

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

b) Deferred taxes

In accordance with IAS 12, deferred taxes are recognised using the liability method for temporary differences at the balance sheet date between the carrying amount of an asset or liability in the balance sheet 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 on every balance sheet date 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 on every balance sheet date and recognised to the extent that it has become probable that taxable result in the 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 balance sheet date. Future changes in the tax rates must be taken into account at the balance sheet date if the material conditions for validity in a legislative process are fulfilled.

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

4.18 Contingent liabilities and contingent assets

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

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

Contingent assets are not recognised in the financial statements, but 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 determined as at the balance sheet date and the presentation of expenses and income. The actual amounts may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date 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

At each balance sheet date, the Group determines whether there are indications of impairment of non-financial assets.

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, the 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 balance sheet date. The actual obligation may differ from the amounts set aside as provisions.

d) Deferred tax assets

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

e) Recognition of contract revenue

The majority of the transactions conducted by Aumann's subsidiaries take the form of construction contracts that are recognised using the percentage-of-completion method, meaning that revenue is recognised in accordance with the degree of completion of the respective contract. This method requires that the degree of completion be estimated. Depending on the method applied in determining the degree of completion, the material estimates may relate to 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.

f) Consolidation of Aumann entities

At the first consolidation of the acquired entities in 2015 future earnings contributions of the existing order backlog were taken into account as they had been recognised in receivables from construction contracts according to the individual project's stage of completion. Further earnings contributions of the existing order backlog were not recognised as an intangible asset.

According to the view of the executive management a further recognition of the order backlog as an intangible asset was not appropriate due to the inherent uncertainties. A further recognition of the order backlog would have led to an intangible asset in the amount of €k600, based on an average margin, which would have reduced the Goodwill by approx. €k420 (after deferred taxes).

In this case, and considering an average project period of 12 months, amortisation of the intangible asset in the amount of €k100 would have been recognised and earnings before tax would have been lower by this amount in 2015. On the other hand, deferred tax liabilities would have increased earnings after tax by about €k30. Overall, profit for the period and equity would have been reduced by €k70.

In 2016 this case would have led to amortisation of intangible assets of €k500 and reduced earnings before taxes by the same amount. After taking into account deferred taxes, profit for the period and equity would have been reduced by €k350.

II. Notes to the consolidated balance sheet

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 2016

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

1.2 Statement of changes in non-current assets of the Aumann Group as at 31 December 2015

31 Dec 2015	Total cost	Additions in the financial year	Additions from first time con-solidation	Reclassi-fication	Disposals in the financial year	Exchange differences	Write downs (full amount)	Carrying amount at the end of financial year	Carrying amount at the beginning of financial year	Write downs in the financial year	Disposals of write downs	Exchange differences
	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
I. Intangible assets												
1. Concessions, industrial property rights and similar rights	1,959	292	247	0	0	4	1,316	1,186	1,070	426	1	2
2. Goodwill	0	0	10,057	0	0	0	0	10,057	0	0	0	0
	1,959	**292**	**10,304**	**0**	**0**	**4**	**1,316**	**11,243**	**1,070**	**426**	**1**	**2**
II. Property, plant and equipment												
1. Land and buildings including buildings on third-party land	7,957	2	3,537	12	0	0	770	10,738	7,409	222	0	0
2. Technical equipment and machinery	375	116	699	110	10	9	155	1,144	328	118	10	0
3. Other equipment, operating and office equipment	1,511	198	484	0	0	0	797	1,396	1,000	286	0	0
4. Advance payments and assets under development	334	87	4	-122	75	17	0	245	334	0	0	0
	10,177	**403**	**4,724**	**0**	**85**	**26**	**1,722**	**13,523**	**9,071**	**626**	**10**	**0**
Total	**12,136**	**695**	**15,028**	**0**	**85**	**30**	**3,038**	**24,766**	**10,141**	**1,052**	**11**	**2**

2. Intangible assets

With regard to the development of intangible assets, please refer to the presentation in the statement of changes in non-current assets. The goodwill reported as at the balance sheet date results from the acquisition of Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH (hereinafter also referred to as the "Aumann companies") in 2015 in the amount of €10,057.5 thousand. The Aumann companies constituted the cash-generating units (CGUs) for the purposes of impairment testing in 2016.

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

For the standard year (perpetuals), the budget figures from the previous planning year were used for the CGUs. An interest rate of 12% was applied as the discount rate. As a cautionary measure, possible growth in the standard year was not taken into account.

The impairment test did not identify the need to recognise any impairment losses. In the view of the Managing Board, the changes in the basic assumptions that are reasonably conceivable would not result in the respective carrying amount exceeding the recoverable amount of the CGUs.

3. Inventories

	31 Dec 2016 €k	31 Dec 2015 €k
Raw materials and supplies	1,414	1,699
Work in progress	34	702
Finished goods	454	0
Advance payments	2,137	947
Carrying amount as at 31 Dec	**4,039**	**3,348**

Impairment losses of €329 thousand were recognised on inventories in the period under review (previous year: €0 thousand). Impairment losses on inventories were reversed in the amount of €87 thousand (previous year: €19 thousand).

4. Trade receivables

	31 Dec 2016 €k	31 Dec 2015 €k
Trade receivables	14,102	16,874
Less specific valuation allowances	-133	-75
Carrying amount as at 31 Dec	**13,969**	**16,799**

€0 thousand (previous year: €41 thousand) of the reported trade receivables relate to affiliated companies included in consolidation by the parent company MBB SE.

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

The trade receivables are all due within one year. The trade receivables are subject to specific valuation allowances where required. Indications of impairment include unpaid cash receipts and information on changes in customers' creditworthiness. Due to the broad customer base, there is no significant concentration of credit risk.

Receivables from construction contracts recognised in accordance with the PoC method are composed as follows:

	31 Dec 2016 €k	31 Dec 2015 €k
Construction costs incurred		
plus (less) recognised profits (losses)	102,545	73,020
Progress billings	62,885	45,865
Net total		
Amounts due from customers from construction contracts	39,660	27,155
Amounts due to customers from construction contracts	0	0

5. Other current assets

Other assets with maturities within one year break down as follows:

	31 Dec 2016 €k	31 Dec 2015 €k
Factoring receivables	1,006	89
Prepaid expenses	323	368
Tax receivables	201	480
Creditors with debit balance	61	72
Personal Receivables	48	34
Life insurance receivables	34	34
Project subsidies	32	202
Miscellaneous other current assets	80	389
Carrying amount as at 31 Dec	**1,785**	**1,668**

Tax receivables consist of corporate income tax and trade tax receivables in the amount of €148 thousand (previous year: €453 thousand) and VAT claims of €53 thousand (previous year: €27 thousand).

6. Available-for-sale financial assets

The available-for-sale financial assets of the Aumann Group include securities totalling €7,663 thousand (previous year: €19,184 thousand), comprising €0 thousand (previous year: €7,446 thousand) in shares reported as non-current assets and €7,663 thousand (previous year: €11,738 thousand) in bonds reported as current assets.

No write-downs were recognised on shares and bonds in the year under review or the previous year. Income from securities, which is reported in other operating income, amounted to €2,101 thousand (previous year: €1,072 thousand).

7. Deferred taxes

The volume of deferred tax assets and liabilities from temporary differences as at 31 December 2016 and 2015 was as follows.

	31 Dec 2016 €k	31 Dec 2015 €k
Deferred tax assets (unoffset)	4,156	3,419
Deferred tax liabilities (unoffset)	-4,989	-3,318
Total	**-833**	**101**

	31 Dec 2016 €k	31 Dec 2015 €k
Temporary differences from:		
Provisions for pensions	3,449	2,948
Other provisions	622	435
Property, plant and equipment	46	33
Liabilities	39	3
Deferred tax assets	**4,156**	**3,419**

	31 Dec 2016 €k	31 Dec 2015 €k
Temporary differences from:		
Receivables	4,502	3,155
Other Liabilities	393	0
Securities	37	108
Property, plant and equipment	24	55
Liabilities	23	0
Other Assets	10	0
Deferred tax liabilities	**4,989**	**3,318**

After offsetting deferred tax assets against deferred tax liabilities relating to the same tax authorities, deferred tax assets amounted to €380 thousand (previous year: €405 thousand) and deferred tax liabilities amounted to €1,213 thousand (previous year: €304 thousand).

8. Equity

With regard to the development of equity, please refer to the separate annex to these notes entitled "Statement of changes in consolidated equity for 2016".

8.1 Share capital

The share capital of Aumann amounts to €12.5 million (previous year: €25 thousand). It is divided into 12,500,000 bearer shares each with a notional interest in the share capital of €1.00 and is fully paid up. 93.5% of the shares are held by MBB SE and 6.5% of the shares are held by Mr Ingo Wojtynia.

The share capital was increased by €11,662.500 from company funds following a resolution by the shareholders' meeting on 10 November 2016, with €8,500,000 taken from capital reserves and €3,162,500 from retained earnings.

In addition, the Extraordinary General Meeting of Aumann AG on 13 December 2016 resolved to increase the share capital by €812.5 thousand by issuing 812,500 new bearer shares. The newly issued shares were subscribed solely by Mr Ingo Wojtynia. In exchange, Mr Ingo Wojtynia contributed his 25% stake in each of Aumann GmbH, Espelkamp, and Aumann Berlin GmbH, Hennigsdorf, and 19.9% of his shares in Aumann Immobilien GmbH, Espelkamp, to Aumann AG. The value of the contribution was €5,000 thousand. The amount in excess of the par value was transferred to capital reserves. Aumann AG has a time-unlimited option to purchase Mr Wojtynia's remaining 5.1% stake in Aumann Immobilien GmbH for a purchase price of €1.00.

8.2 Capital reserves

Capital reserves amounted to €4,188 thousand (previous year: €8,500 thousand). This amount resulted from the non-cash contribution described in note 8.1.

8.3 Retained earnings

Difference in equity due to currency conversion

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

Reserve for available-for-sale financial assets

The reserves for available-for-sale financial assets result from cumulative gains or losses from the remeasurement of available-for-sale financial assets. These are recognised in the statement of comprehensive income under other income.

Reserve for pensions

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

Reserve for generated consolidated equity

This item comprises the gains generated by the Group less distributed profits. There was a profit distribution of €4,500,000.00 to the shareholder in the year under review (previous year: €2,500,000.00).

8.4 Non-controlling interests

Non-controlling interests declined to €0 thousand (previous year: €1,895 thousand) as a result of the contribution of Mr Ingo Wojtynia's shares in Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH and the option held by Aumann AG (see note 8.1), which is considered to have been exercised at the reporting date.

9. Provisions for pensions and similar obligations

There are pension agreements at MBB Fertigungstechnik GmbH. They relate to 356 employees, 174 of whom are active scheme members. 122 persons are retired and 60 persons have left the scheme. The pension agreements are closed, meaning that no further occupational pension agreements are concluded for new appointments.

	31 Dec 2016 €k	31 Dec 2015 €k
Pension provisions at beginning of the financial year	**16,701**	**16,640**
Utilisation	-401	-350
Addition to provisions (service cost)	416	443
Addition to provisions (interest cost)	380	379
Actuarial gains/losses	1,418	-411
Pension provisions at end of the financial year	**18,514**	**16,701**

The actuarial losses were attributable to changes in financial assumptions in the amount of €k-1,734 and to experience adjustments in the amount of €k316.

The following actuarial assumptions were applied:

	2016	2015
Actuarial interest rate	1.7%	2.3%
Salary trend	3.0%	3.0%
Pension trend	1.8%	2.0%

The post-employment benefit plans are unfunded. The liabilities correspond to the obligation (DBO).

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

	31 Dec 2016 €k	31 Dec 2015 €k
Addition to provisions (service cost)	-416	-443
Addition to provisions (interest cost)	-380	-379
Total	**-796**	**-822**

The expected pension payments from the pension plans for 2017 amount to €383 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%	- 9.81 %	+ 11.46 %
Pension growth rate	0.50%	+ 6.88 %	- 6.22 %
Life expectancy	+ 1 year	+ 3.54 %	

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

10. Liabilities

Liabilities have the following maturities:

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

31 Dec 2015	Up to 1 year €k	More than 1 year and up to 5 years €k	Over 5 years €k	Total €k
Liabilities to banks	3,043	6,513	3,275	12,831
Trade payables	9,063	0	0	9,063
Provisions with the nature of a liability	7,760	0	0	7,760
Advance payments received	4,976	0	0	4,979
Other liabilities	2,462	131	0	2,593
As at 31 Dec 2015	**27,304**	**6,644**	**3,275**	**37,226**

Liabilities to banks have both fixed and floating interest rates of between 0.83% and 5.90% (previous year: 1.74% and 5.90%). The interest rates of 5.90% were exclusively incurred for brief overdrafts on accounts.

A land charge of €13.9 million (previous year: €12.1 million) has been entered on the factory grounds to secure a bank loan.

11. Other liabilities

Other liabilities are composed as follows:

	31 Dec 2016 €k	31 Dec 2015 €k
Current		
Value Added tax	1,378	1,499
Commissions	665	259
Wage and church tax	615	407
Deferred Income	226	0
Wages and salaries	65	37
Miscellaneous	163	260
	3,112	**2,462**
Non-current		
Leasing obligations	66	131
	66	**131**
Total	**3,178**	**2,593**

12. Provisions

12.1 Other provisions

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

	31 Dec 2015 €k	Utili-sation €k	Re-versal €k	Addition €k	31 Dec 2016 €k
Long term Provisions					
Partial retirement	652	140	0	527	1,039
Anniversaries	181	7	0	22	196
	833	**147**	**0**	**549**	**1,235**
Accruals and short term provisions					
Subsequent cost provision	8,358	4,615	3,740	8,717	8,720
Outstanding invoices	2,304	2,304	0	3,918	3,918
Warranty costs	3,894	572	1,765	1,149	2,706
Flexitime	1,865	123	0	428	2,170
Variable salary and commission	1,414	1,397	17	2,034	2,034
Holiday	1,214	1,214	0	1,476	1,476
Provision for onerous contracts	529	2,744	0	3,077	862
Reduction in earnings	184	175	8	177	178
Accounting & audit costs	149	149	0	151	151
Penalties	206	15	108	0	83
Filling	57	0	0	2	59
Employers' liability insurance association	43	40	2	51	52
Miscellaneous	25	6	0	3	22
	20,242	**13,354**	**5,640**	**21,183**	**22,431**
	21,075	**13,501**	**5,640**	**21,732**	**23,666**

The provision for subsequent costs relates to various projects at MBB Fertigungstechnik GmbH and the 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 was recognised in accordance with the “Altersteilzeit FlexÜ” works agreement of 11 June 2014.

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

12.2 Tax provisions

Tax provisions are broken down as follows:

	31 Dec 2016 €k	31 Dec 2015 €k
Trade income tax	406	1,202
Corporate income tax	585	212
Carrying amount as at 31 Dec.	**991**	**1,414**

13. Lease and rental obligations

13.1 Operating leases and rent

	31 Dec 2016 €k	31 Dec 2015 €k
As at the balance sheet date, the Group has outstanding obligations from operating leases that are due as follows:		
Up to one year	518	878
More than one year and up to five years	1,014	442
Over five years	0	0
	1,532	**1,320**
As at the balance sheet date, the Group has outstanding obligations from rent due as follows:		
Up to one year	554	462
More than one year and up to five years	468	237
Over five years	0	0
	1,022	**699**
Expenses during review-period from operating leases and rent	843	502

The minimum lease payments from operating leases primarily 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 utilised under finance leases:

	2016 €k	2015 €k
Intangible Assets		
Cost on 1 Jan	78	0
Additions due to Acquisition	0	78
Cost on 31 Dec	**78**	**78**
Write-downs on 1 Jan	-5	0
Additions	-29	-5
Write-downs on 31 Dec	**-34**	**-5**
Carrying amount as at 31 Dec	**44**	**73**

	2016 €k	2015 €k
Technical equipment and machinery		
Cost on 1 Jan	31	0
Additions due to Acquisition	0	31
Cost on 31 Dec	**31**	**31**
Write-downs on 1 Jan	-2	0
Additions	-12	-2
Write-downs on 31 Dec	**-14**	-2
Carrying amount as at 31 Dec	**17**	**29**
Operating and office equipment		
Cost on 1 Jan	86	0
Additions due to Acquisition	0	86
Cost on 31 Dec	**86**	**86**
Write-downs on 1 Jan	-4	0
Additions	-21	-4
Write-downs on 31 Dec	**-25**	-4
Carrying amount as at 31 Dec	**61**	**82**

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

	up to 1 year €k	between 1 and 5 years €k	More than 5 years €k
Lease payments	70	68	0
Discounts	5	2	0
Present values	**65**	**66**	**0**

III. Notes to the statement of comprehensive income

1. Revenue

Revenue amounted to €156.0 million in the 2016 financial year (previous year: €93.4 million). €154.4 million (previous year: €90.2 million) of this figure related to the application of the PoC method. Service revenue amounted to €8.6 million in 2016 (previous year: €3.7 million).

The following table shows a breakdown of revenue by region.

	2016 €k	2015 €k
Europe	140,681	87,008
NAFTA	7,730	1,140
China	6,431	4,802
Miscellaneous	1,174	465
Total	**156,016**	**93,415**

The NAFTA region comprises the USA, Canada and Mexico.

The Aumann Group recorded incoming orders of €190.1 million in the 2016 financial year, of which €139.2 million related to the Classic segment and €50.9 million to the E-mobility segment.

The Group had an order backlog of €132.2 million as at 31 December 2016, of which €103.0 million related to the Classic segment and €29.2 million to the E-mobility segment.

2. Other operating income

	2016 €k	2015 €k
Income from		
securities	2,101	1,072
the reversal of provisions	415	153
sale of property, plant and equipment	158	20
own work capitalised	97	0
susidies	49	153
exchange rate gains	34	54
Reversed Write-downs charged on receivables	8	34
credit notes and compensation	0	100
Miscellaneous	88	64
Total	**2,950**	**1,650**

3. Other operating expenses

	2016 €k	2015 €k
Legal and consulting	1,668	1,474
Travel costs/vehicle costs	1,175	626
Maintenance expenses	1,058	900
Rental agreements and leasing	843	502
Other services	776	678
Expenses from securities transactions	507	373
Costs for telephone, post and data communication	342	246
IT cost	329	289
Insurance	327	99
Advertising costs	297	99
Contributions and fees	159	89
Office supplies	124	34
Incidental costs for monetary transactions	106	76
Training	79	9
Write-downs charged on receivables	75	0
Canteen	49	58
Donations	8	0
Miscellaneous	623	41
Total	**8,545**	**5,593**

Legal and consulting costs include the cost allocation by MBB SE (see note VII.4.2) and the remuneration of Mr Anton Breitkopf, whose management salary is billed via Tolea GmbH.

4. Finance income

	2016 €k	2015 €k
Interest income from securities	642	558
Other interest and similar income	13	19
Total	**655**	**577**

5. Finance costs

	2016 €k	2015 €k
Other interest and similar expenses	957	631
Aval interest	288	260
Total	**1,245**	**891**

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.

	2016 €k	2015 €k
Corporate income tax	1,916	1,834
Trade income tax	1,641	1,357
Deferred taxes	1,363	-519
Other tax expense	147	37
Total	**5,067**	**2,709**

	2016 €k	2015 €k
Consolidated income before taxes and minority interests	17,858	9,876
Taxes on income	4,920	2,672
Current tax rate	**27.6%**	**27.1%**

The reconciliation of income tax expense and the accounting net profit multiplied by the Group's applicable tax rate for the 2016 and 2015 financial years is as follows:

	2016 €k	2015 €k
Profit from ordinary activities	17,858	9,876
Other taxes	-147	-37
Applicable (statutory) tax rate	30.3%	30.3%
Expected tax income/expense	**5,358**	**2,976**
Not taxable income		
from the sale of securities	-535	-324
other effects	97	20
Current tax expenses	**4,920**	**2,672**

7. Earnings per share

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

	2016 €k	
Result attributtable to the holders of shares in the parent company	12,790,608	
Weighted average number of shares to calculate the earnings per share	11,850,000	
Earnings per share (in €)	**1.08**	

IV. Segment reporting

1. Information by segment

Since the acquisition of the Aumann companies, segment reporting has been prepared using 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 reports two operating segments: E-mobility and Classic.

E-mobility segment

The E-mobility segment primarily develops, produces and distributes special machinery and automated production lines for vehicle electrification. This involves the use of direct winding technologies – e.g. linear winding, flyer winding, needle winding and continuous hairpin – and complex automation solutions for related processes. Our solutions are primarily aimed at allowing customers to produce highly efficient, state-of-the-art traction e-motors on an industrial scale. We also offer special machinery and production lines for the manufacture of electrically powered vehicles, especially energy storage systems. Our production solutions are supplemented by services including maintenance, repairs, parts supply and engineering.

Classic segment

The Classic segment primarily develops, produces and distributes special machinery and automated production lines for the automotive, aviation, rail, consumer goods, agricultural and clean technology industries. Our solutions include machines for producing 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 CO2 emissions of their vehicle fleet. We also offer assembly and logistics solutions, transport facilities and supplementary services including maintenance, repairs, parts supply, alignment, prototype development and first-series and small-series parts production.

Segment results

The accounting policies applied in segment reporting correspond to the accounting policies described in point I. 4. The segment result is 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 balance sheet items for segment controlling are receivables and advance payments received.

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

1 Jan - 31 Dec 2015	Classic €k	E-mobility €k	Reconciliation €k	Group €k
Revenue from third parties	87,711	5,704	0	93,415
Other segments	0	0	0	0
Total revenue	**87,711**	**5,704**	**0**	**93,415**
EBITDA	**9,739**	**1,673**	**-170**	**11,242**
Amortisation and depreciation	-966	-86	0	-1,052
EBIT	**8,773**	**1,587**	**-170**	**10,190**
Net finance cost	-837	-53	576	-314
EBT	**7,936**	**1,534**	**406**	**9,876**
EBT margin	9.0%	26.9%	0	10.6%
Trade receivables and Receivables from construction contracts	**35,318**	**8,636**	**0**	**43,954**
Advance payments received	**6,776**	**984**	**0**	**7,760**

Reconciliation of EBIT to net profit for the year	2016 €k	2015 €k
Total EBT of the segments	**17,858**	**9,876**
Taxes on income	-4,920	-2,672
Other taxes	-147	-37
PAT (profit after tax)	12,791	7,167
Non Controlling Interests	0	-247
Net profit for the period	**12,791**	**6,920**

Reconciliation of segment assets to assets	2016 €k	2015 €k
Classic segment	43,859	35,318
E-mobility segment	9,770	8,636
Total segment receivables	**53,629**	**43,954**
Intangibles	10,897	11,243
Fixed assets	15,438	13,523
Financial Assets	0	7,446
Deferred tax assets	380	405
Inventories	4,039	3,348
Current funds	45,846	24,336
Other assets	1,785	1,668
Total assets	**132,014**	**105,923**

Reconciliation of segment advanced payments received to equity and liabilities	2016	2015
	€k	€k
Classic segment	7,530	6,776
E-mobility segment	4,627	984
Total segment advanced payments received	**12,157**	**7,760**
Consolidated equity	41,437	34,182
Pension provisions	18,514	16,701
Other provisions	16,886	16,099
Deferred tax liabilities	1,213	304
Trade payables	11,475	9,063
Provisions with the nature of a liability	6,780	4,976
Tax provision	991	1,414
Liabilities to banks	19,383	12,831
Other liabilities	3,178	2,593
Total equity and liabilities	**132,014**	**105,923**

Major customers

Revenue with four major customers (A-D) amount to €k69,068 (2015: €k42,752) of group total revenue. Revenue with customer A amount to €k19,781(previous year: €k15,881), these revenues ate attributable to both segments. Revenue with customer B amount to €k17,788 (previous year: €k7,131), these revenues are attributable to the Classic segment. Revenue with customer C amount to €k15,939 (previous year: €k5,932), these revenues are attributable to both segments. Revenue with customer D amount to €k15,560 (previous year: €k13,808), these revenues are attributable to the Classic segment.

2. Information by region

2.1 Revenue from external customers

A regional breakdown of revenue from external customers is shown under revenue.

2.2 Non-current assets

The Aumann Group's non-current assets are located primarily in Europe. The non-current assets of our subsidiary in China amounted to €305.9 thousand at year-end (previous year: €466.2 thousand).

V. Notes to the consolidated cash flow statement

The cash flow statement was prepared in accordance with IAS 7. The cash flows in the cash flow statement are presented separately broken down into "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 cash flow statement was prepared using the indirect method.

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

VI. Objectives and methods of financial risk management

1. Financial assets and financial liabilities

The Group's existing financial liabilities primarily include current and non-current liabilities to banks, current trade payables and other current and non-current liabilities. The Group's financial assets are mainly 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 €59,815 thousand in the year under review (previous year: €48,581 thousand). Business relationships are entered into with creditworthy contractual partners only. Trade receivables exist for a number of customers spread over 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. No valuation allowances were made for trade receivables that were overdue at the balance sheet date if no material changes in the customer's creditworthiness were determined and it is assumed that the outstanding amount will be paid.

For details of the maturities of financial liabilities, see II.10. "Liabilities" and II.11 "Other liabilities".

The valuation of the financial assets and liabilities of the Aumann Group is presented under I.4.10 "Financial investments and other financial assets" and I.4.13 "Financial liabilities" and in the discussion of the Group's general accounting principles.

The Group uses fair value measurement for securities classified as available for sale. The Group had no financial liabilities at fair value through profit or loss at either this reporting date or the last reporting date. Derivatives and hedging transactions were not entered into. There were no reclassifications.

2. Capital risk management

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

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

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

	31 Dec 2016	31 Dec 2015
Equity in € thousand	41,437	34,182
- in % of total capital	31.4%	32.3%
Liabilities in € thousand	90,577	71,741
- in % of total capital	68.6%	67.7%
Current liabilities in € thousand	52,883	43,984
- in % of total capital	40.1%	41.5%
Non-current liabilities in € thousand	37,694	27,757
- in % of total capital	28.6%	26.2%
Net gearing*	1.1	1.2

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

The agreement of multiple financial covenants when taking up loans means that the Group and individual portfolio companies are required to comply with certain equity ratios.

3. Financial risk management

Financial risk is monitored centrally by the management. 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 entered into solely with creditworthy contractual partners.

Assessments from independent rating agencies, other financial information and trading records are used to assess creditworthiness, especially of 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 balance sheet.

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 may result from changes in exchange rates (exchange rate risks) or interest rates (interest rate risks). Due to the estimation of exchange rate risks, no foreign exchange contracts were entered into for the Group as at 31 December 2016. The Group invoices mainly in euro or the respective local currency, thereby 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. In the case of 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. Management/Managing Board

The management consisted of the following persons until 7 December 2016:

- Anton Breitkopf, Cologne, businessman
- Ludger Martinschledde, Rietberg, engineer
- Rolf Beckhoff, Verl, engineer

The following persons were appointed to the Managing Board from 8 December 2016:

- Ludger Martinschledde, Rietberg, engineer
- Rolf Beckhoff, Verl, engineer

Anton Breitkopf is a member of the Executive Management of MBB SE and the Supervisory Board of Delignit AG and DTS IT AG.

Ludger Martinschledde is a managing director of MBB Fertigungstechnik GmbH.

Rolf Beckhoff is a managing director of MBB Fertigungstechnik GmbH.

Management/Managing Board remuneration amounted to €740 thousand in 2016 (previous year: €667 thousand). A pension agreement was concluded with the management. The resulting service cost amounts to €k 18 thousand (previous year: €k 16. thousand).

2. Supervisory Board

The following persons are elected to the Supervisory Board of Aumann AG:

- Gert-Maria Freimuth, businessman, Chairman (Chairman of the Board of MBB SE, Chairman of the Supervisory Board of DTS IT AG, Deputy Chairman of the Supervisory Board of Delignit AG)
- Anton Breitkopf, businessman (member of the Executive Management of MBB SE, member of the Supervisory Board of Delignit AG and DTS IT AG.
- Klaus Seidel, businessman (member of the Executive Management of MBB SE)

3. Group companies

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

4. Related party transactions

Related parties are considered to be those enterprises and persons with the ability to control the Aumann Group or exercise significant influence over its financial and operating decisions.

4.1 Related persons

As a managing director of Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH and a minority shareholder of Aumann AG, Mr Ingo Wojtynia is also considered to be a related person. Mr Ingo Wojtynia received €166 thousand for his management activities in the year under review. And a bonus provision of €k70 is recognised as a liability. Other than management activities and the contribution discussed in note 8.1, there were no transactions with management or other related persons.

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 the consolidation and are not shown in this notes and are of subordinate significance and typical of the industry.

Other related companies are 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, €765 thousand for consulting services in the 2016 financial year (2015: €669 thousand).

5. Employees

The Group employed 558 people as at the end of the reporting period (previous year: 475), thereof 6 managing directors (previous year: 6). In 2016, the Group also employed 46 trainees (previous year: 44) and 71 temporary workers (previous year: 46). It employed 514 people as an average for the year as a whole (previous year: 348).

6. Events after the reporting date

There were no events requiring disclosure after the reporting date.

7. Other financial obligations

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

Beelen, 7 February 2017

Ludger Martinschledde

Rolf Beckhoff

Auditor's Report

Auditor’s report

To Aumann AG:

We have audited the IFRS consolidated financial statements prepared by Aumann GmbH – consisting of the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements – and the Group's accounting system for the financial year from 1 January to 31 December 2016. The Group's accounting system and the preparation of the consolidated financial statements in accordance with the IFRS as required to be applied in the EU are the responsibility of the legal representatives of Aumann AG. Our responsibility is to express an opinion on the IFRS consolidated financial statements and the Group's accounting system based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the IFRS consolidated financial statements are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting- related internal control system and the evidence supporting the disclosures in the IFRS consolidated financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the financial statements of the entities included in the consolidated financial statements, the determination of entities to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by the management, as well as evaluating the overall presentation of the IFRS consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the IFRS consolidated financial statements comply with the IFRS as adopted by the EU and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions.

Düsseldorf, 7 February 2017

RSM Verhülsdonk GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

signed	signed
Grote	Weyers
Auditor	Auditor

24.2 Audited Consolidated Financial Statements of the Aumann Group prepared in accordance with IFRS as of and for the financial year ended 31 December 2015

Consolidated statement of comprehensive income

IFRS Consolidated Financial Statements for 2015

IFRS consolidated statement of comprehensive income	Notes	1 Jan - 31 Dec 2015 €k	1 Jan - 31 Dec 2014 €k
Revenue	III.1.	**93,415**	**96,144**
Increase (+)/decrease (-) in finished goods and work in progress		116	0
Operating performance		**93,531**	**96,144**
Other operating income	III.2.	1,650	945
Total performance		**95,181**	**97,089**
Cost of raw materials and supplies		-46,635	-50,511
Cost of purchased services		-3,328	-3,750
Cost of materials		**-49,963**	**-54,261**
Wages and salaries		-19,854	-17,536
Social security and pension costs		-8,529	-8,330
Staff costs		**-28,383**	**-25,866**
Other operating expenses	III.3.	-5,593	-6,302
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)		**11,242**	**10,660**
Amortisation and depreciation expense	II.1.	-1,052	-917
Earnings before interest and taxes (EBIT)		**10,190**	**9,743**
Other interest and similar income	III.4.	577	450
Interest and similar expenses	III.5.	-891	-1,044
Net finance costs		**-314**	**-594**
Earnings before taxes (EBT)		**9,876**	**9,149**
Income tax expense	III.6.	-2,672	-2,972
Other taxes	III.6.	-37	-32
Profit or loss for the period		**7,167**	**6,145**
Non-controlling interests		-247	0
Consolidated net profit		**6,920**	**6,145**

IFRS consolidated statement of comprehensive income	Notes	1 Jan - 31 Dec 2015 €k	1 Jan - 31 Dec 2014 €k
Consolidated net profit		**6,920**	**6,145**
Non-controlling interests		247	0
Profit or loss for the period		**7,167**	**6,145**
Items that may be reclassified subsequently to profit and loss			
Currency translation changes		30	80
available-for-sale financial assets	II.8.3	-105	123
Deferred Tax Liabilities		0	2
Items that will not be reclassified to profit and loss			
Remeasurement of defined benefit obligation	II.9.	411	-3,358
Deferred Tax Liabilities		-124	1,015
Other comprehensive income after taxes		**212**	**-2,138**
Comprehensive income for the reporting period		**7,379**	**4,007**

Consolidated statement of financial position

Statement of financial position Assets (IFRS)	Notes	31 Dec 2015 audited €k	31 Dec 2014 audited €k
Non-current assets			
Concessions, industrial property rights and similar rights	II.1.	1,186	1,070
Goodwill	II.2.	10,057	0
Intangible assets		**11,243**	**1,070**
Land and buildings including buildings on third-party land	II.1.	10,738	7,409
Technical equipment and machinery	II.1.	1,144	328
Other equipment, operating and office equipment	II.1.	1,396	1,000
Advance payments and assets under development	II.1.	245	334
Property, plant and equipment		**13,523**	**9,071**
Financial assets	II.6.	**7,446**	**3,169**
Deferred tax assets	II.7.	**405**	**352**
		32,617	**13,662**
Current assets			
Raw materials and supplies	II.3.	1,699	447
Work in progress	II.3.	702	0
Finished goods	II.3.	0	211
Advance payments	II.3.	947	1,344
Inventories		**3,348**	**2,002**
Trade receivables	II.4.	16,799	10,953
Receivables from construction contracts	II.4.	27,155	26,561
Other current assets	II.5.	1,668	706
Trade receivables and other current assets		**45,622**	**38,220**
Securities	II.6.	11,738	7,633
Available-for-sale financial assets		**11,738**	**7,633**
Cash in hand	V.	4	6
Bank balances	V.	12,594	26,101
Cash in hand, bank balances		**12,598**	**26,107**
		73,306	**73,962**
Total assets		**105,923**	**87,624**

Statement of financial position Equity and liabilities (IFRS)	Notes	31 Dec 2015 audited €k	31 Dec 2014 audited €k
Equity			
Issued capital	II.8.	25	25
Capital reserves	II.8.	8,500	8,500
Retained earnings	II.8.	23,762	19,130
Non-controlling interests	II.8.	1,895	0
		34,182	**27,655**
Non-current liabilities			
Pension provisions	II.9.	16,701	16,640
Liabilities to banks	II.10.	9,788	5,313
Other provisions	II.12.	833	524
Deferred tax liabilities	II.7.	304	0
Other liabilities	II.11.	131	0
		27,757	**22,477**
Current liabilities			
Other provisions	II.12.	15,266	18,752
Trade payables	II.10.	9,063	7,172
Advance payments received	II.10.	7,760	2,790
Provisions with the nature of a liability	II.12.	4,976	3,989
Liabilities to banks	II.10.	3,043	1,022
Tax provisions	II.12.	1,414	2,068
Other liabilities	II.11.	2,462	1,699
		43,984	**37,492**
Total equity and liabilities		**105,923**	**87,624**

Consolidated statement of cash flows

Consolidated statement of cash flows	1 Jan - 31 Dec 2015 €k	1 Jan - 31 Dec 2014 €k
1. Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	**10,190**	**9,743**
Adjustments for non-cash transactions		
Write-downs on non-current assets	1,052	917
Increase (+)/decrease (-) in provisions	-7,105	3,495
Gains (+)/ Losses (-) from disposal of PPE	-20	-10
Other non-cash expenses/income	0	-83
	-6,073	**4,319**
Change in working capital:		
Increase (-)/decrease (+) in inventories, trade receivables and other assets	5,637	-762
Decrease (-)/increase (+) in trade payables and other liabilities	5,539	-1,300
	11,176	**-2,062**
Income taxes paid	-3,918	-5,950
Interest received	577	450
	-3,341	**-5,500**
Cash flow from operating activities	**11,952**	**6,500**
2. Cash flow from investing activities		
Investments in (-)/divestments of (+) intangible assets	-292	-396
Investments in (-)/divestments of (+) property, plant and equipment	-327	-542
Investments in (-)/ divestments of (+) of available-for-sale financial assets and securities	-8,487	-2,152
Cash from disposal of assets	20	10
Acquisition of Aumann group (less cash received)	-12,784	0
Cash flow from investing activities	**-21,870**	**-3,080**
3. Cash flow from financing activities		
Profit distribution to shareholders	-2,500	-3,500
Proceeds from borrowing financial loans	594	263
Repayments of financial loans	-1,175	-3,476
Interest payments	-512	-600
Cash flow from financing activities	**-3,593**	**-7,313**
Cash and cash equivalents at end of period		
Change in cash and cash equivalents (Subtotal 1-3)	-13,511	-3,893
Effects of changes in foreign exchange rates (no cash effect)	2	0
Cash and cash equivalents at start of reporting period	26,107	30,000
Cash and cash equivalents at end of period	**12,598**	**26,107**
Composition of cash and cash equivalents		
Cash in hand	4	6
Bank balances	12,594	26,101

Reconciliation to liquidity reserve on 31 Dec	2015	2014
Cash and cash equivalents at end of period	12,598	26,107
Securities	19,184	10,802
Liquidity reserve on 31 Dec	**31,782**	**36,909**

Consolidated statement of changes in equity

Statement of changes in consolidated equity

	Issued capital	Capital reserves	Retained earnings: Currency translation difference	Retained earnings: Available for sale financial assets	Retained earnings: Pension Reserve	Generated consolidated equity	Non-controlling interests	Consolidated equity
	€k	€k	€k	€k	€k	€k	€k	€k
1 Jan 2014	**25**	**8,500**	**-18**	**99**	**629**	**17,913**	**0**	**27,148**
Dividends paid	0	0	0	0	0	-3,500	0	-3,500
Subtotal	**25**	**8,500**	**-18**	**99**	**629**	**14,413**	**0**	**23,648**
Amounts recognised in other comprehensive income	0	0	0	125	-2,343	0	0	-2,218
Currency translation difference	0	0	80	0	0	0	0	80
Consolidated net profit	0	0	0	0	0	6,145	0	6,145
Total comprehensive income	**0**	**0**	**80**	**125**	**-2,343**	**6,145**	**0**	**4,007**
31 Dec 2014	**25**	**8,500**	**62**	**224**	**-1,714**	**20,558**	**0**	**27,655**
Dividends paid	0	0	0	0	0	-2,500	0	-2,500
Subtotal	**25**	**8,500**	**62**	**224**	**-1,714**	**18,058**	**0**	**25,155**
Amounts recognised in other comprehensive income	0	0	0	-105	287	0	0	182
Currency translation difference	0	0	30	0	0	0	0	30
Consolidated net profit	0	0	0	0	0	6,920	247	7,167
Total comprehensive income	**0**	**0**	**30**	**-105**	**287**	**6,920**	**247**	**7,379**
Acquisition of Aumann group	0	0	0	0	0	0	1,648	1,648
31 Dec 2015	**25**	**8,500**	**92**	**119**	**-1,427**	**24,978**	**1,895**	**34,182**

Notes

Notes to the Consolidated Financial Statements for 2015

I. Methods and principles

1. Basic accounting information

1.1 Information on the Company

MBB Technologies GmbH (hereinafter also referred to as "MFT"), is domiciled at Dieselstrasse 6, 48361 Beelen, Germany. It is entered in the commercial register of the Münster District Court under HRB 14437. It is the parent company of the MFT Group.

MFT is a leading international provider of systems for the automotive industry and other industries with a focus on e-mobility.

The consolidated financial statements of MFT for the 2015 financial year were approved by the shareholders of MFT on 31 October 2016.

1.2 Accounting policies

The consolidated financial statements for the year ended 31 December 2015 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 reporting date. 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 accounting standards are required to be applied for the first time or in a revised version in the 2015 financial year.

Regulation	Title	Effects
IAS 19	Employee Contributions	none
IFRIC 21	Levies	none
	Annual Improvements 2010 - 2012	minor
	Annual Improvements 2011 - 2013	minor

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

Regulation	Title	Publication	Application	Endorsement	Effect
IAS 1	Presentation of Financial Statements	18/12/2014	01/01/2016	18/12/2015	no material effects
IAS 16	Acceptable Methods of Depreciation and Amortisation	12/05/2014	01/01/2016	02/12/2015	no material effects
IAS 16	Bearer Plants	30/06/2014	01/01/2016	23/11/2015	no material effects
IAS 27	Equity Method in Separate Financial Statements	12/08/2014	01/01/2016	18/12/2015	no material effects
IAS 28	Investments in Associates and Joint Ventures	11/09/2014	01/01/2016	no	no material effects
IAS 28	Investment Entities - Consolidation Eception	18/12/2014	01/01/2016	no	no material effects
IAS 38	Acceptable Methods of Depreciation and Amortisation	12/05/2014	01/01/2016	02/12/2015	no material effects
IAS 41	Agriculture - Bearer Plants	30/06/2014	01/01/2016	23/11/2015	no material effects
IFRS 15	Revenue from Contracts with Customers	12/05/2014	01/01/2017	no	is being reviewed
IFRS 9	Financial Instruments	24/07/2014	01/01/2018	no	is being reviewed
IFRS 10	Group accounting	18/12/2014	01/01/2016	no	no material effects
IFRS 11	Joint Arrangements	06/05/2014	01/01/2016	24/11/2015	no material effects
IFRS 12	Investment Entities - Consolidation Eception	18/12/2014	01/01/2016	no	no material effects
IFRS 14	Regulatory Deferral Accounts	30/01/2014	01/01/2016	no	no material effects
IFRS 15	Revenue from Contracts with Customers	28/05/2014	01/01/2018	no	is being reviewed
	Annual Improvements 2012 - 2014	25/09/2014	01/01/2016	no	is being reviewed

1.3 Company law changes and structural changes in 2015

By way of a share purchase agreement dated 28 January 2015, MBB Technologies GmbH acquired 100% of the shares of MBB Technologies (China) Ltd., Changzhou, China, from MBB Fertigungstechnik GmbH, Beelen.

On 19 November 2015, MBB Technologies GmbH acquired 75% of the shares of Aumann GmbH, Espelkamp, Aumann Berlin GmbH, Hennigsdorf, and Wojtynia Immobilien GmbH, Espelkamp, from the previous managing partner.

Aumann is a leading manufacturer of systems for the winding of coils and electric motors for e-mobility.

The following assets and liabilities were acquired for a purchase price of €15,000 thousand:

Assets and liabilities Aumann Group	€k
Current asstes	
Cash and bank balances	2,216
Receivables and other assets	11,227
Inventories	2,776
Deferred Tax Assets	345
Non-current assets	
Intangible Assets	247
Property, plant and equipment	4,724
Current Liabilities	
Trade payables	1,156
Interest bearing liabilities	1,686
Other Liabilities	2,045
Provisions	4,021
Deferred tax assets	645
Non-current liabilities	
Liabilities to banks	5,391
Total assets	**6,591**
Acquisition cost (75%)	**15,000**
Goodwill	**10,057**

Transaction costs of €35.2 thousand incurred by MBB Technologies GmbH have been expensed and are included in other operating expenses in the consolidated statement of comprehensive income and in cash flow from operating activities in the consolidated cash flow statement. Before the merger Aumann GmbH had transactions costs in the amount of €77.3 thousands.

The goodwill of €10.1 million resulting from purchase price allocation includes expected synergy gains and expected future revenue that do not meet the criteria for recognition as an intangible asset.

Since the acquisition date, the Aumann Group has contributed €5.6 million to consolidated revenue. If the business combination had taken place as of 1 January 2015, the consolidated income statement would have been as follows:

IFRS consolidated statement of comprehensive income	Aumann Group 1 Jan - 31 Oct. 2015 €k	MFT Concern 1 Jan - 31 Dec 2015 €k	Total 1 Jan - 31 Dec 2015 €k
Revenue	**28,281**	**93,415**	**121,696**
Increase (+)/decrease (-) in finished goods and work in progress	586	116	702
Operating performance	**28,867**	**93,531**	**122,398**
Other operating income	1,094	1,650	2,744
Total performance	**29,961**	**95,181**	**125,142**
Cost of raw materials and supplies	-14,853	-46,635	-61,488
Cost of purchased services	-2,202	-3,328	-5,530
Cost of materials	**-17,055**	**-49,963**	**-67,018**
Wages and salaries	-6,528	-19,854	-26,382
Social security and pension costs	-1,327	-8,529	-9,856
Staff costs	**-7,855**	**-28,383**	**-36,238**
Other operating expenses	-3,473	-5,593	-9,066
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	**1,578**	**11,242**	**12,820**
Amortisation and depreciation expense	-307	-1,052	-1,359
Earnings before interest and taxes (EBIT)	**1,271**	**10,190**	**11,461**
Other interest and similar income	0	577	577
Interest and similar expenses	-161	-891	-1,052
Net finance costs	**-161**	**-314**	**-475**
Earnings before taxes (EBT)	**1,110**	**9,876**	**10,986**
Income tax expense	-367	-2,672	-3,039
Other taxes	-21	-37	-58
Profit or loss for the period	**722**	**7,167**	**7,889**

2. Scope of consolidation

In addition to the parent company MFT, 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)	
MBB Technologies GmbH, Beelen, Germany	**100.00**
MBB Fertigungstechnik Beelen GmbH, Beelen, Germany	100.00
MBB Technologies (China) Ltd. Changzhou, China	100.00
Aumann GmbH, Espelkamp, Germany	**75.00**
Aumann North America Inc., Fort Wayne, USA	75.00
Aumann Berlin GmbH, Berlin, Germany	75.00
Wojtynia Immobilen GmbH, Espelkamp, Germany	75.00

3. Principles of consolidation

The consolidated financial statements comprise the financial statements of MFT and its subsidiaries as at 31 December of each financial year. The financial statements of the subsidiaries are prepared using uniform accounting policies at the same balance sheet date 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 over which MFT exercises control. 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 fully consolidated from the date on which the parent has the possibility of controlling the subsidiary and ends when this possibility no longer exists.

Capital consolidation 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 balance sheet. If the acquisition cost exceeds the fair value of the net assets attributable to the Group, the difference is capitalised as goodwill.

The proportion of the subsidiary's assets, liabilities and contingent liabilities attributable to minority 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

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 balance sheet was 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 (€ thousand) 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 each reporting date using the closing rate. All exchange differences are recognised in income.

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 operations 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 Dec2015	Average rate 2015
Chinese renminbi (CNY)	7.0952	6.9223

	Closing rate 31 Dec 2014	Average rate 2014
Chinese renminbi (CNY)	7.4556	8.1864

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.

Costs for research activities are charged as expenses in the period in which they are incurred.

For the purposes of subsequent measurement, intangible assets are recognised at cost less accumulated amortisation and accumulated impairment losses (reported under amortisation). Intangible assets (excluding 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.

Costs incurred in order 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 differential value between the net disposal proceeds and the carrying amount of the asset and recognised in income in the period in which the asset is disposed of.

4.5 Goodwill

Goodwill from the business combination is the residual amount of the surplus of the cost of the business combination over the Group’s share in the fair value of the identifiable assets, liabilities and contingent liabilities of the company acquired.

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

4.6 Property, plant and equipment

Property, plant and equipment is recognised at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price and other non-refundable purchase taxes incurred in connection with the purchase as well as all directly attributable costs incurred to bring the asset to its location and to bring it to working condition for its intended use. Subsequent expenditure, such as servicing and maintenance costs, that is incurred after the non-current asset is put into operation is expensed in the period in which it is incurred. If it is likely that expenditure will lead to additional future economic benefits to the Company in excess of the originally assessed earnings power of the existing asset, the expenditure is capitalised as additional acquisition 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 acquisition cost and the accumulated depreciation is derecognised. Any realised gain or loss from the disposal is reported in the statement of comprehensive income. The profit or loss resulting from the sale of an item of property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognised in income.

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 at the balance sheet date are reported separately in the balance sheet 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 income.

An adjustment in income of an impairment recognised as an expense in previous years is carried out for an asset (except for goodwill) if there are indications that the impairment no longer exists or may have decreased. The reversal is recorded in the income statement as income. However, the value increase (or reduction in the impairment) of an asset is recognised only 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 into account depreciation effects).

4.10 Financial investments and other financial assets

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

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

As at 31 December 2015, the Group had extended loans and receivables and available-for-sale financial assets.

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

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

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

After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised in a separate item of equity. On the date when the financial investment is derecognised or an impairment on the financial investment is ascertained, the accumulated gain or loss previously recognised in equity is recognised in the income statement. The fair value of investments traded on organised markets is calculated by reference to the buying rate quoted on the stock exchange on the balance sheet date. Market values were available for the available-for-sale financial assets reported by the Group as at 31 December 2015 and 2014.

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

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

4.11 Inventories

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

4.12 Cash and cash equivalents

Cash and cash equivalents shown in the balance sheet 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 cash flow statement are delimited in accordance with the above definition.

4.13 Financial liabilities

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

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

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

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

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

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

4.14 Provisions

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

Provisions are reviewed at each balance sheet date and adjusted to the current best estimate. The amount of the provision corresponds to the present value of the expenses expected to be required to fulfil the obligation if the related interest effect is material. The increase in the provision over time is recognised as interest expense.

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

4.15 Pensions and other post-employment benefits

The pension obligations calculated at MBB Fertigungstechnik GmbH are reported in accordance with IAS 19. Payments for defined contribution pension plans are expensed. In the case of defined benefit pension plans, the obligation is recognised as a pension provision in the balance sheet. These pension commitments are regarded as defined benefit plan commitments and are therefore measured actuarially 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.

4.16 Revenue recognition

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

a) Sale of goods and products, performance of services

Revenue is recognised when the significant risks and rewards of ownership of the goods and products sold have been transferred to the buyer. This generally takes place when the goods and products are delivered or accepted by the end customer. Revenue from service transactions is recognised only when it is sufficiently probable that the economic benefits associated with the transaction will flow to the Group. It is recognised in the accounting period in which the services in question are performed.

b) Construction contracts

At the MFT Group, the PoC (percentage-of-completion) method described in IAS 11 is applied at MBB Fertigungstechnik GmbH, MBB Technologies China Ltd., Aumann GmbH and Aumann Berlin GmbH. 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 balance sheet date. The degree of completion is calculated as the ratio of the contract costs incurred up until the balance sheet date to the total estimated contract costs as at the balance sheet date (cost-to-cost method). Construction contracts accounted for using the PoC method are recognised as receivables from construction contracts in the amount of the contract costs incurred up until the balance sheet date plus the proportionate profit resulting from the degree 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.

4.17 Taxes

a) Current income taxes

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

b) Deferred taxes

In accordance with IAS 12, deferred taxes are recognised using the liability method for temporary differences at the balance sheet date between the carrying amount of an asset or liability in the balance sheet.

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 on every balance sheet date 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 on every balance sheet date and recognised to the extent that it has become probable that taxable result in the 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 balance sheet date. Future changes in the tax rates must be taken into account at the balance sheet date if the material conditions for validity in a legislative process are fulfilled.

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

4.18 Contingent liabilities and contingent assets

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

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

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

5. Material judgements, estimates and assumptions

For the preparation of the consolidated financial statements in accordance with IFRS, estimates and assumptions must occasionally be made. These influence the amounts of assets, liabilities and financial obligations determined as at the balance sheet date and the presentation of expenses and income. The actual amounts may differ from these estimates.

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

a) Impairment of non-financial assets

At each balance sheet date, the Group determines whether there are indications of impairment of nonfinancial assets. 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, the 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 balance sheet date. The actual obligation may differ from the amounts set aside as provisions.

d) Deferred tax assets

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

e) Recognition of contract revenue

The majority of the transactions conducted by MFT's subsidiaries take the form of construction contracts that are recognised using the percentage-of-completion method, meaning that revenue is recognised in accordance with the degree of completion of the respective contract. This method requires that the degree of completion be estimated. Depending on the method applied in determining the degree of completion, the material estimates may relate to 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.

f) Consolidation of Aumann entities

Future earnings contributions of the existing order backlog at the time of the first consolidation of the acquired entities were taken into account as they have been recognised in receivables from construction contracts according to the individual project's stage of completion. Further earnings contributions of the existing order backlog were not recognised as an intangible asset.

According to the view of the executive management a further recognition of the order backlog as an intangible asset was not appropriate due to the inherent uncertainties. A further recognition of the order backlog would have led to an intangible asset in the amount of €k600, based on an average margin, which would have reduced the Goodwill by approx. €k420 (after deferred taxes).

In this case and considering an average project period of 12 months amortisation of the intangible asset in the amount of €k100 would have been recognised in 2015 and earnings before tax would have been lower by this amount. On the other hand, deferred tax liabilities would have increased earnings after tax by about €k30. Overall, profit for the period and equity would have been reduced by €k70.

II. Notes to the consolidated balance sheet

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 MFT Group as at 31 December 2015

	31 Dec 2015	Total cost €k	Additions in the financial year €k	Additions from first time con-solidation €k	Reclassi-fication €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.	Concessions, industrial property rights and similar rights	1,959	292	247	0	0	4	1,316	1,186	1,070	426	1	2
2.	Goodwill	0	0	10,057	0	0	0	0	10,057	0	0	0	0
		1,959	**292**	**10,304**	**0**	**0**	**4**	**1,316**	**11,243**	**1,070**	**426**	**1**	**2**
II.	**Property, plant and equipment**												
1.	Land and buildings including buildings on third-party land	7,957	2	3,537	12	0	0	770	10,738	7,409	222	0	0
2.	Technical equipment and machinery	375	116	699	110	10	9	155	1,144	328	118	10	0
3.	Other equipment, operating and office equipment	1,511	198	484	0	0	0	797	1,396	1,000	286	0	0
4.	Advance payments and assets under development	334	87	4	-122	75	17	0	245	334	0	0	0
		10,177	**403**	**4,724**	**0**	**85**	**26**	**1,722**	**13,523**	**9,071**	**626**	**10**	**0**
	Total	**12,136**	**695**	**15,028**	**0**	**85**	**30**	**3,038**	**24,766**	**10,141**	**1,052**	**11**	**2**

1.2 Statement of changes in non-current assets of the MFT Group as at 31 December 2014

	31 Dec 2014	Total cost	Additions in the financial year	Additions from first time con-solidation	Reclassi-fication	Disposals in the financial year	Exchange differences	Write downs (full amount)	Carrying amount at the end of financial year	Carrying amount at the beginning of financial year	Write downs in the financial year	Disposals of write downs	Exchange differences
		€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
I.	**Intangible assets**												
	Concessions, industrial property rights and similar rights	1,563	396	0	0	0	0	889	1,070	1,067	393	0	0
		1,563	**396**	**0**	**0**	**0**	**0**	**889**	**1,070**	**1,067**	**393**	**0**	**0**
II.	**Property, plant and equipment**												
1.	Land and buildings including buildings on third-party land	7,957	0	0	0	0	0	548	7,409	7,497	199	111	0
2.	Technical equipment and machinery	253	108	0	69	61	6	47	328	196	51	62	1
3.	Other equipment, operating and office equipment	1,128	249	0	260	126	0	511	1,000	765	274	126	0
4.	Advance payments and assets under development	432	185	0	-329	0	46	0	334	432	0	0	0
		9,770	**542**	**0**	**0**	**187**	**52**	**1,106**	**9,071**	**8,890**	**524**	**299**	**1**
	Total	**11,333**	**938**	**0**	**0**	**187**	**52**	**1,995**	**10,141**	**9,957**	**917**	**299**	**1**

2. Intangible assets

With regard to the development of intangible assets, please refer to the presentation in the statement of changes in non-current assets.

The goodwill reported as at the balance sheet date results from the acquisition of the Aumann Group in the amount of €10,057.5 thousand (see note I.1.3).

3. Inventories

	31 Dec 2015 €k	31 Dec 2014 €k
Raw materials and supplies	1,699	447
Work in progress	702	0
Finished goods	0	211
Advance payments	947	1,344
Carrying amount as at 31 Dec	**3,348**	**2,002**

Impairment losses of €0 thousand were recognised on inventories in the period under review (previous year: €198 thousand). Impairment losses on inventories were reversed in the amount of €19 thousand (previous year: €187 thousand).

4. Trade receivables

	31 Dec 2015 €k	31 Dec 2014 €k
Trade receivables	16,874	11,178
Less specific valuation allowances	-75	-225
Carrying amount as at 31 Dec	**16,799**	**10,953**

€41 thousand (previous year: €103 thousand) of the reported trade receivables relate to affiliated companies included in consolidation by the parent company MBB SE.

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

The trade receivables are all due within one year. The trade receivables are subject to specific valuation allowances where required. Indications of impairment include unpaid cash receipts and information on changes in customers' creditworthiness. Due to the broad customer base, there is no significant concentration of credit risk.

Receivables from construction contracts recognised in accordance with the PoC method are composed as follows:

	31 Dec 2015 €k	31 Dec 2014 €k
Construction costs incurred		
plus (less) recognised profits (losses)	73,020	72,359
Progress billings	45,865	45,798
Net total		
Amounts due from customers from construction contracts	27,155	26,561
Amounts due to customers from construction contracts	0	0

5. Other current assets

Other assets with maturities within one year break down as follows:

	31 Dec 2015 €k	31 Dec 2014 €k
Tax receivables	480	86
Prepaid expenses	368	60
Project subsidies	202	0
Factoring receivables	89	180
Creditors with debit balance	72	44
Life insurance receivables	34	34
Personal Receivables	34	28
Miscellaneous other current assets	389	274
Carrying amount as at 31 Dec	**1,668**	**706**

Tax receivables consist of corporate income tax and trade tax refunds in the amount of €453 thousand (previous year: €71 thousand) and input tax refunds of €27 thousand (previous year: €15 thousand).

6. Available-for-sale financial assets

The available-for-sale financial assets of the MFT Group include shares and bonds totalling €19,184 thousand (previous year: €10,802 thousand), comprising €7,446 thousand (previous year: €3,169 thousand) in shares reported as non-current assets and €11,738 thousand (previous year: €7,633 thousand) in bonds reported as current assets.

No write-downs were recognised on shares and bonds in the year under review or the previous year. Income from securities, which is reported in other operating income, amounted to €1,072 thousand (previous year: €107 thousand).

7. Deferred taxes

The volume of deferred tax assets and liabilities from temporary differences as at 31 December 2015 and 2014 was as follows.

	31 Dec 2015 €k	31 Dec 2014 €k
Deferred tax assets (unoffset)	3,419	4,542
Deferred tax liabilities (unoffset)	-3,318	-4,190
Total	**101**	**352**

	31 Dec 2015 €k	31 Dec 2014 €k
Temporary differences from:		
Provisions for pensions	2,948	2,970
Other provisions	435	1,533
Property, plant and equipment	33	36
Liabilities	3	3
Deferred tax assets	**3,419**	**4,542**

	31 Dec 2015 €k	31 Dec 2014 €k
Temporary differences from:		
Receivables	3,155	4,135
Securities	108	43
Property, plant and equipment	55	0
Other Assets	0	12
Deferred tax liabilities	**3,318**	**4,190**

After offsetting deferred tax assets against deferred tax liabilities relating to the same tax authorities, deferred tax assets amounted to €405 thousand (previous year: €352 thousand) and deferred tax liabilities amounted to €304 thousand (previous year: €0 thousand).

8. Equity

With regard to the development of equity, please refer to the separate annex to these notes entitled “Statement of changes in consolidated equity for 2015”.

8.1 Share capital

MFT’s share capital amounts to €25,000 and is fully paid-in. 100% of the shares are held by MBB SE.

8.2 Capital reserves

Capital reserves amount to €8,500 thousand (previous year: €8,500 thousand).

8.3 Retained earnings

Difference in equity due to currency conversion

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

The difference arises from the conversion of items of the income statements of subsidiaries that prepared their accounts in a foreign currency at the average rate and conversion of the balance sheet 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 hand.

Reserve for available-for-sale financial assets

The reserves for available-for-sale financial assets result from cumulative gains or losses from the remeasurement of available-for-sale financial assets. These are recognised in the statement of comprehensive income under other income.

Reserve for pensions

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

Reserve for generated consolidated equity

This item comprises the gains generated by the Group less distributed profits. There was a profit distribution of €2,500,000 (previous year: €3,500,000) to the shareholder in the financial year.

8.4 Non-controlling interests

The acquisition of 75% of the shares of the Aumann Group resulted in non-controlling interests of €1,648 thousand.

9. Provisions for pensions and similar obligations

There are pension agreements at MBB Fertigungstechnik GmbH. They relate to 355 employees, 181 of whom are active scheme members. 116 persons are retired and 58 persons have left the scheme. The pension agreements are closed, meaning that no further occupational pension agreements are concluded for new appointments.

	31 Dec 2015 €k	31 Dec 2014 €k
Pension provisions at beginning of the financial year	**16,640**	**12,836**
Utilisation	-350	-320
Addition to provisions (service cost)	443	322
Addition to provisions (interest cost)	379	444
Actuarial gains/losses	-411	3,358
Pension provisions at end of the financial year	**16,701**	**16,640**

Acturial gains in 2015 are due to experience adjustments.

The following actuarial assumptions were applied:

	2015	2014
Actuarial interest rate	2.3%	2.3%
Salary trend	3.0%	3.0%
Pension trend	2.0%	2.0%

The post-employment benefit plans are unfunded. The liabilities correspond to the obligation (DBO).

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

	31 Dec 2015 €k	31 Dec 2014 €k
Addition to provisions (service cost)	-443	-322
Addition to provisions (interest cost)	-379	-444
Total	**-822**	**-766**

The expected pension payments from the pension plans for 2016 amount to €370 thousand.

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

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Interest rate	0.5 %	- 9.57 %	+ 11.15 %
Pension growth rate	0.5 %	+ 6.63 %	- 6.01 %
Life expectancy	+ 1 year	+ 3.4 %	

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

10. Liabilities

Liabilities have the following maturities:

31 Dec 2015	Up to 1 year €k	More than 1 year and up to 5 years €k	Over 5 years €k	Total €k
Liabilities to banks	3,043	6,513	3,275	12,831
Trade payables	9,063	0	0	9,063
Advance payments received	7,760	0	0	7,760
Provisions with the nature of a liability	4,976	0	0	4,976
Other liabilities	2,462	131	0	2,593
As at 31 Dec 2015	**27,304**	**6,644**	**3,275**	**37,223**

31 Dec 2014	Up to 1 year €k	More than 1 year and up to 5 years €k	Over 5 years €k	Total €k
Liabilities to banks	1,022	3,795	1,518	6,335
Trade payables	7,172	0	0	7,172
Provisions with the nature of a liability	3,989	0	0	3,989
Advance payments received	2,790	0	0	2,790
Other liabilities	1,699	0	0	1,699
As at 31 Dec 2014	**16,672**	**3,795**	**1,518**	**21,985**

Liabilities to banks have both fixed and floating interest rates of between 1.74% and 5.90% (previous year: 1.96% and 5.90%). The interest rates of 5.90% were exclusively incurred for brief overdrafts on accounts.

A land charge of €12.1 million (previous year: €10.0 million) has been entered on the factory grounds to secure a bank loan. There was also an assignment of security for a warehouse in the amount of €2 million for a loan that was repaid in 2016.

11. Other liabilities

Other liabilities are composed as follows:

	31 Dec 2015 €k	31 Dec 2014 €k
Current		
Value Added tax	1,499	8
Wage and church tax	407	848
Commissions	259	613
Wages and salaries	37	124
Deferred Income	0	63
Miscellaneous	260	43
	2,462	**1,699**
Non-current		
Leasing obligations	131	0
	131	**0**
Total	**2,593**	**1,699**

12. Provisions

12.1 Other provisions

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

	31 Dec 2014 €k	First-time consolidation €k	Utili-sation €k	Re-versal €k	Addition €k	31 Dec 2015 €k
Long term Provisions						
Partial retirement	339	0	174	0	487	652
Anniversaries	185	0	0	10	6	181
	524	**0**	**174**	**10**	**493**	**833**
Accruals and short term provisions						
Subsequent cost provision	12,814	0	8,802	3,022	7,368	8,358
Warranty costs	3,841	2,184	2,201	2,593	2,663	3,894
Flexitime	2,022	0	255	25	123	1,865
Outstanding invoices	1,528	322	1,592	0	2,046	2,304
Variable salary and commission	1,018	332	1,035	90	1,189	1,414
Holiday	731	459	334	0	358	1,214
Provision for onerous contracts	569	138	254	25	101	529
Penalties	0	396	396	0	206	206
Reduction in earnings	111	43	5	0	35	184
Accounting & audit costs	108	41	7	0	7	149
Filling	0	54	0	0	3	57
Employers' liability insurance association	0	32	0	0	11	43
Miscellaneous	0	20	0	0	5	25
	22,742	**4,021**	**14,881**	**5,755**	**14,115**	**20,242**
	23,266	**4,021**	**15,055**	**5,765**	**14,608**	**21,075**

The provision for subsequent costs relates to various projects at MBB Fertigungstechnik GmbH and the 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 was recognised in accordance with the “Altersteilzeit FlexÜ” works agreement of 11 June 2014.

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

12.2 Tax provisions

Tax provisions are broken down as follows:

	31 Dec 2015 €k	31 Dec 2014 €k
Trade income tax	1,202	2,027
Corporate income tax	212	41
Carrying amount as at 31 Dec.	**1,414**	**2,068**

13. Lease and rental obligations

13.1 Operating leases and rent

	31 Dec 2015 €k	31 Dec 2014 €k
As at the balance sheet date, the Group has outstanding obligations from operating leases that are due as follows:		
Up to one year	878	333
More than one year and up to five years	442	154
Over five years	0	0
	1,320	**487**
As at the balance sheet date, the Group has outstanding obligations from rent due as follows:		
Up to one year	462	330
More than one year and up to five years	237	191
Over five years	0	0
	699	**521**
Expenses during review-period from operating leases and rent	502	495

The minimum lease payments from operating leases relate primarily 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 utilised under finance leases for the first time:

	2015 €k
Intangible Assets	
Cost on 1 Jan	0
Additions due to Acquisition	78
Cost on 31 Dec	**78**
Write-downs on 1 Jan	0
Additions	-5
Write-downs on 31 Dec	**-5**
Carrying amount as at 31 Dec	**73**

	2015 €k
Technical equipment and machinery	
Cost on 1 Jan	0
Additions due to Acquisition	31
Cost on 31 Dec	**31**
Write-downs on 1 Jan	0
Additions	-2
Write-downs on 31 Dec	**-2**
Carrying amount as at 31 Dec	**29**
Operating and office equipment	
Cost on 1 Jan	0
Additions due to Acquisition	86
Cost on 31 Dec	**86**
Write-downs on 1 Jan	0
Additions	-4
Write-downs on 31 Dec	**-4**
Carrying amount as at 31 Dec	**82**

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

	up to 1 year €k	between 1 and 5 years €k	More than 5 years €k
Lease payments	69	138	0
Discounts	7	7	0
Present values	**62**	**131**	**0**

III. Notes to the statement of comprehensive income

1. Revenue

Revenue amounted to €93.4 million in the 2015 financial year (previous year: €96.1 million). €90.2 million (previous year: €95.8 million) of this figure related to the application of the PoC method. Thereof revenue from Services amounts to €3.7 million (previous year: €2.2 million).

The following table shows a breakdown of revenue by region.

	2015	2014
	€k	€k
Europe	87,008	78,169
China	4,802	12,281
NAFTA	1,140	270
Miscellaneous	465	5,424
Total	**93,415**	**96,144**

The MFT Group recorded incoming orders of €141.2 million in the 2015 financial year, of which €115.2 million related to the Classic segment and €26.0 million to the E-mobility segment.

The Group had an order backlog of €98.1 million as at 31 December 2015, of which €77.3 million related to the Classic segment and €20.8 million to the E-mobility segment.

2. Other operating income

	2015	2014
	€k	€k
Income from		
securities	1,072	107
susidies	153	0
the reversal of provisions	153	64
credit notes and compensation	100	73
exchange rate gains	54	17
the reversal of valuation allowances on receivables	34	338
sale of property, plant and equipment	20	10
Release of liability	0	179
Miscellaneous	64	157
Total	**1,650**	**945**

3. Other operating expenses

	2015 €k	2014 €k
Legal and consulting	1,474	1,384
Maintenance expenses	900	1,132
Other services	678	706
Travel costs/vehicle costs	626	517
Rental agreements and leasing	502	495
Expenses from securities transactions	373	95
IT cost	289	495
Costs for telephone, post and data communication	246	157
Insurance	99	249
Advertising costs	99	56
Contributions and fees	89	80
Incidental costs for monetary transactions	76	18
Canteen	58	58
Office supplies	34	77
Waranty Cost	0	288
Write-downs charged on receivables	0	100
Donations	0	4
Miscellaneous	50	391
Total	**5,593**	**6,302**

Legal and consulting costs include the cost allocation by MBB SE (see note VII.3.2) and the remuneration of Mr Anton Breitkopf, whose management salary is billed via Tolea GmbH.

4. Finance income

	2015 €k	2014 €k
Interest income from securities	558	430
Other interest and similar income	19	20
Total	**577**	**450**

5. Finance costs

	2015 €k	2014 €k
Other interest and similar expenses	631	706
Aval interest	260	338
Total	**891**	**1,044**

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.

The reconciliation of income tax expense and the accounting net profit multiplied by the Group's applicable tax rate for the 2015 and 2014 financial years is as follows:

	2015 €k	2014 €k
Corporate income tax	1,834	1,341
Trade income tax	1,357	1,252
Deferred taxes	-519	379
Other tax expense	37	32
Total	**2,709**	**3,004**

	2015 €k	2014 €k
Consolidated income before taxes and minority interests	9,876	9,149
Taxes on income	2,672	2,972
Current tax rate	**27.1%**	**32.5%**

	2015 €k	2014 €k
Profit from ordinary activities	9,876	9,149
Other taxes	-37	-32
Applicable (statutory) tax rate	30.3%	30.3%
Expected tax income/expense	2,976	2,758
Not taxable income		
unused loss carryforward	0	180
from the sale of securities	-324	-32
other effects	20	66
Current tax expenses	**2,672**	**2,972**

IV. Segment reporting

1. Information by segment

Following the acquisition of the Aumann companies, segment reporting was prepared for the first time using 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. MFT's management reports two operating segments: E-mobility and Classic.

E-mobility segment

The E-mobility segment primarily develops, produces and distributes special machinery and automated production lines for vehicle electrification. This involves the use of direct winding technologies – e.g. linear winding, flyer winding, needle winding and continuous hairpin – and complex automation solutions for related processes. Our solutions are primarily aimed at allowing customers to produce highly efficient, state-of-the-art traction e-motors on an industrial scale. We also offer special machinery and production lines for the manufacture of electrically powered vehicles, especially energy storage systems. Our production solutions are supplemented by services including maintenance, repairs, parts supply and engineering.

Classic segment

The Classic segment primarily develops, produces and distributes special machinery and automated production lines for the automotive, aviation, rail, consumer goods, agricultural and clean technology industries. Our solutions include machines for producing 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 CO2 emissions of their vehicle fleet. We also offer assembly and logistics solutions, transport facilities and supplementary services including maintenance, repairs, parts supply, alignment, prototype development and first-series and small-series parts production.

Segment results

The accounting policies applied in segment reporting correspond to the accounting policies described in point I. 4. The segment result is 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 balance sheet items for segment controlling are receivables and advance payments received.

1 Jan - 31 Dec 2015	Classic	E-mobility	Reconciliati-on	Group
	€k	€k	€k	€k
Revenue from third parties	87,711	5,704	0	93,415
Other segments	0	0	0	0
Total revenue	**87,711**	**5,704**	**0**	**93,415**
EBITDA	**9,739**	**1,673**	**-170**	**11,242**
Amortisation and depreciation	-966	-85	0	-1,052
EBIT	**8,773**	**1,587**	**-170**	**10,190**
Net finance cost	-837	-53	576	-314
EBT	**7,936**	**1,534**	**407**	**9,876**
EBT margin	*9.1%*	*26.9%*		10.6%
Trade receivables and				
Receivables from construction contracts	**35,318**	**8,636**	**0**	**43,954**
Advance payments received	**6,776**	**984**	**0**	**7,760**

Reconciliation of EBIT to net profit for the year	2015
	€k
Total EBT of the segments	**9,876**
Taxes on income	-2,672
Other taxes	-37
PAT (profit after tax)	7,167
Non Controlling Interests	-247
Net profit for the period	**6,920**

Reconciliation of segment assets to assets	2015 €k
Classic segment	35,318
E-mobility segment	8,636
Total segment receivables	**43,954**
Intangibles	11,243
Fixed assets	13,523
Financial Assets	7,446
Deferred tax assets	405
Inventories	3,348
Current funds	24,336
Other assets	1,668
Total assets	**105,923**

Reconciliation of segment advanced payments received to equity and liabilities	2015 €k
Classic segment	6,776
E-mobility segment	984
Total segment advanced payments received	**7,760**
Consolidated equity	34,182
Pension provisions	16,701
Other provisions	16,099
Deferred tax liabilities	304
Trade payables	9,063
Provisions with the nature of a liability	4,976
Tax provision	1,414
Liabilities to banks	12,831
Other liabilities	2,593
Total equity and liabilities	**105,923**

Major Customers

Revenues with two major customers amount to €k29,689 (2015: €k37,033) of group total revenue. Revenues with one customer amount to €k15,881, these revenues are attributable to both segments. Revenues with the other customer amount to €k13,808, these revenues are only attributable to the Classic segment.

2. Information by region

2.1 Revenue from external customers

A regional breakdown of revenue from external customers is shown under revenue.

2.2 Non-current assets

The MFT Group's non-current assets are located primarily in Europe. The non-current assets of our subsidiary in China amounted to €466.2 thousand at year-end (previous year: €553.1 thousand).

V. Notes to the consolidated cash flow statement

The cash flow statement was prepared in accordance with IAS 7. The cash flows in the cash flow statement are presented separately broken down into “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 cash flow statement was prepared using the indirect method.

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

VI. Objectives and methods of financial risk management

1. Financial assets and financial liabilities

The Group’s existing financial liabilities primarily include current and non-current liabilities to banks, current trade payables and other current and non-current liabilities. The Group’s financial assets are mainly 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 €48,581 thousand in the year under review (previous year: €47,462 thousand). Business relationships are entered into with creditworthy contractual partners only. Trade receivables exist for a number of customers spread over 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. No valuation allowances were made for trade receivables that were overdue at the balance sheet date if no material changes in the customer’s creditworthiness were determined and it is assumed that the outstanding amount will be paid.

For details of the maturities of financial liabilities, see II.10. “Liabilities” and II.11 “Other liabilities”.

The valuation of the financial assets and liabilities of the MFT Group is presented under I.4.10 “Financial investments and other financial assets” and I.4.13 “Financial liabilities” and in the discussion of the Group’s general accounting principles.

The Group uses fair value measurement for securities classified as available for sale. The Group had no financial liabilities at fair value through profit or loss at either this reporting date or the last reporting date. Derivatives and hedging transactions were not entered into. There were no reclassifications.

2. Capital risk management

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

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

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

	31 Dec 2015	31 Dec 2014
Equity in € thousand	34,182	27,655
- in % of total capital	32.3%	31.6%
Liabilities in € thousand	71,741	59,969
- in % of total capital	67.7%	68.4%
Current liabilities in € thousand	43,984	37,492
- in % of total capital	41.5%	42.8%
Non-current liabilities in € thousand	27,757	22,477
- in % of total capital	26.2%	25.7%
Net gearing*	1.2	0.8

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

The agreement of multiple financial covenants when taking up loans means that the Group and individual portfolio companies are required to comply with certain equity ratios.

3. Financial risk management

Financial risk is monitored centrally by the management. 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 entered into solely with creditworthy contractual partners.

Assessments from independent rating agencies, other financial information and trading records are used to assess creditworthiness, especially of major customers. In addition, receivables are monitored on an ongoing basis to ensure that the MFT 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 balance sheet.

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 may result from changes in exchange rates (exchange rate risks) or interest rates (interest rate risks). Due to the estimation of exchange rate risks, no foreign exchange contracts were entered into for the Group as at 31 December 2015. The Group invoices mainly in euro or the respective local currency, thereby 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 MFT 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. In the case of 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. Management

The management consisted of the following persons in 2015:

- Anton Breitkopf, Cologne, businessman,
- Dr Christof Nesemeier, Berlin, businessman (until 8 January 2015)
- Ludger Martinschledde, Rietberg, engineer (from 8 January 2015)
- Rolf Beckhoff, Verl, engineer (from 8 January 2015)

Anton Breitkopf is a member of the Executive Management of MBB SE and the Supervisory Board of Delignit AG and DTS IT AG.

Dr Christof Nesemeier is a member of the Board and the Chief Executive Officer of MBB SE and the Chairman of the Supervisory Board of Delignit AG.

Ludger Martinschledde is a managing director of MBB Fertigungstechnik GmbH.

Rolf Beckhoff is a managing director of MBB Fertigungstechnik GmbH.

Management remuneration amounted to €667 thousand in 2015 (previous year: €120 thousand).

2. Group companies

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

3. Related party transactions

Related parties are considered to be those enterprises and persons with the ability to control the MFT Group or exercise significant influence over its financial and operating decisions.

3.1 Related persons

As a managing partner of the Aumann companies, Mr Ingo Wojtynia is also considered to be a related person. Other than management activities, there were no transactions with management or other related persons.

3.2 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 the consolidation and are not shown in this notes and are of subordinate significance and typical of the industry.

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

MBB Technologies GmbH, Beelen, paid MBB SE, Berlin, €669 thousand for consulting services in the 2015 financial year (2014: €660 thousand).

4. Employees

The Group employed 475 people as at the end of the reporting period (previous year: 326), therof 6 managing directors (previous year: 4). In addition the group employed 44 apprentices (previous year: 35) and 46 (previous year: 27) temporary workers. It employed 348 people on average over the year (previous year: 318).

5. Events after the reporting date

There were no events requiring disclosure after the reporting date.

6. Other financial obligations

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

Beelen, 31 October 2016

Anton Breitkopf

Ludger Martinschledde

Rolf Beckhoff

Auditor's Report

Auditor's report

To MBB Technologies GmbH:

We have audited the IFRS consolidated financial statements prepared by MBB Technologies GmbH – consisting of the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements for the financial year from 1 January to 31 December 2015. The preparation of the consolidated financial statements in accordance with the IFRS as adopted by the EU is the responsibility of the legal representatives of MBB Technologies GmbH. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Groups account and the IFRS consolidated financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the financial statements of the entities included in the consolidated financial statements, the determination of entities to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRS as adopted by the EU and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements.

Düsseldorf, 31 October 2016

RSM Verhülsdonk GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

signed	signed
Grote	Weyers
Wirtschaftsprüfer	Wirtschaftsprüfer

24.3 Audited Consolidated Financial Statements of the Aumann Group prepared in accordance with IFRS as of and for the financial year ended 31 December 2014

Consolidated statement of comprehensive income

IFRS Consolidated Financial Statements for 2014

IFRS consolidated statement of comprehensive income	Notes	1 Jan - 31 Dec 2014 €k	1 Jan - 31 Dec 2013 €k
Revenue	III.1.	**96,144**	**102,995**
Operating performance		**96,144**	**102,995**
Other operating income	III.2.	945	834
Total performance		**97,089**	**103,829**
Cost of raw materials and supplies		-50,511	-55,605
Cost of purchased services		-3,750	-5,051
Cost of materials		**-54,261**	**-60,656**
Wages and salaries		-17,536	-17,196
Social security and pension costs		-8,330	-7,382
Staff costs		**-25,866**	**-24,578**
Other operating expenses	III.3.	-6,302	-5,895
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)		**10,660**	**12,700**
Amortisation and depreciation expense	II.1.	-917	-894
Earnings before interest and taxes (EBIT)		**9,743**	**11,806**
Write-downs on securities	II.5.	0	-49
Other interest and similar income	III.4.	450	359
Interest and similar expenses	III.5.	-1,044	-1,101
Net finance costs		**-594**	**-791**
Earnings before taxes (EBT)		**9,149**	**11,015**
Income tax expense	III.6.	-2,972	-2,808
Other taxes	III.6.	-32	-32
Consolidated net profit		**6,145**	**8,175**

IFRS consolidated statement of comprehensive income	Notes	1 Jan - 31 Dec 2014 €k	1 Jan - 31 Dec 2013 €k
Consolidated net profit		**6,145**	**8,175**
Items that may be reclassified subsequently to profit and loss			
Currency translation changes		80	-18
available-for-sale financial assets	II.7.3	123	142
Deferred Tax Liabilities		2	-72
Items that will not be reclassified to profit and loss			
Remeasurement of defined benefit obligation	II.7.3	-3,358	901
Deferred Tax Liabilities		1,015	-272
Other comprehensive income after taxes		**-2,138**	**681**
Comprehensive income for the reporting period		**4,007**	**8,856**

Consolidated statement of financial position

Statement of financial position Assets (IFRS)	Notes	31 Dec 2014 audited €k	31 Dec 2013 audited €k
Non-current assets			
Concessions, industrial property rights and similar rights	II.1.	1,070	1,067
Intangible assets		**1,070**	**1,067**
Land and buildings including buildings on third-party land	II.1.	7,409	7,497
Technical equipment and machinery	II.1.	328	196
Other equipment, operating and office equipment	II.1.	1,000	765
Advance payments and assets under development	II.1.	334	432
Property, plant and equipment		**9,071**	**8,890**
Financial assets	II.5.	**3,169**	**1,029**
Deferred tax assets	II.6.	**352**	**0**
		13,662	**10,986**
Current assets			
Raw materials and supplies	II.2.	447	197
Finished goods	II.2.	211	215
Advance payments	II.2.	1,344	1,754
Inventories		**2,002**	**2,166**
Trade receivables	II.3.	10,953	13,957
Receivables from construction contracts	II.3.	26,561	22,988
Other current assets	II.4.	706	946
Trade receivables and other current assets		**38,220**	**37,891**
Securities	II.5.	7,633	7,498
Available-for-sale financial assets		**7,633**	**7,498**
Cash in hand	V.	6	3
Bank balances	V.	26,101	29,997
Cash in hand, bank balances		**26,107**	**30,000**
		73,962	**77,555**
Total assets		**87,624**	**88,541**

Statement of financial position Equity and liabilities (IFRS)	Notes	31 Dec 2014 audited €k	31 Dec 2013 audited €k
Equity			
Issued capital	II.7.1	25	25
Capital reserves	II.7.2	8,500	8,500
Retained earnings	II.7.3	19,130	18,623
		27,655	**27,148**
Non-current liabilities			
Pension provisions	II.8.	16,640	12,836
Liabilities to banks	II.9.	5,313	8,383
Other provisions	II.11.	524	687
Deferred tax liabilities	II.6.	0	286
		22,477	**22,192**
Current liabilities			
Other provisions	II.11.	18,752	15,096
Trade payables	II.9.	7,172	6,190
Provisions with the nature of a liability	II.11.	3,989	5,856
Advance payments received	II.9.	2,790	2,535
Tax provisions	II.11.	2,068	5,990
Other liabilities	II.10.	1,699	2,369
Liabilities to banks	II.9.	1,022	1,165
		37,492	**39,201**
Total equity and liabilities		**87,624**	**88,541**

Consolidated statement of cash flows

Consolidated statement of cash flows	1 Jan - 31 Dec 2014 €k	1 Jan - 31 Dec 2013 €k
1. Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	**9,743**	**11,806**
Adjustments for non-cash transactions		
Write-downs on non-current assets	917	894
Increase (+)/decrease (-) in provisions	3,495	3,579
Gains (+)/ Losses (-) from disposal of PPE	-10	-85
Other non-cash expenses/income	-83	-18
	4,319	**4,370**
Change in working capital:		
Increase (-)/decrease (+) in inventories, trade receivables and other assets	-762	420
Decrease (-)/increase (+) in trade payables and other liabilities	-1,300	-10,730
	-2,062	**-10,310**
Income taxes paid	-5,950	-794
Interest received	450	359
	-5,500	**-435**
Cash flow from operating activities	**6,500**	**5,431**
2. Cash flow from investing activities		
Investments in (-)/divestments of (+) intangible assets	-396	-665
Investments in (-)/divestments of(+) property, plant and equipment	-542	-770
Investments in (-)/ divestments of (+) available-for-sale financial assets and securities	-2,152	-4,138
Cash from disposal of assets	10	85
Cash flow from investing activities	**-3,080**	**-5,488**
3. Cash flow from financing activities		
Profit distribution to shareholders	-3,500	-57
Repayment of capital to shareholders	0	-1,500
Proceeds from borrowing financial loans	263	9,548
Repayments of financial loans	-3,476	0
Interest payments	-600	-668
Cash flow from financing activities	**-7,313**	**7,323**
Cash and cash equivalents at end of period		
Change in cash and cash equivalents (Subtotal 1-3)	-3,893	7,266
Cash and cash equivalents at start of reporting period	30,000	22,734
Cash and cash equivalents at end of period	**26,107**	**30,000**
Composition of cash and cash equivalents		
Cash in hand	6	3
Bank balances	26,101	29,997

Reconciliation to liquidity reserve on 31 Dec	2014	2013
Cash and cash equivalents at end of period	26,107	30,000
Securities	10,802	8,527
Liquidity reserve on 31 Dec	**36,909**	**38,527**

Consolidated statement of changes in equity

Statement of changes in consolidated equity							
			Retained earnings				
	Issued capital	Capital reserves	Currency translation difference	Available for sale financial assets	Pension Reserve	Generated consolidated equity	Consolidated equity
	€k	€k	€k	€k	€k	€k	€k
1 Jan 2013	**25**	**10,000**	**0**	**29**	**0**	**9,795**	**19,849**
Dividends paid	0	0	0	0	0	-57	-57
Subtotal	**0**	**0**	**0**	**0**	**0**	**-57**	**-57**
Amounts recognised in other comprehensive income	0	0	0	70	629	0	699
Currency translation difference	0	0	-18	0	0	0	-18
Consolidated net profit	0	0	0	0	0	8,175	8,175
Total comprehensive income	**0**	**0**	**-18**	**70**	**629**	**8,175**	**8,856**
Repayment of capital to shareholders	0	-1,500	0	0	0	0	-1,500
31 Dec 2013	**25**	**8,500**	**-18**	**99**	**629**	**17,913**	**27,148**
Dividends paid	0	0	0	0	0	-3,500	-3,500
Subtotal	**0**	**0**	**0**	**0**	**0**	**-3,500**	**-3,500**
Amounts recognised in other comprehensive income	0	0	0	125	-2,343	0	-2,218
Currency translation difference	0	0	80	0	0	0	80
Consolidated net profit	0	0	0	0	0	6,145	6,145
Total comprehensive income	**0**	**0**	**80**	**125**	**-2,343**	**6,145**	**4,007**
31 Dec 2014	**25**	**8,500**	**62**	**224**	**-1,714**	**20,558**	**27,655**

Notes

Notes to the Consolidated Financial Statements for 2014

I. Methods and principles

1. Basic accounting information

1.1 Information on the Company

MBB Technologies GmbH (until 24 April 2013: MBB Fertigungstechnik Beelen GmbH, Berlin, hereinafter also referred to as “MFT”), is domiciled at Dieselstrasse 6, 48361 Beelen, Germany. It is entered in the commercial register of the Münster District Court under HRB 14437. It is the parent company of the MFT Group.

MFT is a leading international supplier of plants for the automotive industry and other industries.

The consolidated financial statements of MFT for the 2014 financial year were approved by the shareholders on 31 October 2016.

1.2 Accounting policies

MBB Technologies GmbH prepares its consolidated financial statements in accordance with IFRS. The consolidated financial statements for the year ended 31 December 2014 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 reporting date. 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 IAS/IFRS/IFRIC are required to be applied for the first time or in a revised version in the 2014 financial year. Unless stated otherwise, they predominantly have no or only a minor effect on the consolidated financial statements of MFT:

Regulation	Title	Effects
IFRS 10	Consolidated Financial Statements	minor
IFRS 11	Joint Arrangements	none
IFRS 12	Disclosure of Interests in Other Entities	minor
IAS 36	Recoverable Amount Disclosures	minor
IAS 39	Novation of Derivatives	none
IAS 32	Offsetting Financial Assets and Financial Liabilities	minor
IAS 28	Investments in Associates and Joint Ventures	none

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

Regulation	Title	Publication	Application	Endorsement	Effect
IAS 19	Employee Benefits	21/11/2013	01/07/2014	no	is being reviewed
IFRS 9	Financial Instruments	16/12/2011	01/01/2015	no	is being reviewed
IFRIC 21	Levies	20/05/2013	17/06/2014	yes	no material effects
IFRS 14	Regulatory Deferral Accounts	30/01/2014	01/01/2016	no	is being reviewed
IFRS 9	Financial Instruments - Classification and Measurement	28/10/2010	01/01/2015	no	Accounting of fair value changes
IFRS 11	Joint Arrangements	06/05/2014	01/01/2016	no	is being reviewed
IAS 16	Property, plant and equipment	12/05/2014	01/01/2016	no	is being reviewed
IAS 38	Intangible Assets	12/05/2014	01/01/2016	no	is being reviewed
IFRS 15	Revenue from Contracts with Customers	12/05/2014	01/01/2017	no	is being reviewed
IAS 16	Property, plant and equipment	30/06/2014	01/01/2016	no	no material effects
IAS 41	Agriculture	30/06/2014	01/01/2016	no	no material effects
IFRS 9	Financial Instruments	24/07/2014	01/01/2018	no	is being reviewed
IFRS 10	Consolidated Financial Statements	11/09/2014	01/01/2016	no	is being reviewed
IAS 28	Investments in Associates and Joint Ventures	11/09/2014	01/01/2016	no	is being reviewed
IAS 1	Presentation of Financial Statements	18/12/2014	01/01/2016	no	is being reviewed
	Amendments to IFRS 10, IFRS 12, IAS 28	18/12/2014	01/01/2016	no	is being reviewed
	Annual Improvements 2012 - 2014	25/09/2014	01/01/2016	no	is being reviewed
	Annual Improvements 2011 - 2013	12/12/2013	01/01/2015	yes	no material effects
	Annual Improvements 2010 - 2012	12/12/2013	01/07/2014	no	is being reviewed

2. Scope of consolidation

In addition to the parent company MBB Technologies GmbH, 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)	
MBB Technologies GmbH, Beelen, Germany	**100.00**
MBB Fertigungstechnik Beelen GmbH, Beelen, Germany	**100.00**
MBB Technologies (China) Ltd. Changzhou, China	100.00

3. Principles of consolidation

The consolidated financial statements comprise the financial statements of MBB Technologies GmbH and its subsidiaries as at 31 December of each financial year. The financial statements of the subsidiaries are prepared using uniform accounting policies at the same balance sheet date 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 over which MBB Technologies GmbH exercises control. 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 fully consolidated from the date on which the parent has the possibility of controlling the subsidiary and ends when this possibility no longer exists.

Capital consolidation 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 balance sheet. If the acquisition cost exceeds the fair value of the net assets attributable to the Group, the difference is capitalised as goodwill.

If the fair value of the net assets attributable to the Group is higher than the acquisition cost of the shares, this results in a bargain purchase. If this bargain purchase remains after another review of the purchase price allocation and/or determination of the fair value of the acquired assets, liabilities and contingent liabilities, it must be recognised in income immediately. 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.

4. Presentation of accounting policies

4.1 General

With the exception of the marking-to-market 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 balance sheet was 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 (€k) in line with standard commercial practice. The amounts are stated in euro (€), thousands of euro (€k) 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 each reporting date using the closing rate. All exchange differences are recognised in income.

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 subsidiaries 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 2014	Average rate 2014
Chinese renminbi (CNY)	7.4556	8.1864
	Closing rate 31 Dec 2013	Average rate 2013
Chinese renminbi (CNY)	8.4175	8.0000

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.

Costs for research activities are charged as expenses in the period in which they are incurred.

For the purposes of subsequent measurement, intangible assets are recognised at cost less accumulated amortisation and accumulated impairment losses (reported under amortisation). Intangible assets (excluding 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.

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.

Costs incurred in order 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 differential value between the net disposal proceeds and the carrying amount of the asset and recognised in income in the period in which the asset is disposed of.

4.5 Property, plant and equipment

Property, plant and equipment is recognised at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price and other non-refundable purchase taxes incurred in connection with the purchase as well as all directly attributable costs incurred to bring the asset to its location and to bring it to working condition for its intended use. Subsequent expenditure, such as servicing and maintenance costs, that is incurred after the non-current asset is put into operation is expensed in the period in which it is incurred. If it is likely that expenditure will lead to additional future economic benefits to the Company in excess of the originally assessed earnings power of the existing asset, the expenditure is capitalised as additional acquisition 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 acquisition cost and the accumulated depreciation is derecognised. Any realised gain or loss from the disposal is reported in the statement of comprehensive income. The profit or loss resulting from the sale of an item of property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognised in income.

4.6 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 at the balance sheet date are reported separately in the balance sheet 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.

4.7 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.

4.8 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 income.

An adjustment in income of an impairment recognised as an expense in previous years is carried out for an asset (except for goodwill) if there are indications that the impairment no longer exists or may have decreased. The reversal is recorded in the income statement as income. However, the value increase (or reduction in the impairment) of an asset is recognised only 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 into account depreciation effects).

4.9 Financial investments and other financial assets

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

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

As at 31 December 2014, the Group had extended loans and receivables and available-for-sale financial assets.

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

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

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

After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised in a separate item of equity. On the date when the financial investment is derecognised or an impairment on the financial investment is ascertained, the accumulated gain or loss previously recognised in equity is recognised in the income statement. The fair value of investments traded on organised markets is calculated by reference to the buying rate quoted on the stock exchange on the balance sheet date. Market values were available for the available-for-sale financial assets reported by the Group as at 31 December 2014 and 2013.

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

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

4.10 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 on the balance sheet date. The cost of finished goods and work in progress, in addition to the cost of materials used in construction, labour and pro rata material and production overheads, is taken into account assuming normal capacity utilisation.

Appropriate valuation allowances were recognised for inventory risks from storage periods and reduced usability.

4.11 Cash and cash equivalents

Cash and cash equivalents shown in the balance sheet 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 cash flow statement are delimited in accordance with the above definition.

4.12 Financial liabilities

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

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

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

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

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

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

4.13 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 forming the provision is reported in the income statement less the refund.

Provisions are reviewed at each balance sheet date and adjusted to the current best estimate. The amount of the provision corresponds to the present value of the expenses expected to be required to fulfil the obligation if the related interest effect is material. The increase in the provision over time is recognised as interest expense.

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

4.14 Pensions and other post-employment benefits

The pension obligations calculated at MBB Fertigungstechnik GmbH are recognised in accordance with IAS 19. Payments for defined contribution pension plans are expensed. In the case of defined benefit pension plans, the obligation is recognised as a pension provision in the balance sheet. These pension commitments are regarded as defined benefit plan commitments and are therefore measured actuarially 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.

4.15 Revenue recognition

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

a) Sale of goods and products, performance of services

Revenue is recognised when the significant risks and rewards of ownership of the goods and products sold have been transferred to the buyer. This generally takes place when the goods and products are delivered or accepted by the end customer. Revenue from service transactions is recognised only when it is sufficiently probable that the economic benefits associated with the transaction will flow to the Group. It is recognised in the accounting period in which the services in question are performed.

b) Construction contracts

In the MFT Group, the percentage-of-completion (PoC) method is applied at MBB Fertigungstechnik GmbH and MBB Technologies (China) Ltd. in accordance with IAS11. 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 balance sheet date. The degree of completion is calculated as the ratio of the contract costs incurred up until the balance sheet date to the total estimated contract costs as at the balance sheet date (cost-to-cost method). Construction contracts accounted for using the PoC method are recognised as receivables from construction contracts in the amount of the contract costs incurred up until the balance sheet date plus the proportionate profit resulting from the degree 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 balance sheet date.

b) Deferred taxes

In accordance with IAS 12, deferred taxes are recognised using the liability method for temporary differences at the balance sheet date between the carrying amount of an asset or liability in the balance sheet 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 on every balance sheet date 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 on every balance sheet date and recognised to the extent that it has become probable that taxable result in the 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 balance sheet date. Future changes in the tax rates must be taken into account at the balance sheet date 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 determined as at the balance sheet date and the presentation of expenses and income. The actual amounts may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date 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

At each balance sheet date, the Group determines whether there are indications of impairment of nonfinancial assets. 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, the 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 balance sheet date. The actual obligation may differ from the amounts set aside as provisions.

d) Deferred tax assets

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

e) Recognition of contract revenue

The majority of the transactions conducted by MBB Fertigungstechnik GmbH take the form of construction contracts that are recognised using the percentage-of-completion method, meaning that revenue is recognised in accordance with the degree of completion of the respective contract. This method requires that the degree of completion be estimated. Depending on the method applied in determining the degree of completion, the material estimates may relate to 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 balance sheet

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 MFT Group as at 31 December 2014

	31 Dec 2014	Total cost €k	Additions in the financial year €k	Reclassi-fication €k	Disposals in the financial year €k	Exchange differences €k	Write downs (full amount) €k	Carrying mount at the end of financial year €k	Carrying mount at the begin-ning of financial year €k	Write downs in the financial year €k	Disposals of write downs €k	Exchange differences €k
I.	**Intangible assets**											
	Concessions, industrial property rights and similar rights	1,563	396	0	0	0	889	1,070	1,067	393	0	0
		1,563	**396**	**0**	**0**	**0**	**889**	**1,070**	**1,067**	**393**	**0**	**0**
II.	**Property, plant and equipment**											
1.	Land and buildings including buildings on third-party land	7,957	0	0	0	0	548	7,409	7,497	199	111	0
2.	Technical equipment and machinery	253	108	69	61	6	47	328	196	51	62	1
3.	Other equipment, operating and office equipment	1,128	249	260	126	0	511	1,000	765	274	126	0
4.	Advance payments and assets under development	432	185	-329	0	46	0	334	432	0	0	0
		9,770	**542**	**0**	**187**	**52**	**1,106**	**9,071**	**8,890**	**524**	**299**	**1**
	Total	**11,333**	**938**	**0**	**187**	**52**	**1,995**	**10,141**	**9,957**	**917**	**299**	**1**

1.2 Statement of changes in non-current assets of the MFT Group as at 31 December 2013

	31 Dec 2013	Total cost	Additions in the financial year	Reclassi-fication	Disposals in the financial year	Exchange differences	Write downs (full amount)	Carrying mount at the end of financial year	Carrying mount at the begin-ning of financial year	Write downs in the financial year	Disposals of write downs	Exchange differences
		€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
I.	**Intangible assets**											
	Concessions, industrial property rights and similar rights	898	665	0	0	0	496	1,067	690	288	0	0
		898	**665**	**0**	**0**	**0**	**496**	**1,067**	**690**	**288**	**0**	**0**
II.	**Property, plant and equipment**											
1.	Land and buildings including buildings on third-party land	7,957	0	0	0	0	460	7,497	7,759	263	1	0
2.	Technical equipment and machinery	157	96	0	0	0	57	196	133	33	0	0
3.	Other equipment, operating and office equipment	1,084	267	0	223	0	363	765	823	310	208	0
4.	Advance payments and assets under development	11	421	0	0	0	0	432	11	0	0	0
		9,209	**784**	**0**	**223**	**0**	**880**	**8,890**	**8,726**	**606**	**209**	**0**
	Total	**10,107**	**1,449**	**0**	**223**	**0**	**1,376**	**9,957**	**9,416**	**894**	**209**	**0**

2. Inventories

	31 Dec 2014 €k	31 Dec 2013 €k
Raw materials and supplies	447	197
Finished goods	211	215
Advance payments	1,344	1,754
Carrying amount as at 31 Dec	**2,002**	**2,166**

Impairment losses of €198 thousand were recognised on inventories in the period under review (previous year: €53 thousand). Impairment losses on inventories were reversed in the amount of €187 thousand (previous year: €0 thousand).

3. Trade receivables

	31 Dec 2014 €k	31 Dec 2013 €k
Trade receivables	11,178	14,308
Less specific valuation allowances	-225	-351
Carrying amount as at 31 Dec	**10,953**	**13,957**

€103 thousand (previous year: €0 thousand) of the reported trade receivables relate to affiliated companies included in consolidation by the parent company MBB Industries AG (MBB SE since March 9, 2015).

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

The trade receivables are all due within one year. The trade receivables are subject to specific valuation allowances where required. Indications of impairment include unpaid cash receipts and information on changes in customers' creditworthiness. Due to the broad customer base, there is no significant concentration of credit risk.

Receivables from construction contracts recognised in accordance with the PoC method are composed as follows:

	31 Dec 2014 €k	31 Dec 2013 €k
Construction costs incurred		
plus (less) recognised profits (losses)	72,359	64,438
Progress billings	45,798	41,450
Net total		
Amounts due from customers from construction contracts	26,561	22,988
Amounts due to customers from construction contracts	0	0

4. Other current assets

Other assets with maturities within one year break down as follows:

	31 Dec 2014 €k	31 Dec 2013 €k
Factoring receivables	180	54
Tax receivables	86	722
Prepaid expenses	60	71
Creditors with debit balance	44	22
Life insurance receivables	34	34
Personal Receivables	28	21
Miscellaneous other current assets	274	22
Carrying amount as at 31 Dec	**706**	**946**

Tax receivables essentially consist of corporate income tax and trade tax refunds in the amount of €71 thousand (previous year: €668 thousand) and input tax refunds of €15 thousand (previous year: €54 thousand).

5. Available-for-sale financial assets

The available-for-sale financial assets of the MFT Group include shares and bonds totalling €10,802 thousand (previous year: €8,527 thousand), €3,169 thousand (previous year: €1,029 thousand) of which in shares reported as non-current assets and €7,633 thousand (previous year: €7,498 thousand) of which in bonds reported as current assets.

In the year under review, write-downs were recognised on shares in the amount of €0 thousand (previous year: €8 thousand) and bonds in the amount of €0 thousand (previous year: €41 thousand). This was offset by income from securities in the amount of €107 thousand (previous year: €75 thousand), which is reported in other operating income.

6. Deferred taxes

The volume of deferred tax assets and liabilities from temporary differences as at 31 December 2014 and 2013 was as follows.

	31 Dec 2014 €k	31 Dec 2013 €k
Deferred tax assets (unoffset)	4,542	2,245
Deferred tax liabilities (unoffset)	-4,190	-2,531
Total	**352**	**-286**

	31 Dec 2014 €k	31 Dec 2013 €k
Temporary differences from:		
Provisions for pensions	2,970	1,886
Other provisions	1,533	282
Property, plant and equipment	36	63
Liabilities	3	3
Other Assets	0	11
Deferred tax assets	**4,542**	**2,245**

	31 Dec 2014 €k	31 Dec 2013 €k
Temporary differences from:		
Receivables	4,135	2,513
Securities	43	6
Other Assets	12	0
Other Liabilities	0	12
Deferred tax liabilities	**4,190**	**2,531**

After offsetting deferred tax assets against deferred tax liabilities relating to the same tax authorities, deferred tax assets amounted to €k 352 and deferred tax liabilities amounted to €k 0.

7. Equity

With regard to the development of equity, please refer to the separate annex to these notes entitled “Statement of changes in consolidated equity for 2014”.

7.1 Share capital

MFT’s share capital amounts to €25,000 and is fully paid-in. 100% of the shares are held by MBB Industries AG (MBB SE since March 9, 2015).

7.2 Capital reserves

Capital reserves amount to €8,500 thousand (previous year: €8,500 thousand).

7.3 Retained earnings

Difference in equity due to currency conversion

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

The difference arises from the conversion of items of the income statements of the subsidiary that prepared its accounts in a foreign currency at the average rate and conversion of the balance sheet items at the closing rate on the one hand, and the conversion of the equity of the subsidiary at the historical rate on first-time consolidation on the other hand.

Reserve for available-for-sale financial assets

The reserves for available-for-sale financial assets result from cumulative gains or losses from the remeasurement of available-for-sale financial assets. These are recognised in the statement of comprehensive income under other income.

Reserve for pensions

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

Reserve for generated consolidated equity

This item comprises the gains generated by the Group less distributed profits. There was a profit distribution of €3,500,000 (previous year: €57,395.33) to the shareholder in the financial year.

8. Provisions for pensions and similar obligations

Pension agreements relate to 357 employees, 193 of whom are active scheme members. 111 persons are retired and 53 persons have left the scheme. The pension agreements are closed, meaning that no further occupational pension agreements are concluded for new appointments.

	31 Dec 2014 €k	31 Dec 2013 €k
Pension provisions at beginning of the financial year	**12,836**	**13,269**
Utilisation	-320	-328
Addition to provisions (service cost)	322	363
Addition to provisions (interest cost)	444	433
Actuarial gains (-)/losses (+)	3,358	-901
Pension provisions at end of the financial year	**16,640**	**12,836**

Actuarial losses in 2014 are due to changes in the interest rate in the amount of 3,520 €k and a gain of 162 €k due to changes in experience adjustments.

The following actuarial assumptions were applied:

	2014	2013
Actuarial interest rate	2.3%	3.5%
Salary trend	3.0%	3.0%
Pension trend	2.0%	2.0%

The post-employment benefit plans are unfunded. The liabilities correspond to the obligation (DBO).

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

	31 Dec 2014 €k	31 Dec 2013 €k
Addition to provisions (service cost)	-322	-363
Addition to provisions (interest cost)	-444	-433
Total	**-766**	**-796**

The expected pension payments from the pension plans for 2015 amount to €335 thousand.

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

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Interest rate	0.50%	- 9.74 %	+ 11.38 %
Pension growth rate	0.50%	+ 7.29 %	- 7.06 %
Life expectancy	+ 1 year	+ 3.4 %	

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

9. Liabilities

Liabilities have the following maturities:

31 Dec 2014	Up to 1 year €k	More than 1 year and up to 5 years €k	Over 5 years €k	Total €k
Liabilities to banks	1,022	3,795	1,518	6,335
Trade payables	7,172	0	0	7,172
Provisions with the nature of a liability	3,989	0	0	3,989
Advance payments received	2,790	0	0	2,790
Other liabilities	1,699	0	0	1,699
As at 31 Dec 2014	**16,672**	**3,795**	**1,518**	**21,985**

31 Dec 2013	Up to 1 year €k	More than 1 year and up to 5 years €k	Over 5 years €k	Total €k
Liabilities to banks	1,165	4,192	4,190	9,547
Trade payables	6,190	0	0	6,190
Provisions with the nature of a liability	5,856	0	0	5,856
Advance payments received	2,535	0	0	2,535
Other liabilities	2,369	0	0	2,369
As at 31 Dec 2013	**18,115**	**4,192**	**4,190**	**26,497**

Liabilities to banks have both fixed and floating interest rates of between 1.96% and 5.90% (previous year: 1.96% and 2.85%). The interest rates of 5.90% (previous year: 2.85%) were exclusively incurred for brief overdrafts on accounts.

A land charge of €10 million (previous year: €10 million) has been entered on the factory grounds to secure a bank loan.

10. Other liabilities

Other liabilities are composed as follows:

	31 Dec 2014 €k	31 Dec 2013 €k
Wage and church tax	848	980
Commissions	613	608
Wages and salaries	124	52
Deferred Income	63	0
Value Added tax	8	11
Purchase price settlement	0	659
Miscellaneous	43	59
Total	**1,699**	**2,369**

11. Provisions

11.1 Other provisions

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

	31 Dec 2013 €k	Utili-sation €k	Re-versal €k	Addition €k	31 Dec 2014 €k
Long term Provisions					
Partial retirement	525	249	6	69	339
Anniversaries	162	5	0	28	185
	687	**254**	**6**	**97**	**524**
Accruals and short term provisions					
Project completions cost	11,529	2,790	5,036	9,111	12,814
Warranty costs	3,125	377	950	2,043	3,841
Flexitime	1,693	148	0	477	2,022
Outstanding invoices	2,206	2,198	0	1,520	1,528
Variable salary and commission	1,211	1,211	0	1,018	1,018
Holiday	638	638	0	731	731
Provision for onerous contracts	385	377	0	561	569
Reduction in earnings	57	0	0	54	111
Accounting & audit costs	108	108	0	108	108
	20,952	**7,847**	**5,986**	**15,623**	**22,742**
	21,639	**8,101**	**5,992**	**15,720**	**23,266**

The provision for subsequent costs relates to various projects at MBB Fertigungstechnik GmbH 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 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.

11.2 Tax provisions

Tax provisions are broken down as follows:

	31 Dec 2014 €k	31 Dec 2013 €k
Trade income tax	2,027	2,936
Corporate income tax	41	3,054
Carrying amount as at 31 Dec.	**2,068**	**5,990**

12. Lease and rental obligations

	31 Dec 2014 €k	31 Dec 2013 €k
As at the balance sheet date, the Group has outstanding obligations from operating leases that are due as follows:		
Up to one year	663	1,406
More than one year and up to five years	345	1,046
Over five years	0	0
	1,008	**2,452**
Expenses during review-period from operating leases and rent	495	434

Obligations relate to the use of buildings, cars, forklifts, operating and office equipment and software licences. The leases have various remaining terms of up to six years.

III. Notes to the statement of comprehensive income

1. Revenue

Revenue amounts to €96.1 million in the 2014 financial year (previous year: €103.0 million). €95.8 million (previous year: €103.0 million) of this figure related to the application of the PoC method at MBB Fertigungstechnik GmbH and MBB Technologies (China).

The following table shows a breakdown of revenue by region.

	2014 €k	2013 €k
Europe	78,169	89,851
China	12,281	11,913
NAFTA	270	0
Miscellaneous	5,424	1,231
Total	**96,144**	**102,995**

Incoming orders for 2014 amount to €83.2 million. As of December 31, 2014 the order backlog amounts to €50.2 million.

2. Other operating income

	2014 €k	2013 €k
Income from		
the reversal of valuation allowances on receivables	338	26
Release of liability	179	0
securities	107	75
credit notes	73	0
the reversal of provisions	64	610
exchange rate gains	17	5
sale of property, plant and equipment	10	85
Miscellaneous	157	33
Total	**945**	**834**

3. Other operating expenses

	2014 €k	2013 €k
Legal and consulting	1,384	1,152
Maintenance expenses	1,132	969
Other services	706	674
Travel costs/vehicle costs	517	440
Rental agreements and leasing	495	434
IT cost	495	177
Waranty Cost	288	1,013
Insurance	249	242
Costs for telephone, post and data communication	157	165
Write-downs charged on receivables	100	124
Expenses from securities transactions	95	52
Contributions and fees	80	169
Office supplies	77	39
Canteen	58	53
Advertising costs	56	47
Incidental costs for monetary transactions	18	18
Donations	4	2
Miscellaneous	391	125
Total	**6,302**	**5,895**

Legal and consulting costs include the cost allocation by MBB SE (see note VI.3.2) and the remuneration of Mr Anton Breitkopf, whose management salary is billed via Tolea GmbH.

4. Finance income

	2014 €k	2013 €k
Interest income from securities	430	334
Other interest and similar income	20	25
Total	**450**	**359**

5. Finance costs

	2014 €k	2013 €k
Other interest and similar expenses	706	730
Aval interest	338	371
Total	**1,044**	**1,101**

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.

The reconciliation of income tax expense and the accounting net profit multiplied by the Group’s applicable tax rate for the 2014 and 2013 financial years is as follows:

	2014 €k	2013 €k
Corporate income tax	1,341	1,887
Trade income tax	1,252	1,734
Deferred taxes	379	-813
Other tax expense	32	32
Total	**3,004**	**2,840**

	2014 €k	2013 €k
Consolidated income before taxes and minority interests	9,149	11,015
Taxes on income	2,972	2,808
Current tax rate	**32.5%**	**25.5%**

	2014 €k	2013 €k
Profit from ordinary activities	9,149	11,015
Other taxes	-32	-32
Applicable (statutory) tax rate	30.25%	30.21%
Expected tax income/expense	2,758	3,318
Not taxable income		
unused loss carryforward	180	0
from the sale of securities	-32	23
from settlement guarantees against vendor	0	-626
from other effects	66	93
Current tax expenses	**2,972**	**2,808**

IV. Notes to the consolidated cash flow statement

The cash flow statement was prepared in accordance with IAS 7. The cash flows in the cash flow statement are presented separately broken down into “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 cash flow statement was prepared using the indirect method.

The reported cash and cash equivalents are not subject to any third-party restrictions. In the previous year €8.4 million was still pledged as collateral for guarantee credit received. The Group made no payments for extraordinary transactions. Payments for income taxes and interest are reported separately.

V. Objectives and methods of financial risk management

1. Financial assets and financial liabilities

The Group's existing financial liabilities primarily include current and non-current liabilities to banks, current trade payables and other current and non-current liabilities. The Group's financial assets are mainly 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 €47,462 thousand in the year under review (previous year: €52,484 thousand). Business relationships are entered into with creditworthy contractual partners only. Available financial information and trading records are used to assess creditworthiness, especially of major customers. Trade receivables exist for a number of customers spread over 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. No valuation allowances were made for trade receivables that were overdue at the balance sheet date if no material changes in the customer's creditworthiness were determined and it is assumed that the outstanding amount will be paid.

Please see II.9 "Liabilities" and II.10 "Other liabilities" for details of the maturities of financial liabilities. The valuation of the financial assets and liabilities of the MFT Group is presented under I.4.9 "Financial investments and other financial assets" and I.4.12 "Financial liabilities" and in the discussion of the Group's general accounting principles.

The Group uses fair value measurement for securities classified as available for sale. The Group had no financial liabilities at fair value through profit or loss at either this reporting date or the last reporting date. Derivatives and hedging transactions were not entered into. There were no reclassifications.

2. Capital risk management

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

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

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

	31 Dec 2014	31 Dec 2013
Equity in €k	27,655	27,148
- in % of total capital	31.6%	30.7%
Liabilities in €k	59,969	61,393
- in % of total capital	68.4%	69.3%
Current liabilities in €k	37,492	39,201
- in % of total capital	42.8%	44.3%
Non-current liabilities in €k	22,477	22,192
- in % of total capital	25.7%	25.1%
Net gearing*	0.8	0.8

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

The agreement of multiple financial covenants when taking up loans means that the Group and individual portfolio companies are required to comply with certain equity ratios.

3. Financial risk management

Financial risk is monitored centrally by the management. 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 entered into solely with creditworthy contractual partners.

Assessments from independent rating agencies, other financial information and trading records are used to assess creditworthiness, especially of major customers. In addition, receivables are monitored on an ongoing basis to ensure that the MFT 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 balance sheet.

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 may result from changes in exchange rates (exchange rate risks) or interest rates (interest rate risks). Due to the estimation of exchange rate risks, no foreign exchange contracts were entered into for the Group as at 31 December 2014. The Group invoices mainly in euro or the respective local currency, thereby 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 MFT 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. In the case of receivables and liabilities with normal credit conditions, the carrying amount based on historical cost is also extremely close to fair value.

VI. Other required information

1. Management

Management consisted of the following persons in 2014:

- Anton Breitkopf, Cologne, businessman,
- Dr Christof Nesemeier, Berlin, businessman

In 2014 the Managements also has the following mandates:

Anton Breitkopf is a member of the Supervisory Board of Delignit AG and DTS IT AG.

Dr Christof Nesemeier is the CEO of MBB Industries AG and Chairman of the Supervisory Board of Delignit AG.

Management remuneration for the 2014 financial year amounts to €120 thousand in total.

2. Group companies

The companies are included in the consolidated financial statements of MBB Industries AG, Berlin, which prepares consolidated financial statements for the largest group of companies. The consolidated financial statements are published on the website www.mbb.com.

3. Related party transactions

Related parties are considered to be those enterprises and persons with the ability to control the MFT Group or exercise significant influence over its financial and operating decisions.

3.1 Related persons

Other than the remuneration described under VI.1., there were no transactions with management or other related persons.

3.2 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 the consolidation and are not shown in this notes and are of subordinate significance and typical of the industry.

Other related companies are MBB Industries AG (since March 9, 2015: MBB SE), the parent company of MBB Technologies GmbH, and the companies included in consolidation by MBB Industries AG. Transactions were performed with these companies at market conditions.

MBB Technologies GmbH, Beelen, paid MBB Industries AG, Berlin, €660 thousand for consulting services in the 2014 financial year (2013: €600 thousand).

4. Employees

The Group employed 326 people as at the end of the reporting period (previous year: 309), therof 4 managing directors. It employed 318 people on average over the year (previous year: 304).

5. Events after the reporting date

On 8 January 2015, Mr Ludger Martinschledde, Rietberg, and Mr Rolf Beckhoff, Verl, joined the management of MBB Technologies GmbH and Dr Christof Nesemeier stepped down from management.

6. Other financial obligations

Please refer to note II.12 “Lease and rental obligations” for information on other financial obligations.

Beelen, 24 March 2015

Anton Breitkopf

Ludger Martinschledde

Rolf Beckhoff

Auditor's Report

Auditor's report

To MBB Technologies GmbH:

We have audited the IFRS consolidated financial statements prepared by MBB Technologies GmbH – consisting of the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements for the financial year from 1 January to 31 December 2014. The preparation of the consolidated financial statements in accordance with the IFRS as adopted by the EU is the responsibility of the legal representatives of MBB Technologies GmbH. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Groups account and the IFRS consolidated financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the financial statements of the entities included in the consolidated financial statements, the determination of entities to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRS as adopted by the EU and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements.

Düsseldorf, 31 October 2016

RSM Verhülsdonk GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

signed
Grote
Wirtschaftsprüfer

signed
Weyers
Wirtschaftsprüfer

24.4 Audited Unconsolidated Financial Statements of the Aumann AG prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) as of and for the financial year ended 31 December 2016

Profit and loss statement

Aumann AG, Beelen

Profit and loss statement
for the period from 1 January 2016 to 31 December 2016

		€	2015
1.	Revenue	1,317,435.30	1,064,941.30
2.	Other operating income	0.00	2,724.70
3.	Cost of materials		
	Cost of purchased services	240,935.53	249,256.03
4.	Amortisation and depreciation expense	199,163.00	199,163.00
5.	Other operating expenses	288,258.26	85,023.05
6.	Income from profit and loss transfer agreements	11,524,774.59	6,067,235.86
	- thereof from affiliated companies 11,524,774.59 € (prior year: 6,067,235.86 €)		
7.	Interest and similar expenses	175,510.44	165,782.81
8.	Result from ordinary activities	11,938,342.66	6,435,676.97
9.	Income taxes	2,743,317.25	2,475,499.14
10.	Other taxes	41,829.48	32,264.92
11.	Net profit	9,153,195.93	3,927,912.91
12.	Profit carried forward	12,706,106.68	11,278,193.77
13.	Allocation to retained earnings	3,162,500.00	0.00
14.	Profit distribution	4,500,000.00	2,500,000.00
15.	Retained profit	14,196,802.61	12,706,106.68

Balance sheet

Aumann AG, Beelen

Balance sheet as of 31 December 2016

Assets

	€	€	31/12/2015 €
A. Fixed assets			
I. Property, plant and equipment			
1 Land, land rights and buildings including buildings on third party land	7,010,659.16		7,209,822.16
2 Advance payments	809,718.77	7,820,377.93	0.00
II. Financial assets			
1. Shares in affiliated companies		32,333,572.20	27,333,572.20
		40,153,950.13	34,543,394.36
B. Current assets			
I. Receivables and other assets			
1. Trade receivables	1,758.13		351.19
2. Receivables from affiliated companies	11,524,774.59		7,149,573.40
3. Other assets	83,680.00	11,610,212.72	220,517.23
II. Cash and bank balances		116,825.72	15,736.99
		11,727,038.44	7,386,178.81
		51,880,988.57	41,929,573.17

Equity and liabilities

		€	€	31/12/2015 €
A. Equity				
I. Subscribed capital			12,500,000.00	25,000.00
II. Capital reserve			4,112,164.24	8,500,000.00
III. Retained profit			14,196,802.61	12,706,106.68
			30,808,966.85	21,231,106.68
B. Provisions				
1. Tax provisions		584,956.00		1,136,985.92
2. Other provisions		59,000.00		9,760.00
			643,956.00	1,146,745.92
C. Liabilities				
1. Liabilities to banks		12,348,460.00		5,312,640.00
- thereof due within one year	1,579,600.00 €			
(prior year:	759,040.00 €)			
2. Trade payables		2,703.87		87,490.53
- thereof due within one year	2,703.87 €			
(prior year:	87,490.53 €)			
3. Payables to affiliated companies		7,161,599.88		13,194,216.77
- thereof due within one year	7,161,599.88 €			
(prior year:	13,194,216.77 €)			
4. Other liabilities		839,966.21		957,373.27
- thereof from taxes	839,966.21 €		20,352,729.96	19,551,720.57
(prior year:	957,373.27 €)			
D. Deferred tax liabilities				
1. Deferred tax liabilities			75,335.76	0.00
			51,880,988.57	41,929,573.17

Notes

Notes on the Financial Year from 1 January to 31 December 2016

Aumann AG, previously MBB Technologies GmbH, Beelen

I. General notes

Aumann AG, Beelen, was established via transformation by means of the change in legal form of MBB Technologies GmbH in accordance with the resolution of the shareholders' meeting of 10 November 2016. It is entered in the commercial register of the Münster District Court under HRB 14437.

The Annual Financial Statements of Aumann AG are prepared in accordance with the provisions of the German Commercial Code (HGB – Handelsgesetzbuch) and the German Stock Companies Act (AktG – Aktiengesetz). The income statement has been prepared according to the Type of Expenditure Method. The Company is considered a small corporation pursuant to section 267 para. 3.

II. Accounting and valuation principles

Items of property, plant and equipment are measured at cost, reduced by linear depreciation in accordance with of the expected useful life. The extent of costs is calculated in accordance with section 255 para. 1 HGB. This therefore also includes incidental costs and subsequent costs, in consideration of cost reductions. Additions are depreciated on a pro rata basis.

For financial assets, shares in affiliated companies are stated at cost.

Receivables and other assets are carried with the nominal value or a lower attributable value if necessary.

Cash is stated at nominal value.

Share capital and reserves are stated at nominal value.

Provisions are recognised according to a reasonable commercial assessment. All identifiable risks, to the extent not recognised in other balance sheet positions, are taken into account for the measurement of other provisions to a sufficient degree. The other provisions are recognised for uncertain liabilities.

Liabilities are stated at their respective settlement amounts.

III. Notes to the balance sheet

The classification and development of fixed assets at gross values and accumulated depreciation in the 2016 financial year are presented in the statement of changes in non-current assets.

31 Dec 2016	Total cost €k	Additions in the financial year €k	Disposals in the financial year €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
I. Property, plant and equipment							
1. Land and buildings including buildings on third-party land	7,956.7	0.0	0.0	946.0	7,010.7	7,209.8	199.2
2. Advance payments and assets under development	0.0	809.7	0.0	0.0	809.7	0.0	0.0
	7,956.7	**809.7**	**0.0**	**946.0**	**7,820.4**	**7,209.8**	**199.2**
II Financial Assets							
Shares in affiliated companies	27,333.6	5,000.0	0.0	0.0	32,333.6	27,333.6	0.0
	27,333.6	**5,000.0**	**0.0**	**0.0**	**32,333.6**	**27,333.6**	**0.0**
Total	**35,290.3**	**5,809.7**	**0.0**	**946.0**	**40,154.0**	**34,543.4**	**199.2**

The value of land and buildings amounts to €7,010.7 thousand at the reporting date (previous year: €7,209.8 thousand). Of this, €5,627.1 thousand (previous year: €5,826.2 thousand) is attributable to the building and €1,383.6 thousand (previous year: €1,383.6 thousand) to the land at Dieselstrasse 6, 48361 Beelen. The real estate is leased to MBB Fertigungstechnik GmbH, Beelen.

The increase in advance payments reflects expenses for the new construction of an assembly hall and an office building.

The shares in affiliated companies increase by €5,000.0 thousand to €32,333.6 thousand (previous year: €27,333.6 thousand). The increase relates to the addition of 25% of the shares in Aumann GmbH, Espelkamp, and Aumann Berlin GmbH, Hennigsdorf, as well as 19.9% of the shares in Aumann Immobilien GmbH (previously Wojtynia Immobilien GmbH), Espelkamp, by means of a capital increase in kind. An open-ended purchase option was agreed for the acquisition of the remaining 5.1% in Aumann Immobilien GmbH, Espelkamp, at a purchase price of €1.00.

The Company holds the following investments:

Entity	Registered Office	Share of Capital	Currency	Equity	Earnings
				TLW [1]	TLW [1]
MBB Fertigungstechnik GmbH**	Beelen	100.00%	EUR	14,136	0
MBB Technologies (China) Ltd.	Changzhou	100.00%	CNY	6,495	2,417
Aumann GmbH	Espelkamp	100.00%	EUR	6,989	1,445
Aumann North America, Inc.***	Fort Wayne	100.00%	USD	n.a	n.a
Aumann Berlin GmbH	Berlin	100.00%	EUR	1,550	319
Aumann Immobilien GmbH	Espelkamp	94.90%	EUR	165	73

[1] TLW = thousand in local currency

** There is an earnings transfer agreement with Aumann AG

***Company is currently inactive

The trade receivables amount to €1.8 thousand (previous year: €0.4 thousand).

The receivables to affiliated companies of €11,524.8 thousand (previous year: €7,149.6 thousand), as of 31 December 2016, consist exclusively of the receivables resulting from the profit and loss transfer agreement with MBB Fertigungstechnik GmbH. Receivables in the previous year primarily consisted of those of €6,067.2 resulting from the profit and loss transfer agreement of 05 November 2013, as well as receivables from MBB Fertigungstechnik GmbH of €989.5 thousand from the value-added tax advance returns of November and December 2015, which were simultaneously presented to the tax office as liabilities due to the value-added tax structure.

The other assets of €83.7 thousand (previous year: €220.5 thousand) result from paid tax at source and tax on interest income.

All receivables and other assets have a residual maturity of up to one year.

Bank balances amount to €116.8 thousand at the reporting date (previous year: €15.7 thousand).

The share capital of Aumann AG amounts to €12,500.0 thousand, divided into 12,500,000 registered shares with a book value of €1 per share, and is fully paid in. On 10 November 2016, the shareholders' meeting of MBB Technologies GmbH resolved to increase the share capital of MBB Technologies GmbH of €25.0 thousand by €11,662.5 thousand to €11,687.5 thousand from the Company's funds. This fully utilised the capital reserves and retained earnings existing at the time. The registration into the Commercial Register took place on 8 December 2016. The change in legal form by means of transformation, as well as the change of name to Aumann AG, were also resolved on 10 November 2016; this entry also took place on 8 December 2016. On 13 December 2016, an extraordinary General Meeting of Aumann AG resolved to increase the share capital by €812.5 thousand through the issuance of 812,500 new registered shares. The newly issued shares were subscribed exclusively by Mr Ingo Wojtynia; Mr Ingo Wojtynia then contributed 25.0% of his shares in Aumann GmbH, Espelkamp, and Aumann Berlin GmbH, Hennigsdorf, as well as 19.9% of his shares in Aumann Immobilien GmbH, Espelkamp, into Aumann AG. The value of the contributed investment amounted to €5,000.0 thousand; the amount in excess of the nominal value (after deferred taxes) was transferred to the capital reserves.

The capital reserves amount to €4,112.2 thousand.

The net profit of the previous year was accepted by shareholder ruling on 16 June 2016. A dividend of €4,500.0 thousand (previous year: €2,500.0 thousand) to the shareholder from the unappropriated surplus was resolved at the same time.

Provisions include tax provisions in the amount of €585.0 thousand (previous year: €1,137.0 thousand) as well as provisions for acquisition costs of €34.0 thousand (previous year: €3.0 thousand) and for outstanding invoices in the amount of €25.0 thousand (previous year: €6.8 thousand).

Liabilities to banks totalling €12,348.5 thousand (previous year: €5,312.6 thousand) consist of liabilities from bank loans. The liabilities to banks are secured by a land charge on the property mentioned above.

Liabilities to affiliated companies of €7,161.6 thousand (previous year: €13,194.2 thousand) consist of a loan from MBB Fertigungstechnik GmbH of €6,473.5 thousand (previous year: €12,650.0 thousand) as well as liabilities to MBB Fertigungstechnik GmbH of €688.1 thousand (previous year: €533.8 thousand).

Other liabilities amounting to €840.0 thousand (previous year: €957.4) consist of liabilities to the tax office arising from the value-added tax advance returns of November and December 2016.

The liabilities have the following maturities:

Remaining term	up to 1 year €k	more than 1 and up to 5 years €k	over 5 years €k	Total €k
Liabilities to banks	1,579.6	6,318.4	4,450.5	12,348.5
(previous year)	*759.0*	*3,036.2*	*1,517.4*	*5,312.6*
Trade payables	2.7	0.0	0.0	2.7
(previous year)	*87.5*	*0.0*	*0.0*	*87.5*
Liabilities to affiliated companies	7,161.6	0.0	0.0	7,161.6
(previous year)	*13,194.2*	*0.0*	*0.0*	*13,194.2*
Other liabilities	840.0	0.0	0.0	840.0
(previous year)	*957.4*	*0.0*	*0.0*	*957.4*
As at 31 12 2016	**9,583.9**	**6.318,4**	**4.450,5**	**20,352.8**
(previous year)	*14,998.1*	*3,036.2*	*1,517.4*	*19,551.7*

Other financial obligations

As of 31 December 2016, no other financial obligations exist.

IV. Notes to the income statement

Revenue amount to €1,317.4 thousand (previous year: €1,064.9), of which €1,107.4 thousand is attributable to revenue from rental and software usage transfer agreements with MBB Fertigungstechnik GmbH, as well as €210.0 thousand to revenue from Group transfer payments with Aumann GmbH.

Expenses for purchased services concern expenses for management amounting to €110.0 thousand (previous year: €120.0 thousand) as well as maintenance for existing software licenses amounting to €129.2 thousand (previous year: €129.2 thousand).

Other operating expenses include Group transfer payments to the Group parent company MBB SE of €105.0 thousand (previous year: €8.8 thousand), costs for audit of financial statements and tax advisory of €99.2 thousand (previous year: €11.8 thousand), insurance in the amount of €44.2 thousand (previous year: €1.0 thousand) and other expenses amounting to €40.6 thousand (previous year: €63.5 thousand).

Income from profit transfer agreements exclusively consists of the income from the profit and loss transfer agreement with MBB Fertigungstechnik GmbH.

Interest and other expenses are primarily attributable to bank loans.

V. Other information

Management up to 7 December 2016

Mr Anton Breitkopf, businessman, Cologne (member of Executive Management of MBB SE)

Mr Ludger Martinschledde, engineer, Rietberg (Managing Director of MBB Fertigungstechnik GmbH)

Mr Rolf Beckhoff, engineer, Verl (Managing Director of MBB Fertigungstechnik GmbH)

Anton Breitkopf received indirect compensation for his activities in the amount of €110.0 thousand (previous year: €120.0 thousand); Mr Martinschledde and Mr Beckhoff did not receive compensation from the Company.

Executive bodies since 8 December 2016

Appointed as members of the Managing Board:

Mr Ludger Martinschledde, engineer, Rietberg (Managing Director of MBB Fertigungstechnik GmbH)

Mr Rolf Beckhoff, engineer, Verl (Managing Director of MBB Fertigungstechnik GmbH)

Selected as members of the Supervisory Board:

Gert-Maria Freimuth, businessman, Chairman (Chairman of the Board of MBB SE, Chairman of the Supervisory Board of DTS IT AG, Deputy Chairman of the Supervisory Board of Delignit AG)
Anton Breitkopf, businessman, (member of the Executive Management of MBB SE, member of the Supervisory Boards of Delignit AG and DTS IT AG)
Klaus Seidel, businessman, (member of the Executive Management of MBB SE)

Neither the Managing Board nor the Supervisory Board received remuneration from the Company for their activities in this financial year.

Group companies

MBB SE, Berlin

The exempting consolidated financial statements and Group management report pursuant to section 291 HGB are prepared by MBB SE, Berlin, which prepares consolidated financial statements for the largest and the smallest group of companies.

The consolidated financial statements are published on the website www.mbb.com.

Appropriation of net profit

The Managing Board and Supervisory Board propose to the Annual General Meeting that a dividend in the amount of €4,500,000.00 be paid out from the unappropriated surplus for the year 2016, which amounts to €14,196,802.61, and that the remaining amount of €9,696,802.61 be carried forward.

Summary of the dependent company report in accordance with section 312 AktG

In the case of the transactions and measures contained in the dependent company report, the Company received appropriate consideration for each transaction and was not disadvantaged by the implementation or omission of any measures on the basis of the circumstances known to us at the time the transactions were executed or the measures were implemented or omitted.

Beelen, 17 January 2017

signed Ludger Martinschledde

signed Rolf Beckhoff

Auditor's Report

AUDITOR’S REPORT

To Aumann AG:

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, of Aumann AG for the financial year from 1 January to 31 December 2016. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.

Düsseldorf, 7 February 2017

RSM Verhülsdonk GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

………………….	………………….
Grote	Weyers
Wirtschaftsprüfer	Wirtschaftsprüfer

25. Glossary

2015 Acquisition	The acquisition by the Company of 75% of each of Aumann GmbH, Espelkamp, Aumann Berlin GmbH, Henningsdorf and Aumann Immobilien GmbH, Espelkamp.
Acquired Entities..........................	Aumann GmbH, Espelkamp, Aumann Berlin GmbH, Henningsdorf and Aumann Immobilien GmbH, Espelkamp.
Adjusted EBIT.............................	EBIT (i.e. profit for the period before net finance costs, income taxes and other taxes) adjusted for the costs in relation to consultancy services received from MBB SE (see "*20.1.2 Consultancy services of MBB SE*") and from Anton Breitkopf (Chief Financial Officer of MBB SE) (see "*20.2 Executive management services of Anton Breitkopf*") as well as costs in connection with the 2015 Acquisition (see "*14.14.1 Acquisition of 75% of the shares in each of Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH*") as non-recurring or one-off items.
Adjusted EBITDA.......................	EBITDA (i.e. profit for the period before net finance cost, income taxes, other taxes, depreciation and amortization) adjusted for the costs in relation to consultancy services received from MBB SE (see "*20.1.2 Consultancy services of MBB SE*") and from Anton Breitkopf (Chief Financial Officer of MBB SE) (see "*20.2 Executive management services of Anton Breitkopf*") as well as costs in connection with the 2015 Acquisition (see "*14.14.1 Acquisition of 75% of the shares in each of Aumann GmbH, Aumann Berlin GmbH and Aumann Immobilien GmbH*") as non-recurring or one-off items.
Admission Date............................	The day of the admission of the share capital of the Company to trading on the regulated market of the Frankfurt Stock Exchange.
BaFin	The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht).*
Battery Electric Vehicles	Pure Electric Vehicles using battery based energy storage systems, see also BEV below.
Berenberg.....................................	Joh. Berenberg, Gossler & Co. KG.
BEV	Pure Electric Vehicles using battery based energy storage systems, see also Battery Electric Vehicles above.
Book to bill ratio..........................	Order intake divided by annual consolidated revenue. The Company uses the book to bill ratio as an important key indicator whether the business of the Group is likely to expand in the near future and at what rate.
Brexit..	British referendum to exit the European Union.
Built (Cam-/Rotor-)Shaft............	Built Camshafts or Built Rotorshafts are not manufactured from a solid piece of metal but are assembled ("built") from a hollow tube

forming the axis of the shaft onto which extruding shapes (such as cams or kingpins) are affixed using various assembly technologies.

CAD .... Computer Aided Design (system)

CAGR .... Compounded Annual Growth Rate

Camshaft Module .... A Camshaft Module describes a pre-assembled component used in an internal combustion engine which forms part of the cylinder head and contains the frame and bearings for the camshafts as well as the camshafts themselves.

CET .... Central European Time

Citi .... Citigroup Global Markets Limited.

Clearstream .... Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany

CO2 emissions............................... Carbon dioxide emissions.

Cogging Torque .... Cogging Torque of electrical motors is also known as detent or no-current torque. This torque is position dependent and its frequency per revolution depends on the number of magnetic poles and the number of teeth on the stator. Cogging torque is an undesirable effect for the operation of an E-Motor. It is especially prominent at lower speeds and is characterized by a jerking motion of the electrical motor.

Coil... An electromagnetic coil is an electrical conductor such as a wire in the shape of a coil, spiral or helix.

Component................................... The term component when used in this Prospectus refers to single parts or multiple parts. A component in this context could either be a rotor shaft as well as a completely assembled E-Motor consisting of rotor-shaft, rotor, stator, earing shields and casing.

Concentrated Winding................. The single coils from one phase are positioned in two adjacent grooves concentrated around one tooth.

Continuous Hairpin...................... Continuous Hairpin describes a continuous conductor shape resembling an interconnected row of hairpins. The advantage of this shape is that hairpins do not touch each other after they are inserted into the electrical sheet packet stack.

Conventional Drivetrains .... Drivetrains based on ICEs.

Crimping .... Crimping is a process by which two pieces of metal or other ductile material (usually a wire and a metal plate) are joined by altering the shape of one or both of them to hold the other. The bend or altered shape is called the crimp.

Direct Winding .... Direct Winding describes the manufacturing of the coil at the functional application space the electrical sheet packet stack without any additional upstream assembly processes.

Distinct hairpin assembly technology	Distinct hairpin assembly technology describes an alternative method to winding a sheet packet stack. Distinct hairpin assembly technology uses so-called hairpin coils made out of solid material with a rectangular cross-section (typically from copper). These coils are preformed into a shape resembling a hairpin which can be inserted into one end of the sheet packet stack. The two ends of the pins which protrude from the other side of the stack are then bent crosswise and connected to two other pins which were also bent crosswise. Distinct hairpin assembly technology does not require a groove slot but crossing the pin ends without damaging the stack is technically challenging, as well as the connecting process described above.
Distributed Winding	Manufacturing the coil outside the lamination stack with a consecutive assembly of the winding.
Dividend Paying Agent	DZ Bank AG
Drizzle winding............................	Drizzle winding describes the manual process of "drizzling" wires into stack grooves by hand. By gently letting each wire carefully drop into the groove by hand ("drizzle") from his fingers, drizzle winding requires minimal groove slot width and ensures optimal wire placement inside the groove, thus providing very good power density and operating characteristics. Due to its immense labor intensity and high costs, it is currently typically used for high performance e-motors produced in low volumes. Drizzle winding is not currently available in automated form.
EBIT	Earnings before interest and taxes; represents our profit for the period before net finance costs, income taxes and other taxes.
EBIT margin................................	EBIT divided by total revenue.
EBITDA	Earnings before interest, taxes, depreciation and amortization; represents our profit for the period before net finance cost, income taxes, other taxes, depreciation and amortization.
EBT...	Earnings before taxes; represents our profit for the period before income taxes and other taxes
Eccentric.......................................	An Eccentric is a circular disk (referred to as an eccentric sheave) solidly fixed to a rotating shaft with its center offset from that of the axle (the word "eccentric" stems from center)
EDM	Electrical discharge machine.
E-Drivetrain.................................	Electrified Drivetrains.
electric fill factor..........................	The fill factor is defined by the ratio of winding material within the provided groove cross-section. The mechanical fill factor uses the ratio of insulated copper cross-sections to insulated grove area. The electrical fill factor uses the ratio of pure copper cross-section to non-insulated groove area. The fill factor is decisive for the motor efficiency.

Electric Vehicles .... Electric vehicles and hybrid vehicles.

Electrical Discharge Machining .. Electrical Discharge Machining is a manufacturing process whereby a desired shape is obtained by using electrical discharges, i.e. sparks. Material is removed from the workproduct by a series of rapidly recurring current electrical discharges between two electrodes.

Electrical Sheet Metal .... Electrical Sheet Metal is a special steel tailored to produce specific magnetic properties. Electrical steel is usually manufactured in cold-rolled sheets less than 2 mm thick which are cut to shape before being laminated into an Electrical Sheet Packet Stack.

Electrical Sheet Packet Stack ...... The Electrical Sheet Packet Stack is laminated from stacked plates of electrical sheet metal to form the laminated cores of stator or rotor of electric motors.

E-Motor .... Electric motors.

Energy storage systems .... Apart from a gas or diesel/petrol tank for a range extender generator, current energy storage systems of an Electric Vehicle can either be fuel cell based or battery based. A battery based system stores electric energy and typically comprises the battery cells which are placed into battery modules. The battery modules are sometimes bundled into battery clusters and placed in battery bays. Battery bays for vehicles are increasingly designed to form an integral part of the chassis, especially for vehicles that are designed to be electric from scratch.

ERP .... Enterprise Resource Planning (system).

EUR or **Euro** .... Legal currency of the Eurozone, including the Federal Republic of Germany.

Extrusion wire insulation .... Extrusion wire insulation describes a method of coating a conductive wire with insulating material from an extruder.

FiMaNoG .... First Act Amending Financial Markets Regulations (*Finanzmarktnovellierungsgesetz*).

Flange .... A flange is a metal surface or object protruding from and connected to tubular object for purposes of connecting other objects to that tubular object and transferring motion onto the connected object.

Flyer .... The flyer is a rotating tool guiding wire onto a stationary pole comparable to a bail and a line roller on a fishing reel

FTEs .... Full time equivalents.

Full Hybrid Vehicles .... Drivetrains which enable the vehicle to drive on pure electric energy for short distances of currently up to 25 km.

Groove .... A Groove is the area between the teeth of the lamination stack which is to be filled with wound copper wire.

Groove Slot (Width) .... The Groove Slot is the gap between the different tooth tips of the lamination stack. The Groove Slot Width measures the widest distance between two adjacent tooth tips. The smaller the groove slot

	width, the more homogeneous the distribution of the electromagnetic field in the air gap between rotor and stator is, which leads to better operating conditions.
Hauck & Aufhäuser	Hauck & Aufhäuser Privatbankiers KGaA.
HGB..	The German Commercial Code (*Handelsgesetzbuch*).
Hybrid Drivetrains......................	Drivetrains which use two or more distinct sources of power for traction, such as an ICE and an E-Motor.
Hybrid modules	A hybrid module is an integral part of a hybrid electrical vehicle that uses both the ICE and the E-Motor for propulsion. Depending on the technical concept, a hybrid module can fulfill a number of functions. The hybrid module generally allows the separation of the ICE from the drivetrain for pure electric operation and vice versa using a mechanism comparable to a conventional clutch. In addition, the hybrid module can also enable the E-Motor to act as a recuperation generator by coupling it to the drivetrain when the vehicle decelerates and thus converting braking energy into electric energy stored in the vehicles batteries. In stop and go traffic the hybrid module may also provide the ICE-engine start through the initial use of the E-Motor.
ICE..	Internal combustion engine.
IDC	Insulation displacement connections.
IFRS..	International Financial Reporting Standards as adopted by the European Union.
Indirect Winding	Indirect Winding describes methods of manufacturing the coil outside the functional application space (the electrical sheet packet stack) using additional upstream assembly processes to produce the winding.
Industry 4.0..................................	Industry 4.0 is the current trend of automation and data exchange in manufacturing technologies. Industry 4.0 creates what has been called a "smart factory". Within modular structured smart factories, cyber-physical systems monitor physical processes, create a virtual copy of the physical world and make decentralized decisions. Over the Internet of Things, cyber-physical systems communicate and cooperate with each other and with humans in real time, and via the Internet of Services, both internal and cross-organizational services are offered and used by participants of the value chain. The term "Industrie 4.0" originates from a project in the high-tech strategy of the German government, which promotes the computerization of manufacturing.
Inheritance and Gift Tax	Taxation of shareholders in connection with the gratuitous transfer of shares.
Inner grooved	An Electrical Sheet Packet Stack shaped in a way that its grooves face the inner side of the stack.

“insert-in” technology........................ “Insert-in” technology describes an indirect winding method, whereby the copper wire is first wound around a tool called a winding mask. In a second step, the wires are stripped from the mask onto a transfer tool which is then pulled or pushed into the sheet packet stack by an insertion plunger which squeezes the wires into the grooves of the stack.

Insulation Displacement Connection An Insulation-Displacement connection, also known as insulation-piercing contact, is an electrical connector designed to be connected to the conductor(s) of an insulated cable by a connection process which forces a selectively sharpened blade or blades through the insulation material, bypassing the need to strip the conductors of insulation material before connecting.

IP.. Intellectual Property.

IT .... Information technology.

Jig.. A Jig is a custom-made tool or machine used to control the location and/or motion of parts.

Just-In-Sequence .... Just in sequence is an inventory strategy that matches just in time and completes fit in sequence with variation of assembly line production. Components and parts arrive at a production line right in time as scheduled before they get assembled. Feedback from the manufacturing line is used to coordinate transportation to and from the process area. JIS is mainly implemented with automobile manufacturing.

kg .... Kilogram.

KStG... The German Corporate Taxation Act (*Körperschaftsteuergesetz*).

kW .... Kilowatt.

Lean Production........................... Lean production or lean manufacturing, often referred to as simply "lean", is a systematic method for the elimination of waste within a manufacturing system. Essentially, lean is centered around making obvious what adds value by reducing everything else. Lean manufacturing is a management philosophy derived mostly from the Toyota Production System.

Light Vehicles .... Passenger cars and light trucks.

Linear winding .... Linear winding describes a direct winding method under which a tooth rotates in a circular motion pulling in the copper wire which is held by the winding machine at the appropriate tension and directed in a linear motion to achieve a so-called "orthocyclical" pattern until the tooth is full of copper.

LITL .... Luxembourg income tax law.

Mandatory Investment Amount.. 50% of the respective gross amount payable upon exercise of the option granted under the New Phantom Stock Program to each beneficiary less calculated income tax on such gross amount based on a hypothetical maximum of 45% income tax plus German

	solidarity tax (*Solidaritätszuschlag*) and church tax (if applicable) (*Kirchensteuer*).
Market Abuse Regulation............	The Directive No. 2003/6/EC of the European Parliament and of the Council and Commission Directives No. 2003/124/EC, No. 2003/125/EC and No. 2004/72/EC.
Mecanum Wheel...........................	A Mecanum Wheel is a design for a wheel which can move a vehicle in any direction. In a vehicle equipped with four Mecanum wheels, each wheel applies force roughly at right angles to the wheelbase, the vehicle can be made to move in any direction and turn by varying the speed and direction of rotation of each wheel. Moving all four wheels in the same direction causes forward or backward movement, running the wheels on one side in the opposite direction to those on the other side causes rotation of the vehicle, and running the wheels in a diagonal manner in the opposite direction to those on the other diagonal causes a sideways movement. If all of these wheel movements continue, the vehicle can move in any direction with any vehicle rotation.
Mild Hybrid Vehicles...................	Drivetrains which typically use E-Motors as boosters (temporary power support unit) for the ICE and to charge the battery using the kinetic energy from the breaking and suspension systems.
M&A..	Mergers and acquisitions.
NAFTA	North American Free Trade Agreement.
Needle winding	Needle winding describes a direct winding method under which a needle with copper wire is lowered below a pole, pulled around that pole and then pulled upward above the pole until the copper wire is completely wrapped around the pole. The process is flexible so that it can be used with distributed and concentrated wiring and with segmented designs of the electrical component.
New Phantom Stock Program.....	The phantom stock program established by the Company for members of the Management Board, Mr. Rolf Beckhoff, Mr. Ludger Martinschledde and Mr. Sebastian Roll, which will enter into force on the Admission Date.
OEMs..	Original equipment manufacturers.
Omni-directional	Omni-directional is a synonym for any direction.
Operating performance	Represents the sum of revenue and increase or decrease in finished goods and work in progress.
Order	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended).
Order backlog...............................	The remaining estimated amount of work and profit not yet recognized as revenue of our order intake. We do not use order backlog as a description of unbinding orders. The Company uses order intake as an important key performance indicator to estimate future revenue and work load.

Order intake .... The annually compounded volume of legally binding orders. The Company uses order intake as an important key performance indicator to estimate future revenue and work load.

Orthocyclic winding .... Orthocyclic winding describes the placement of wires in stacked windings where the upper layer of wires is placed into the grooves provided by the lower layer of wires.

Outer grooved .... An Electrical Sheet Packet Stack shaped in a way that its grooves are facing the outer side of the stack.

Parent-Subsidiary Directive .... The Council Directive No. 2011/96/EU of 30 November 2011.

Pedelecs .... e-bikes and pedal electric cycles.

Pivot .... In general, the Pivot refers to the center point of any rotational system. In the case of Pivots mounted on a rotor shaft, the Pivot refers to the pin which concentrically protrudes from the axle onto which a component can be mounted which is to be driven by the shaft.

PLM .... Product Lifecycle Management (system).

Plug-in Hybrid Vehicles .... Plug-in hybrid drivetrains have a larger battery than drivetrains for Full Hybrid Vehicles, resulting in a longer range on pure electric energy but also requiring an additional charging system by plugging into the electricity grid.

POC .... Percentage of completion.

Pole .... See Tooth.

Power Density .... Power Density describes the ratio of provided power output (in power entities such as kW) of an E-Motor to its given weight (in mass entities such as kg or size (in volume entities such as liter).

Power Wall .... A Power Wall is a stereoscopic 3D virtual-reality-wall which allows to project objects onto a screen which appear to be three-dimensional for the spectator.

Preferential Allocation Program. The Company set up a preferential allocation program for the benefit of the beneficiaries under the New Phantom Stock Program under which they will receive a guaranteed allocation of Offer Shares up to an investment amount corresponding to the Mandatory Investment Amount.

Pressure Forcing .... Pressure Forcing describes an assembly process where one part is fixed to another part by forcing it onto the other part through the use of pressure.

Product Liability Directive .... The Directive No. 1999/34/EC of the European Parliament and of the Council of 10 May 1999 on product liability claims.

Prospectus Directive .... The Directive No. 2010/73/EC of the European Parliament and the Council.

Pure E-Drivetrain	Pure electric solutions of E-Drivetrains only rely on electric energy as single source of power for traction for the vehicle.
QIBs	Qualified institutional buyers as defined in Rule 144A of the US Securities Act.
R&D	Research and development.
Random winding	Random winding describes winding methods which result in the arbitrary placing of wires inside the groove of a stack, thus systematically resulting in wire crossings inside grooves.
Range Extender Vehicle	BEVs using an onboard ICE generator to charge the batteries.
Regulation S	Regulation S under the Securities Act.
Reject Rate	Reject Rate is generally defined as the percentage of processed parts that are rejected as defective.
Roller Burnishing	Roller burnishing is a method of cold working metal surfaces to induce compressive residual stresses and enhance surface roughness qualities.
Rotor	A Rotor is the mechanical rotating part of an electric motor.
RSM	RSM Verhülsdonk GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Georg-Glock Str. 4, 40474 Düsseldorf, the Company's auditor.
Securities Act	The US Securities Act of 1933, as amended.
Segmented Layout	A Segmented Layout describes a Rotor or Stator which is assembled from a number of tooth segments (each comprising a single tooth, twin teeth or a chain of teeth (so called pole-chains).
Shaft	A shaft is an axle driven by an engine or a motor and transmitting rotational motion onto other parts of a machine, such as a wheel or a gearwheel, for example.
Soldering	Soldering is a process in which two or more items (usually metal) are joined together by melting and putting a filler metal (solder) into the joint, the filler metal having a lower melting point than the adjoining metal.
SOP	Start of serial productions
Stator	A Stator is the mechanical stationary part of an electric motor.
TFEU	The Treaty on the Functioning of the EU.
Thermal Joining	Themal Joining describes an assembly method where two parts are fixed to each other using the thermally activated processes of shrinking and expanding. Prior to the assembly, one part is heated to force its expansion while the other part is cooled down to force it to shrink. Due to the forced change in shape, the two parts can now be fit onto each other. When both parts have reached identical

temperatures, the shrinking and expansion processes will have reversed and created a fixed joining of the two parts.

Thermocompression Bonding ..... Thermocompression Bonding describes a wafer bonding technique and is also referred to as diffusion bonding, pressure joining, thermo compression welding or solid-state welding. Two metals are brought into atomic contact applying force and heat simultaneously. This atomic interaction sticks the interface together.

Tier 1 .... Tier 1 automotive suppliers sell their products directly to OEMs.

Tier 2 .... Tier 2 automotive suppliers sell their products to Tier 1 suppliers.

Tooth .... A Tooth is the part of a Rotor or Stator around which copper wire can be wound.

Total performance........................ The sum of (i) revenue, (ii) increase or decrease in finished goods and work in progress, and (iii) other operating income.

United Kingdom .... The United Kingdom of Great Britain and Northern Ireland.

US Securities Act.......................... United States Securities Act of 1933, as amended.

USD.. Legal currency of the United States of America.

Welding .... Welding is a fabrication process that joins materials, usually metals or thermoplastics, by causing fusion, which is distinct from lower temperature metal-joining techniques such soldering, which do not melt the base metal. In addition to melting the base metal, a filler material is typically added to the joint to form a pool of molten material (the weld pool) that cools to form a joint that is usually stronger than the base material. Pressure may also be used in conjunction with heat, or by itself, to produce a weld.

Although less common, there are also solid state welding processes such as friction welding or shielded active gas welding in which metal does not melt.

We use the following welding methods for our business:

- Arc Welding is a type of welding that uses a welding power supply to create an electric arc between an electrode and the base material to melt the metals at the welding point.

- Laser (beam) Welding is a welding technique used to join multiple pieces of metal through the use of a laser. The beam provides a concentrated heat source, allowing for narrow, deep welds and high welding rates.

- Laser Hybrid Welding is a type of welding process that combines the principles of laser beam welding and arc welding.

- Resistance welding is a process that produces coalescence of laying surfaces where heat to form the weld is generated by the electrical resistance of the material.

Winding...	Winding in the context of this document means the action of wrapping a conductive wire (typically copper wire) onto a tooth of an electrical component.
Winding Head...............................	The Winding Heads are the parts of the winding which protrude outside the electrical sheet packet stack of a stator or rotor. They do not provide any electrical functionality but cause heat and efficiency losses and it is thus important to minimize them from a technical perspective as much as possible.
Wire Bonding................................	Wire Bonding is the method of making interconnections between an integrated circuit or other semiconductor device and its packaging during semiconductor device fabrication. Although less common, wire bonding can be used to connect an integrated circuit to other electronics or to connect from one printed circuit board to another. Wire bonding is generally considered the most cost-effective and flexible interconnect technology and is used to assemble the vast majority of semiconductor packages.
Wire guide.....................................	A wire guide is a device on a winding machine which guides the wire into the right position just before the wire is wound around the pole.
WpHG	The German Securities Trading Act (*Wertpapierhandelsgesetz*).
WpPG..	The German Securities Prospectus Act (*Wertpapierprospektgesetz*).
WpÜG..	German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

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26. Recent Developments and Outlook

26.1 Recent developments

26.1.1 Corporate developments

On 9 February 2017, we held our ordinary general shareholders' meeting. The shareholders' meeting resolved based on the balance sheet profit to pay a dividend of EUR 0.36 per Share, i.e. in total EUR 4,500,000, and to carry forward the remaining balance sheet profit of EUR 9,696,802.61. The shareholders' meeting further authorized the Management Board, with the consent of the Supervisory Board, to increase the Company's share capital on or before 8 February 2022 in a total amount of up to EUR 6,250,000 by issuing once or repeatedly new no-par value bearer shares against contributions in cash and/or in kind (Authorized Capital 2017/I). In addition, the shareholders' meeting authorized the Company, in accordance with § 71 (1) number 8 of the German Stock Corporation Act, to acquire and sell Company-owned Shares in the period ending 8 February 2022 in an amount not exceeding 10% of its share capital. The shareholders' meeting also resolved on the transformation of the Shares from registered shares with restricted transferability (*vinkulierte Namensaktien*) to bearer shares (*Inhaberaktien*). The shareholders' meeting also replaced the member of the Supervisory Board, Mr. Anton Breitkopf, by Mr. Christoph Weigler, who is general manager of UBER Germany GmbH.

Also on 9 February 2017, the Supervisory Board promoted Mr. Sebastian Roll from head of finance to Chief Financial Officer.

Presumably on 15 March 2017, an extraordinary general shareholders' meeting of the Company will resolve to increase the Company's share capital by up to EUR 1,500,000 to up to EUR 14,000,000 against cash contributions through the issuance of up to 1,500,000 ordinary bearer shares with no par value (*Stückaktien*) with a notional interest of EUR 1.00 each in the share capital for the purpose of the Offering.

26.1.2 Business developments

From 1 January 2017 through 28 February 2017, Aumann generated consolidated revenue of EUR 32,887 thousand and EBIT of EUR 4,144 thousand with an EBIT margin of 12.6% compared to consolidated revenue of EUR 20,077 thousand, EBIT of EUR 2,182 thousand and an EBIT margin of 10.9% in the prior-year period. This corresponds to an increase of 64% in revenue and 90% in EBIT compared to the prior-year period.

From 1 January 2017 through 28 February 2017, the revenue share of the e-mobility segment amounted to 28% of total revenue. Furthermore, the e-mobility segment generated an EBIT margin of 18.0% in the same period, compared to a margin of 17.1% for the full year 2016.

For the period from 1 January 2017 to 9 March 2017, the order intake amounted to EUR 37.5 million, including an initial breakthrough order for the supply of equipment for the manufacturing of products of a global leader from Silicon Valley which is a positive start of the year.

Please note that the year to date figures presented in this sub-section are derived from our internal accounting systems and are not audited.

Interest from customers in our specialized machinery has not changed, and we are currently negotiating numerous new orders with our existing and new customers. Several globally active automotive and consumer electronics companies, including potential new customers, conducted site visits of the production plants in Espelkamp, Berlin and Beelen in January and February 2017. Specialized machinery presented by Aumann is currently being assessed by these prospective customers and in certain cases we have initiated trial production in our R&D center in order to prove the performance improvements of particular products (e.g., existing traction motor designs) and the automation potential of our production process. The volume of potential subsequent projects ranges from single to low double digit Euro million amounts, however, no orders have been placed insofar at this time.

We currently consider expanding our capacity in order to meet the growing demand for e-mobility solutions also by means of strategic M&A activities. We are in early-stage discussions with M&A consultants but are also preparing to approach several potential German M&A targets directly to supplement our engineering and delivery capacity. These initiatives are based on long-standing contacts and previous M&A-related discussions and are focused on automation companies with automotive experience.

26.2 Outlook

In general, we believe that the growth prospects for our business will remain strong in 2017 and beyond as a result of a number of factors, including the increasing demand for Electric Vehicles, the increasing trend in the automobile industry to reduce CO2 emissions, and the implementation of additional regulations to promote the Electric Vehicle industry. For these reasons, the most important automotive OEMs are fully committed to their e-mobility strategies. For example, Daimler CEO, Dr. Zetsche, emphasized during Daimler's annual press conference on 2 February 2017, that "*we are convinced that now is the time to step up the pace. In the years ahead, Daimler will invest ten billion euros in electric vehicles.*".[1] In addition, Volkswagen announced in February 2017 that the first pure Electric Vehicle based on the new modular electrified platform (*Modularer Elektrifizierungsbaukasten*) will be available in 2019[2] and Tesla is about to start production of the Model 3 in July 2017.[3]

This growth momentum is reflected in the Group's year to date 2017 revenue and EBIT, especially when compared to results for the prior-year period. In the mid-term, our ambition is to grow our market share based on our unique technologies, their importance in mass production of E-Drivetrains as well as the forecasted increase in market share of our core customers. Given this potential, we target to organically triple our revenue over a five-year period. In light of current customer requests for specialized machinery and production lines, we see the potential for doubling the e-mobility segment's share of total Group revenue over a two-year period and reaching around 75% of total Group revenue over a five-year period.

Given higher margins in the e-mobility segment and the possibility for selecting highly attractive orders in the classic segment, we aim to improve our overall margins significantly.

While we believe that our growth prospects are strong, it is currently not possible to gauge a number of factors which could have an adverse impact on our business going forward. For example, any renegotiation or termination of existing trade agreements or the imposition of new tariff regimes by the new American administration and its pronouncements against current global climate control agreements could directly adversely affect our customers in the global automotive industry and the Electric Vehicle market in particular, and, in turn, adversely affect our business and our growth in the e-mobility segment. The British government´s decision to implement a so-called "hard Brexit" could also have a detrimental effect on European trade relations. The current political situation in the USA and the European Union as well as the recent rumors of the weakening or postponing of the quota for Electric Vehicle fleet share imposed by the Chinese government illustrate the fragility of today's business environment.

Even considering these risks, we believe that Aumann is ideally positioned to profit strongly and early on from the expected growth from the e-mobility revolution.

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1 Source: Speeches by Dr. Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Bodo Uebber, Member of the Board of Management of Daimler AG for Finance & Controlling and Daimler Financial Services at the annual press conference in Stuttgart on 2 February 2017, http://www.daimler.com/investors/.

2 Source: Automobilwoche, Elektroauto von VW: Erstes MEB-Modell läuft ab 2019 in Zwickau vom Band, 03 February 2017, www.automobilwoche.de/article/20170203/AGENTURMELDUNGEN/302029897/elektroauto-von-vw-erstes-meb-modell-laeuft-ab--in-zwickau-vom-band.

3 Source: Auto Express, 2017 Tesla Model 3: Production confirmed to begin in July, www.autoexpress.co.uk/tesla/model-3/87867/2017-tesla-model-3-production-confirmed-to-begin-in-july.

27. Signature Page

Beelen, Frankfurt, London, 10 March 2017

Aumann AG

signed by	signed by
Rolf Beckhoff	Ludger Martinschledde
(Co-Chief Executive Officer)	(Co-Chief Executive Officer)

Joh. Berenberg, Gossler & Co. KG

signed by	signed by
ppa. Marc Christian Gei	ppa. Christian Wöckener-Erten

Citigroup Global Markets Limited

signed by

Ken Robins

Hauck & Aufhäuser Privatbankiers KGaA

signed by	signed by
ppa. Christian von Dreising	ppa. Dirk Weyerhäuser

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