# INTERIM REPORT Q1/2019

euromicron

# Key figures

Key figures

| | Q1 2019 | Q1 2018 |
|---|---|---|
| | € thou. | € thou. |
| Sales | 70,268 | 75,085 |
| EBITDA (before IFRS 16) | 1,289 | –1,033 |
| EBITDA margin (before IFRS 16), in % (relative to sales at the reporting date) | 1.8% | –1.4% |
| EBITDA | 3,144 | –1,033 |
| EBITDA margin, in % (relative to sales at the reporting date) | 4.5% | –1.4% |
| EBIT (before IFRS 16) | –1,039 | –3,353 |
| EBIT | –913 | –3,353 |
| Consolidated net loss for the period (before IFRS 16) | –1,900 | –3,493 |
| Consolidated net loss for the period | –1,973 | –3,493 |
| Equity ratio (before IFRS 16), in % | 26.6% | 30.2% |
| Equity ratio, in % | 23.9% | 30.2% |
| Working capital (after factoring) | 38,215 | 50,580 |
| Working capital ratio (after factoring), in % (relative to sales of the past 12 months) | 12.2% | 15.2% |
| Working capital (before factoring) | 65,555 | 72,442 |
| Working capital ratio (before factoring), in % (relative to sales of the past 12 months) | 20.9% | 21.8% |
| Cash flow from operating activities (before IFRS 16) | –10,677 | –11,995 |

# Highlights

- The quarterly financial statements are significantly impacted by conversion effects resulting from the fact that the standard IFRS 16 – “Leases” had to be applied effective January 1, 2019. A detailed reconciliation can be found in section 6c.) in the notes on the consolidated financial statements starting on page 20. The comments on the key figures do not include the effects from IFRS 16.
- As expected, euromicron generated sales of €70.3 million in the first quarter (previous year: €75.1 million). That was attributable in particular to a change in the seasonal nature of sales in the “Critical Infrastructures” segment compared to the previous year. The lower sales will be offset as expected in the course of the year.
- Despite the lower sales, euromicron increased its EBITDA (before IFRS 16) sharply in the first quarter by €2.3 million to €1.3 million (previous year: € –1.0 million). Its EBITDA margin (before IFRS 16) improved by 3.2 percentage points to 1.8% (previous year: –1.4%). That is mainly due to the sharp improvement in earnings in the “Smart Buildings” segment following the structural measures that were implemented in 2018.
- The consolidated net loss for the period (before IFRS 16) was reduced sharply in the first quarter of 2019 by €1.6 million to € –1.9 million (previous year: € –3.5 million).
- Working capital (before factoring) was reduced by € –6.9 million compared to the figure at March 31, 2018. That had a positive impact on the working capital ratio (before factoring), which was 20.9% at March 31, 2019, and so 0.9 percentage points below the figure for the previous year (21.8%).

# CONTENTS

## I. INTERIM MANAGEMENT REPORT



## II. INTERIM FINANCIAL STATEMENTS

# I. Interim Management Report

## 1. Fundamentals of the Group

**Profile**
The euromicron Group is organized into the three segments of "Smart Buildings", "Critical Infrastructures" and "Distribution".

From consulting, design and implementation, operation, to intelligent services – euromicron provides its customers with tailor-made digitalization solutions from a single source. To achieve that, the companies in the euromicron Group combine the technically and economically most expedient components from the fields of terminal devices and sensors, infrastructure, platforms, applications and services. End-to-end cybersecurity concepts round out the portfolio.

As a result, euromicron enables its customers from small and medium-sized enterprises (SMEs) and the public sector, as well as large companies, to network business and production processes and successfully implement digitized processes at their organization.

All the activities of the euromicron Group in the markets of "Digital Buildings" and "Smart Industry" are pooled in the **"Smart Buildings"** segment.

For "Digital Buildings", euromicron delivers cross-industry, all-round solutions for innovative building, network and security technology, as well as complementary digital and other services. Using suitable software in the smart building means manual processes can be eliminated and improved, resources used more efficiently and so costs cut. Application examples of that are intelligent, energy-efficient room and lighting systems ("Smart Office" and "Smart Lighting"). This area also includes equipping data centers with high-performance cabling systems.

The focus in "Smart Industry" is on digitizing and networking development, production and service processes at medium-sized industrial companies. The euromicron Group develops holistic Smart Industry approaches for and with its customers and implements them in a forward-looking way that protects investments. Intelligent data management and a highly available, fault-tolerant network infrastructure are crucial success factors for customers. In networking and automating digital business processes, the euromicron Group also sets store by comprehensive risk analysis. It offers integrated cybersecurity solutions so that production can be networked securely and with a high level of performance.

The **"Critical Infrastructures"** segment caters for operators of such infrastructures with highly available and secure communications solutions. Critical infrastructures (KRITIS) are vital business infrastructures whose failure is highly problematic for a company and also for large sections of the public. That may be the digital mobile radio system at an airport or the communications network of Deutsche Bahn or a power utility, for example.

The euromicron Group has intimate knowledge of the requirements, guidelines and standards to meet those demands and offers a legally secure overall package for operators of critical infrastructures. With its broad customer base in the segments telecommunications, energy, healthcare and transportation, euromicron boasts extensive practical experience as a specialist for planning, creating and operating secure networks and systems. Moreover, customers in the "Critical Infrastructures" segment obtain specialized expertise for holistic solutions relating to cybersecurity, automation, process control systems and power system control technology. Last but not least, the technology manufacturing companies in this segment round out the product portfolio with their professional video, audio and special technology solutions for sensitive security restricted areas.

The **"Distribution"** segment groups consulting and supply of vendor-independent products relating to active and passive network components in the fiber-optic and copper area.

**Key control indicators and the control system**

Our main financial control factors comprise key indicators for our business development, profitability, capital efficiency and liquidity controlling. EBITDA (before IFRS 16), the EBITDA margin (before IFRS 16), sales and the working capital ratio are the main key indicators used to control the Group.

Introduction of the standard IFRS 16 – "Leases" has a considerable impact on the presentation of the financial statements, in particular on EBITDA, which is reduced by the fact that rights of use are recognized. euromicron has decided to continue using EBITDA (before IFRS 16) as a control factor and to take into account the reduction due to lease expenses, since there has been no change to the system of cash-oriented corporate controlling and so EBITDA adjusted for leasing effects represents a sensible control indicator for the euromicron Group. There will also be no adjustment of EBITDA to reflect special costs as of fiscal year 2019.

The other key control indicators will be retained without any changes. Reconciliation of the reported EBITDA with EBITDA (before IFRS 16) is presented in the table below.

## 2. Results of operations

### a) Sales and results of operations

The euromicron Group's sales in the first quarter of 2019 were €70.3 million (previous year: €75.1 million). Sales of €59.7 million (previous year €63.9 million) – or around 85.0% of total sales (previous year: 85.1%) – were generated in the German market. Foreign sales were €10.6 million (previous year: €11.2 million) and accounted for 15.0% of total sales (previous year: 14.9%).

The cost of materials relative to total operating performance was reduced sharply by 5.3 percentage points to 47.3% (previous year: 52.6%). Despite the € –4.8 million fall in sales, gross operating profit was €1.8 million higher at €37.3 million (previous year: €35.5 million).

EBITDA (before IFRS 16) at March 31, 2019, was €1.3 million, a sharp increase of €2.3 million (previous year: € –1.0 million).

**Consolidated Income Statement**

| | 3-month report | | | |
|---|---|---|---|---|
| | Q1 2019 | Effects from application of IFRS 16 | Q1 2019 before IFRS 16 | Q1 2018 |
| | € thou. | € thou. | € thou. | € thou. |
| **Sales** | **70,268** | **0** | **70,268** | **75,085** |
| Inventory changes | 623 | 0 | 623 | –194 |
| Own work capitalized | 931 | 0 | 931 | 734 |
| Other operating income | 780 | 0 | 780 | 430 |
| Cost of materials | –33,558 | 0 | –33,558 | –39,367 |
| Personnel costs | –27,537 | 0 | –27,537 | –27,418 |
| Other operating expenses | –8,363 | 1,855 | –10,218 | –10,303 |
| **Earnings before interest, taxes, depreciation and amortization (EBITDA)** | **3,144** | **1,855** | **1,289** | **–1,033** |
| Depreciation/amortization | –4,057 | –1,729 | –2,328 | –2,320 |
| **Earnings before interest and taxes (EBIT)** | **–913** | **126** | **–1,039** | **–3,353** |
| Interest income | 6 | 0 | 6 | 9 |
| Interest expenses | –1,749 | –229 | –1,520 | –1,463 |
| **Income before income taxes** | **–2,656** | **–103** | **–2,553** | **–4,807** |
| Income taxes | 683 | 30 | 653 | 1,314 |
| **Consolidated net loss for the period** | **–1,973** | **–73** | **–1,900** | **–3,493** |
| Thereof for euromicron AG shareholders | –2,075 | –73 | –2,002 | –3,597 |
| Thereof for non-controlling interests | 102 | 0 | 102 | 104 |
| **(Un)diluted earnings per share in €** | **–0.29** | **–0.01** | **–0.28** | **–0.50** |

**Sales by segments**

| | Q1 2019 | Q1 2018 | Change |
|---|---|---|---|
| | € thou. | € thou. | € thou. |
| Smart Buildings | 40,042 | 40,216 | –174 |
| Critical Infrastructures | 23,304 | 28,622 | –5,318 |
| Distribution | 6,892 | 6,230 | 662 |
| Total for all reportable operating segments | 70,238 | 75,068 | –4,830 |
| Non-strategic Business Areas | 30 | 17 | 13 |
| **Group** | **70,268** | **75,085** | **–4,817** |

**EBITDA (before IFRS 16) by segments**

| | Q1 2019 | Q1 2018 | Change |
|---|---|---|---|
| | € thou. | € thou. | € thou. |
| Smart Buildings | 1,383 | –957 | 2,340 |
| Critical Infrastructures | 77 | 416 | –339 |
| Distribution | 1,399 | 1,371 | 28 |
| Total for all reportable operating segments | 2,859 | 830 | 2,029 |
| Non-strategic Business Areas | –27 | –43 | 16 |
| Central Services | –1,543 | –1,820 | 277 |
| **Group** | **1,289** | **–1,033** | **2,322** |

External sales in the "Smart Buildings" segment were around the level of the same quarter of the previous year. The segment's EBITDA (before IFRS 16) improved by €2.3 million. The main cause of that was positive effects from the structural measures implemented in the previous year, especially in construction-related project business.

External sales in the "Critical Infrastructures" segment fell by € –5.3 million. That was as planned for the first quarter and is attributable in particular to a change in the seasonal nature of sales compared to the previous year, but will be offset as expected in the course of the year. This effect is the main reason why EBITDA (before IFRS 16) was € –0.3 million lower year on year.

External sales in the "Distribution" segment were €0.7 million above the figure for the same quarter of the previous year. However, EBITDA (before IFRS 16) was only slightly up on the level of the same quarter of the previous year, mainly due to the fact that the gross profit margin for the sold product mix fell slightly by 0.9 percentage points.

Lower consulting costs and reductions in material costs meant that the negative EBITDA (before IFRS 16) of the "Central Services" area (holding costs) improved by €0.3 million over the same quarter of the previous year.

The Group's EBITDA margin (before IFRS 16) in the first quarter of 2019 improved by 3.2 percentage points to 1.8% (previous year: –1.4%).

The consolidated net loss for the period at March 31, 2019, was € –1.9 million (previous year: € –3.5 million), or a reduction of €1.6 million.

### b) Order situation

New orders in the first quarter of 2019 declined by € –9.2 million or –10.2%. That is due to an amount of € –7.1 million from lower new orders in the "Critical Infrastructures" segment, which is mainly attributable to a different time structure in the award of projects than in the previous year.

Order books at March 31, 2019, were €14.2 million or 9.7% higher than in the previous year and so are a sound basis for the Group's further business performance.

**New orders/order books**

| | March 31, 2019 | March 31, 2018 |
|---|---|---|
| | € thou. | € thou. |
| **Consolidated new orders** | **80,940** | **90,173** |
| **Consolidated order books** | **159,810** | **145,637** |

## 3. Financial position

The euromicron Group's net debt (before IFRS 16) at March 31, 2019, was € –106.1 million and so increased by €4.2 million over the same period of the previous year (€ –101.9 million). This is mainly attributable to net cash used for investments (€ –8.1 million), which – given a virtually balanced cash flow from operating activities over the 12-month period – was funded utilizing existing credit lines. On the other hand, there were positive effects of €4.8 million on net debt, in particular cash effects from the Group's factoring program.

At March 31, 2019, the euromicron Group had free liquidity of €9.8 million (previous year: €13.1 million) for up-front financing of project business and to further finance the company's planned development.

The current agreement with the financing partners has a term running until March 31, 2021. The agreement specifies that the company must fulfill specific key ratios (covenants), which must be tested quarterly. They include the gearing ratio and key indicators relating to earnings and liquidity. The agreed repayment of €2.5 million effective March 31, 2019 (Sunday) was made on schedule on April 1, 2019 (first subsequent banking day); the amount repaid was €2.6 million. In addition, the agreement envisages a further repayment of €25.0 million effective January 31, 2020.

At March 31, 2019, the euromicron Group has liabilities to banks totaling €111.1 million (previous year: €104.3 million), of which €38.9 million (previous year: €38.5 million) is long-term and €72.2 million (previous year: €65.8 million) is short-term loan liabilities.

At March 31, 2019, the reported cash flow from operating activities was € –9.0 million (previous year: € –12.0 million). However, the reported cash flow figures in 2019 are impacted by effects from adoption of the standard IFRS 16 – "Leases". An adjustment for the effects of IFRS 16 is carried out to determine cash flow figures that permit comparison with those for the previous year. The main effects that resulted in an improvement of €1.7 in the net reported cash flow from operating activities were as follows:

- Elimination of the positive EBITDA effects due to the fact that leasing installments are no longer recognized in the income statement (€1.9 million)
- Elimination of interest paid from finance leases (€ –0.2 million)

IFRS 16 results in a reduction in the cash flow from financing activities to a same amount (€ –1.7 million) due to higher repayments of liabilities from finance leases.

**Calculation of cash flow from operating activities (before IFRS 16)**

| | Q1 2019 | Q1 2018 |
|---|---|---|
| | € thou. | € thou. |
| Cash flow from operating activities acc. to statement of cash flows | –9,028 | –11,995 |
| Thereof effects from IFRS 16 | 1,649 | 0 |
| Cash flow from operating activities (before IFRS 16) | –10,677 | –11,995 |

There was consequently a cash flow from operating activities (before IFRS 16) of € –10.7 million in the first quarter of 2019, an improvement of €1.3 million over the previous year (€ –12.0 million). That is due to a €1.9 million increase in cash effects from EBITDA (before IFRS 16) and positive cash flow effects from working capital (€0.2 million). On the other hand, there were changes in the other balance sheet items (€ –0.7 million) and an increase in interest and tax payments (€ –0.1 million.)

Net cash used in investing activities in the first quarter of 2019 was € –2.7 million, almost at the level of the same quarter of the previous year (€ –2.5 million).

The net cash provided by financing activities (before IFRS 16) was €13.1 million compared with €13.4 million in the first three months of the previous year. The net proceeds are mainly due to raised loans which exceed the net cash used to repay loans.

Cash funds of the euromicron Group at March 31, 2019, were thus €6.2 million compared with €3.9 million at March 31, 2018.

## 4. Net assets

The table below presents the asset and equity structure of the euromicron Group:

**Asset and equity structure**

| | March 31, 2019 | Effects from application of IFRS 16 | March 31, 2019 (before IFRS 16) | | Dec. 31, 2018 | |
|---|---|---|---|---|---|---|
| | € m. | € m. | € m. | % | € m. | % |
| Noncurrent assets | 173.5 | 27.0 | 146.5 | 60.7 % | 148.4 | 60.9 % |
| Current assets | 88.4 | – 0.2 | 88.6 | 36.7 % | 88.8 | 36.4 % |
| Cash and cash equivalents | 6.2 | 0.0 | 6.2 | 2.6 % | 6.5 | 2.7 % |
| **Assets** | **268.1** | **26.8** | **241.3** | **100.0 %** | **243.7** | **100.0 %** |
| Equity | 64.1 | – 0.1 | 64.2 | 26.6 % | 66.2 | 27.2 % |
| Noncurrent liabilities | 65.6 | 20.0 | 45.6 | 18.9 % | 45.6 | 18.7 % |
| of which financial liabilities | 59.9 | 20.2 | 39.7 | 16.5 % | 39.7 | 16.3 % |
| Current liabilities | 138.4 | 6.9 | 131.5 | 54.5 % | 131.9 | 54.1 % |
| of which financial liabilities | 80.9 | 6.9 | 74.0 | 30.7 % | 60.3 | 24.7 % |
| **Equity and liabilities** | **268.1** | **26.8** | **241.3** | **100.0 %** | **243.7** | **100.0 %** |

Total assets (before IFRS 16) at the euromicron Group at March 31, 2019, were €241.3 million, a fall of € –2.4 million or –1.0% compared to December 31, 2018.

Noncurrent assets were €146.5 million, € –1.9 million below the level at December 31, 2018 (€148.4 million). € –2.2 million of that decline is due to retirement of the carrying amount for a developed property that was sold effective March 31, 2019. Noncurrent assets therefore accounted for 60.7% of total assets, slightly below the level at December 31, 2018 (60.9%). The ratio of equity and long-term outside capital to noncurrent assets at March 31, 2109, is 74.9% (previous year: 75.4%).

Noncurrent assets (before IFRS 16) were €88.6 million, virtually at the level of December 31, 2018 (€88.8 million). Trade accounts receivable and contract assets fell by a total of € –2.9 million to €49.7 million as a result of customer payments. On the other hand, there was an increase in other financial assets by €1.7 million to €6.4 million. €2.7 million of that is attributable to recognition of the receivable from the property sale, whereas receivables from factoring monies not yet paid out resulted in a reduction of € –1.0. In addition, inventories and other assets each increased by €0.5 million.

Cash and cash equivalents fell slightly by € –0.3 million over the figure at December 31, 2018, to €6.2 million.

The € –0.2 million fall in equity (before IFRS 16) is due to an amount of € –1.9 million to the consolidated net loss for the first quarter of 2019 and to an amount of € –0.1 million to dividends from subsidiaries that were adopted in the first quarter of 2019, to which non-controlling shareholders were entitled on a pro-rata basis and which had to be transferred from equity to outside capital. The equity ratio (before IFRS 16) was 26.6% following 27.2% at December 31, 2018.

Noncurrent liabilities (before IFRS 16) in particular contain the long-term components of the Group's outside financing and deferred tax liabilities and remained at the level of December 31, 2018 (€45.6 million). Noncurrent liabilities were 18.9% of total assets compared with 18.7% at December 31, 2018.

Current liabilities (before IFRS 16) were €131.5 million, a slight fall of € –0.4 million over December 31, 2018; they accounted for 54.5% of total assets (previous year: 54.1%).

€ –13.0 million of this decline is due to the reduction in trade accounts payable. In particular, there was also a fall in other tax liabilities (€ –0.8 million; mainly lower value-added tax liabilities), personnel obligations (€ –0.7 million; mainly lower liabilities from wages and salaries) and other provisions (€ –0.4 million). On the other hand, there was an increase of €13.5 million in short-term liabilities to banks, which was attributable to the higher utilization of overdraft lines. Contract liabilities also increased by €1.1 million as a result of higher customer payments.

The Group's working capital (before factoring) was reduced to €65.6 million or by € –6.9 million compared to the figure for the same quarter of the previous year. As a result, the working capital ratio fell by 0.9 percentage points from 21.8% to 20.9%. Since there was a higher factoring volume, working capital (after factoring) at March 31, 2019, fell by € –12.4 million to €38.2 million. The working capital ratio (after factoring) was 12.2% and so 3.0 percentage points lower than in the previous year (15.2%).

## 5. Opportunity and Risk Report

The reports from the risk management system at December 31, 2018, have been continuously examined and updated as part of the Group's interim report at March 31, 2019. At March 31, 2019, there were no significant material changes in the risks at the euromicron Group compared with as stated and described in detail in the management report in the 2018 Annual Report.

Taking into account all known facts and circumstances, euromicron does not anticipate any significant effects on its operational business from macroeconomic changes and does not see any risks that might jeopardize the existence of the euromicron Group in a foreseeable period of time or, as far as can be assessed at present, might have a significant influence on the Group's net assets, financial position and results of operations.

# II. Interim Financial Statements

## 1. Consolidated Income Statement

### Consolidated Income Statement

| | 3-month report | |
|---|---|---|
| | Q1 2019 | Q1 2018 |
| | € thou. | € thou. |
| **Sales** | **70,268** | **75,085** |
| Inventory changes | 623 | –194 |
| Own work capitalized | 931 | 734 |
| Other operating income | 780 | 430 |
| Cost of materials | –33,558 | –39,367 |
| Personnel costs | –27,537 | –27,418 |
| Other operating expenses | –8,363 | –10,303 |
| **Earnings before interest, taxes, depreciation and amortization (EBITDA)** | **3,144** | **–1,033** |
| Depreciation/amortization | –4,057 | –2,320 |
| **Earnings before interest and taxes (EBIT)** | **–913** | **–3,353** |
| Interest income | 6 | 9 |
| Interest expenses | –1,749 | –1,463 |
| **Income before income taxes** | **–2,656** | **–4,807** |
| Income taxes | 683 | 1,314 |
| **Consolidated net loss for the period** | **–1,973** | **–3,493** |
| Thereof for euromicron AG shareholders | –2,075 | –3,597 |
| Thereof for non-controlling interests | 102 | 104 |
| | | |
| **(Un)diluted earnings per share in €** | **–0.29** | **–0.50** |

## 2. Statement of Comprehensive Income for the Group

### Statement of Comprehensive Income for the Group

| | 3-month report | |
|---|---|---|
| | Q1 2019 | Q1 2018 |
| | € thou. | € thou. |
| **Consolidated net loss for the period, before minority interests** | **−1,973** | **−3,493** |
| Currency translation differences (may have to be reclassified to the income statement in future) | 0 | −2 |
| **Other comprehensive income** | **0** | **−2** |
| **Total profit/loss** | **−1,973** | **−3,495** |
| Thereof for euromicron AG shareholders | −2,075 | −3,599 |
| Thereof for non-controlling interests | 102 | 104 |

## 3. Consolidated Balance Sheet – Assets

### Assets

| | March 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| | € thou. | € thou. |
| **Noncurrent assets** | | |
| Goodwill | 110,629 | 110,629 |
| Intangible assets | 15,786 | 15,879 |
| Property, plant and equipment | 43,127 | 18,933 |
| Other financial assets | 148 | 159 |
| Other assets | 1 | 1 |
| Deferred tax assets | 3,790 | 2,758 |
| **Total noncurrent assets** | **173,481** | **148,359** |
| | | |
| **Current assets** | | |
| Inventories | 29,341 | 28,820 |
| Trade accounts receivable | 7,885 | 11,937 |
| Contract assets | 41,861 | 40,755 |
| Claims for income tax refunds | 365 | 430 |
| Other financial assets | 6,399 | 4,738 |
| Other assets | 2,602 | 2,085 |
| Cash and cash equivalents | 6,215 | 6,553 |
| **Total current assets** | **94,668** | **95,318** |
| **Total assets** | **268,149** | **243,677** |

# 3. Consolidated Balance Sheet – Equity and liabilities

## Equity and liabilities

| | March 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| | € thou. | € thou. |
| **Equity** | | |
| Subscribed capital | 18,348 | 18,348 |
| Capital reserves | 94,298 | 94,298 |
| Currency translation difference | – 4 | – 4 |
| Consolidated retained earnings | – 49,303 | – 47,228 |
| Stockholders' equity | 63,339 | 65,414 |
| Non-controlling interests | 745 | 793 |
| **Total equity** | **64,084** | **66,207** |
| | | |
| **Noncurrent liabilities** | | |
| Provisions for pensions | 1,369 | 1,369 |
| Other provisions | 1,670 | 1,653 |
| Liabilities to banks | 38,894 | 38,958 |
| Liabilities from finance leases | 21,026 | 790 |
| Other liabilities | 0 | 114 |
| Deferred tax liabilities | 2,723 | 2,724 |
| **Total noncurrent liabilities** | **65,682** | **45,608** |

Continuation of the Consolidated Balance Sheet – Equity and liabilities on page 14

Continuation of the Consolidated Balance Sheet – Equity and liabilities

## Equity and liabilities

| | March 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| | € thou. | € thou. |
| **Current liabilities** | | |
| Other provisions | 1,549 | 1,941 |
| Trade accounts payable | 35,590 | 48,631 |
| Contract liabilities | 5,282 | 4,209 |
| Liabilities from current income taxes | 1,220 | 1,165 |
| Liabilities to banks | 72,208 | 58,681 |
| Liabilities from finance leases | 7,272 | 363 |
| Other tax liabilities | 2,784 | 3,595 |
| Personnel obligations | 9,011 | 9,727 |
| Other financial liabilities | 1,396 | 1,295 |
| Other liabilities | 2,071 | 2,255 |
| **Total current liabilities** | **138,383** | **131,862** |
| **Total equity and liabilities** | **268,149** | **243,677** |

## 4. Consolidated Statement of Cash Flows

### Consolidated Statement of Cash Flows

| | Q1 2019 | Q1 2018 |
|---|---|---|
| | € thou. | € thou. |
| Income before income taxes | –2,656 | –4,807 |
| Net interest income/loss | 1,743 | 1,454 |
| Depreciation and amortization of fixed assets | 4,057 | 2,320 |
| Disposal of assets, net | –466 | –3 |
| Allowances for inventories, doubtful accounts and contract assets | 130 | 132 |
| Change in provisions | –502 | –478 |
| Changes in current and noncurrent assets and liabilities: | | |
| – Inventories | –610 | 371 |
| – Trade accounts receivable and contract assets | 3,073 | 2,179 |
| – Trade accounts payable and contract liabilities | –10,838 | –11,161 |
| – Other operating assets | 369 | 461 |
| – Other operating liabilities | –1,646 | –1,084 |
| – Income tax paid | –328 | –978 |
| – Income tax received | 99 | 684 |
| – Interest paid | –1,462 | –1,282 |
| – Interest received | 9 | 197 |
| **Net cash used in operating activities** | **–9,028** | **–11,995** |

Continuation of the statement of cash flows on page 16

↓ Continuation of the consolidated statement of cash flows

## Consolidated Statement of Cash Flows

| | Q1 2019 | Q1 2018 |
|---|---|---|
| | € thou. | € thou. |
| **Net cash used in operating activities** | **–9,028** | **–11,995** |
| Proceeds from | | |
| – Retirement/disposal of property, plant and equipment | 1 | 20 |
| Payments due to acquisition of | | |
| – Intangible assets | –1,029 | –874 |
| – Property, plant and equipment | –1,675 | –1,108 |
| – Subsidiaries | –32 | –500 |
| **Net cash used in investing activities** | **–2,735** | **–2,462** |
| Proceeds from raising of financial loans | 13,532 | 19,916 |
| Cash repayments of financial loans | –330 | –6,412 |
| Cash repayments of liabilities from finance leases | –1,777 | –140 |
| Distributions to/withdrawals by non-controlling interests and profit shares of minority interests and profit shares of minority interests | 0 | 0 |
| **Net cash provided by financing activities** | **11,425** | **13,364** |
| Net change in cash funds | –338 | –1,093 |
| Cash funds at start of period | 6,553 | 4,954 |
| **Cash funds at end of period** | **6,215** | **3,861** |

## 5. Statement of Changes in Equity for the Group

### Statement of Changes in Equity for the Group

| | Subscribed capital | Capital reserves | Consolidated retained earnings | Currency translation difference | Equity attributable to the shareholders of euromicron AG | Non-controlling interests | **Total equity** |
|---|---|---|---|---|---|---|---|
| | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. |
| **Dec. 31, 2017** | **18,348** | **94,298** | **–34,708** | **4** | **77,942** | **599** | **78,541** |
| Adjustments from first-time application of IFRS 9 and IFRS 15 in acc. with IAS 8 | 0 | 0 | –691 | 0 | –691 | 0 | –691 |
| **January 1, 2018 (adjusted)** | **18,348** | **94,298** | **–35,399** | **4** | **77,251** | **599** | **77,850** |
| | | | | | | | |
| **Net loss for Q1 2018** | **0** | **0** | **–3,597** | **0** | **–3,597** | **104** | **–3,493** |
| | | | | | | | |
| **Other comprehensive income** | | | | | | | |
| Currency translation differences | 0 | 0 | 0 | –2 | –2 | 0 | –2 |
| | 0 | 0 | 0 | –2 | –2 | 0 | –2 |
| **Total profit/loss** | **0** | **0** | **–3,597** | **–2** | **–3,599** | **104** | **–3,495** |
| | | | | | | | |
| **Transactions with owners** | | | | | | | |
| Distributions to/drawings by minority interests | 0 | 0 | 0 | 0 | 0 | –125 | –125 |
| | **0** | **0** | **0** | **0** | **0** | **–125** | **–125** |
| **March 31, 2018** | **18,348** | **94,298** | **–38,996** | **2** | **73,652** | **578** | **74,230** |

Continuation of the statement of changes in equity for the Group on page 18

Continuation of the statement of changes in equity for the Group

## Statement of Changes in Equity for the Group

| | Subscribed capital | Capital reserves | Consolidated retained earnings | Currency translation difference | Equity attributable to the shareholders of euromicron AG | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. |
| **December 31, 2018** | **18,348** | **94,298** | **–47,228** | **–4** | **65,414** | **793** | **66,207** |
| **Net loss for Q1 2019** | **0** | **0** | **–2,075** | **0** | **–2,075** | **102** | **–1,973** |
| **Other comprehensive income** | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Total profit/loss** | **0** | **0** | **–2,075** | **0** | **–2,075** | **102** | **–1,973** |
| **Transactions with owners** | | | | | | | |
| Distributions to/drawings by minority interests | 0 | 0 | 0 | 0 | 0 | –150 | –150 |
| | **0** | **0** | **0** | **0** | **0** | **–150** | **–150** |
| **March 31, 2019** | **18,348** | **94,298** | **–49,203** | **–4** | **63,339** | **745** | **64,084** |

## 6. Selected explanatory disclosures on the notes on the consolidated financial statements

### a) Preliminary remarks

euromicron AG is a registered company under German law with headquarters in Frankfurt/Main and is mainly active in the areas of network and fiber optics technology.

euromicron AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable on the balance sheet date and with their interpretations by the IFRS IC. The interim report as of March 31, 2019, was prepared in compliance with the stipulations of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and with the requirements of standard no. 16 "Interim Financial Reporting" of the DRSC (Deutsches Rechnungslegungs Standards Committee e.V.). The previous year's figures were determined using the same principles.

Unless otherwise stated, the figures in this interim report are presented in thousands of euros (€ thou.).

The results in the interim financial statements do not necessarily permit forecasts for the further course of business.

### b) Accounting and measurement policies

The same accounting and measurement policies were used in the abridged presentation of the consolidated financial statements as of March 31, 2019, as for preparing the consolidated financial statements at December 31, 2018, unless changes are explicitly specified.

A detailed description of these policies is published in the 2018 Annual Report and is available on the company's homepage. The consolidated financial statements of euromicron AG as of December 31, 2018, were prepared on the basis of Section 315e of the German Commercial Code (HGB) in accordance with the IFRS, as are applicable in the European Union.

An individual tax rate is used as the basis for calculating the income taxes for German companies and is also applied to the deferred taxes. The respective national rates of tax are used for calculating the income taxes for foreign companies.

Estimates and assumptions must be made to a certain extent in the interim report; the value of assets, liabilities and contingent liabilities, as well as expenses and income in the reporting period, depend on these. The actual later figures may differ from the amounts reported in the interim report.

There are changes to the accounting and measurement policies as a result of the following standards that had to be applied for the first time in fiscal 2019. Apart from the effects of IFRS 16 presented in the following, however, there are not expected to be any significant effects on the consolidated financial statements:

**Standards to be applied for the first time in the fiscal year**

| | Standard / interpretation | Mandatory application in the EU | Adoption by the EU Commission |
|---|---|---|---|
| IAS 19 | Employee Benefits: Plan Amendment, Curtailment or Settlement (amendment) | January 1, 2019 | Yes |
| IAS 28 | Long-term Interests in Associates and Joint Ventures (amendment) | January 1, 2019 | Yes |
| IFRS 16 | Leases | January 1, 2019 | Yes |
| IFRS 9 | Financial Instruments: Prepayment Features with Negative Compensation (amendment) | January 1, 2019 | Yes |
| IFRIC 23 | Uncertainty over Income Tax Treatments | January 1, 2019 | Yes |
| AIP | Annual improvements to the IFRSs, cycle 2015 – 2017 | January 1, 2019 | No |

**c) Effects of IFRS 16 – Leases**

As part of conversion to IFRS 16, assets for the rights of use to leased objects were recognized to an amount of €27,837 thousand at January 1, 2019. In addition, the other assets (prepaid expenses) fell by € –59 thousand. On the liabilities side, lease obligations totaling €27,932 thousand were carried, while the other liabilities (liabilities from contracts with a rent-free period) fell by € –154 thousand. All in all, total assets therefore increased by €27,778 thousand. The equity ratio fell as a result by 2.8 percentage points from 27.2% to 24.4%.

Conversion to IFRS 16 was based on the modified retrospective method. The comparative figures for the periods of the previous year were not adjusted. As regards the options and exemptions available under IFRS 16, the euromicron Group chooses the following approach:

- Assets from rights of use are carried under the fixed assets and presented separately in the notes
- Lease obligations are recognized as separate items in the balance sheet
- Leases whose term ends within twelve months are carried as expenses from short-term leases
- The exemption whereby the new regulations are not to be applied to leases whose term ends within twelve months of the time of first-time adoption of the standard and they are to be treated as short-term leases was not utilized, with the result that corresponding rights of use and lease obligations were carried for these leases
- Leases with a value of less than €5 thousand are regarded as low-value assets and carried as expenses from leases for low-value assets
- The direct costs initially incurred are not included at the time of adoption
- In the case of significant, short-term agreements relating to the rental of buildings, the terms of the agreements were adjusted to reflect the Group’s five-year planning horizon

On the basis of the operating leases and finance leases at December 31, 2018, there was the following reconciliation with the opening balance sheet value for the lease obligations at January 1, 2019:

**Reconciliation**

| | € thou. |
|---|---|
| Obligation from operating leases at December 31, 2018 | 24,662 |
| Finance leases at December 31, 2018 | 1,153 |
| Leases at December 31, 2018 | 25,815 |
| Effects from IFRS 16 | 3,270 |
| **Carried lease obligations at January 1, 2019** | **29,085** |

The effects are mainly due to the fact that the obligations from operating leases at December 31, 2018, were determined on the basis of the terms of the agreements. In the case of significant, short-term agreements relating to the rental of buildings, the terms of the agreements for lease obligations at January 1, 2019, on which measurement is based were adjusted to reflect the Group’s five-year planning horizon. There were further effects in particular from discounting to the date of adoption of IFRS 16 (January 1, 2019) at the marginal cost of capital.

In determining the marginal cost of capital, the incremental borrowing rate of interest of euromicron was taken and corrected by separate markdowns for property and movables. That results in a weighted average rate of interest of 3.09% for property and of 3.37% for movables.

With regard to the date of conversion (January 1, 2019) and the reporting date for the quarter (March 31, 2019), there were the following effects:

### Reconciliation of the opening balance sheet values at December 31, 2018 / January 1, 2019

| | Dec. 31, 2018 € thou. | IFRS 16 lease effect € thou. | Jan. 1, 2019 € thou. |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 18,933 | 27,837 | 46,770 |
| Other assets (including effects from IFRS 16) | 2,086 | –59 | 2,027 |
| Other assets | 222,658 | 0 | 222,658 |
| **Total assets** | **243,677** | **27,778** | **271,455** |
| | | | |
| **Equity and liabilities** | | | |
| Equity | 66,207 | 0 | 66,207 |
| Liabilities from finance leases | 1,153 | 27,932 | 29,085 |
| Other liabilities (including effects from IFRS 16) | 2,369 | –154 | 2,215 |
| Other liabilities | 173,948 | 0 | 173,948 |
| **Total equity and liabilities** | **243,677** | **27,778** | **271,455** |

### Reconciliation of the IFRS 16 lease effects in the income statement (Q1 2019)

| | Q1 2019 (before IFRS 16) € thou. | IFRS 16 lease effect € thou. | Q1 2019 € thou. |
|---|---|---|---|
| Other operating expenses | –10,218 | 1,855 | –8,363 |
| **Earnings before interest, taxes, depreciation and amortization (EBITDA)** | **1,289** | **1,855** | **3,144** |
| Depreciation/amortization | –2,328 | –1,729 | –4,057 |
| **Earnings before interest and taxes (EBIT)** | **–1,039** | **126** | **–913** |
| Interest expenses | –1,520 | –229 | –1,749 |
| **Income before income taxes** | **–2,553** | **–103** | **–2,656** |
| Income taxes | 653 | 30 | 683 |
| **Consolidated net loss for the period** | **–1,900** | **–73** | **–1,973** |

### Reconciliation of the IFRS 16 lease effects in the balance sheet at March 31, 2019

| | March 31, 2019 (before IFRS 16) € thou. | IFRS 16 lease effect € thou. | March 31, 2019 € thou. |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 16,204 | 26,923 | 43,127 |
| Other assets (including effects from IFRS 16) | 2,675 | –72 | 2,603 |
| Deferred tax assets | 3,762 | 28 | 3,790 |
| Other assets | 218,629 | 0 | 218,629 |
| **Total assets** | **241,270** | **26,879** | **268,149** |
| | | | |
| **Equity and liabilities** | | | |
| Equity | 64,157 | –73 | 64,084 |
| Deferred tax liabilities | 2,725 | –2 | 2,723 |
| Liabilities from finance leases | 1,199 | 27,099 | 28,298 |
| Other liabilities (including effects from IFRS 16) | 2,216 | –145 | 2,071 |
| Other liabilities | 170,973 | 0 | 170,973 |
| **Total assets** | **241,270** | **26,879** | **268,149** |

### Rights of use and liabilities from finance leases at January 1, 2019, and March 31, 2019

| | Jan. 1, 2019 € thou. | March 31, 2019 € thou. |
|---|---|---|
| **Property, plant and equipment** | | |
| Rights of use – land and buildings | 23,479 | 22,465 |
| Rights of use – technical equipment and machinery | 1,441 | 1,507 |
| Rights of use – other equipment, operating and office equipment | 4,849 | 4,932 |
| **Total** | **29,769** | **28,904** |
| Liabilities from finance leases | 29,085 | 28,298 |

**Leases in the income statement**

| | Q1 2019 € thou. |
|---|---|
| **Other operating income** | |
| Income from sale and leaseback transactions | 466 |
| **Other operating expenses** | **–73** |
| Expenses from short-term leases | –28 |
| Expenses from leases for low-value assets | –45 |
| **Amortization** | **–1,853** |
| Amortization of rights of use – land and buildings | –1,110 |
| Amortization of rights of use – technical equipment and machinery | –107 |
| Amortization of rights of use – other equipment, operating and office equipment | –636 |

A developed property of the subsidiary euromicron Austria in Seekirchen, Austria, was sold effective March 31, 2019, under the agreement dated March 19, 2019. This sale resulted in a retirement within the meaning of IFRS 15. The income of €466 thousand from the sale was carried under "Other operating income". The remaining book value of the developed property at the time of its sale was €2,184 thousand. The proceeds from its sale were €2,650 thousand. The buyer paid the purchase price on April 1, 2019. At the same time, a rental agreement with a minimum term of three years as from April 1, 2019, was concluded and can be terminated with a period of notice of six months, but no earlier than effective March 31, 2022.

Effects from conversion to IFRS 16 in the first quarter of 2019 resulted in an increase of €1,649 thousand in the reported cash flow from operating activities, whereas the reported cash flow from financing activities fell by the same amount (due to cash repayments of liabilities from finance leases).

### d) Consolidated companies

Apart from euromicron AG, 23 (December 31, 2018: 23) companies controlled by euromicron AG are included in the interim consolidated financial statements.

### e) Significant business events

The financing agreement specified a repayment of €2.5 million by March 31, 2019. The agreed repayment of €2.5 million effective March 31, 2019 (Sunday) was made on schedule on April 1, 2019 (first subsequent banking day); the amount repaid was €2.6 million.

### f) Treasury shares

At March 31, 2019, euromicron does not hold any treasury shares that might be offset against equity in accordance with IAS 31.33.

### g) Non-controlling interests

Under IFRS 3 (2008), non-controlling interests are disclosed as part of equity in accordance with the entity point of view. The minority interests in equity reported at March 31, 2019 (€745 thousand) relate exclusively to Qubix S.p.A., Padua, Italy (10%).

### h) Reporting on financial instruments

The following table compares the carrying amounts and fair values of the financial instruments.

Financial instruments are measured at fair value in accordance with IFRS 13 on three levels:

Level 1: Input factors in level 1 are (not adjusted) prices listed for identical assets or liabilities in active markets to which the company has access on the measurement date.

Level 2: Input factors in level 2 are market price listings other than those stated in level 1 which can be observed either directly or indirectly for the asset or liability.

Level 3: Input factors in level 3 are input factors that cannot be observed for the asset or liability.

**Comparison of carrying amounts and fair values**

| | March 31, 2019 | | Dec. 31, 2018 | |
|---|---|---|---|---|
| | Carrying amount | Fair value with DVA | Carrying amount | Fair value with DVA |
| | € thou. | € thou. | € thou. | € thou. |
| **Assets** | | | | |
| Cash and cash equivalents | 6,215 | – [1] | 6,553 | – [1] |
| Trade accounts receivable | 7,885 | – [1] | 11,937 | – [1] |
| Contract assets | 41,861 | – [1] | 40,755 | – [1] |
| Other financial assets | 6,547 | – [1] | 4,897 | – [1] |
| **Equity and liabilities** | | | | |
| Trade accounts payable | 35,590 | – [1] | 48,631 | – [1] |
| Liabilities to banks | 111,102 | 111,187 | 97,639 | 97,547 |
| Other financial liabilities | 1,396 | 1,393 | 1,295 | 1,292 |
| Financial personnel obligations | 5,231 | – [1] | 5,996 | – [1] |
| Liabilities from finance leases | 28,297 | – [1] | 1,153 | – [1] |

[1] The carrying amount corresponds approximately to the fair value.

The level model was applied for measuring the financial instruments reported at fair value at the euromicron Group. The fair values of the shares in Track Group Inc. (balance sheet item: "Other financial assets") were measured on the basis of level 1, since the share price can be observed on an active market.

Receivables to be assigned to the business model "Sell" and so assigned to the measurement category "Fair Value through Profit or Loss" were measured on the basis of level 2. The carrying amount of these receivables is approximately their fair value.

The liabilities from the opposite put/call options for the remaining shares in MICROSENS GmbH & Co. KG and Microsens Beteiligungs GmbH not held by euromicron were measured on the basis of level 3. They are carried under the other current financial liabilities.

The liabilities from the put/call option for the remaining shares in KORAMIS GmbH not held by telent GmbH were measured on the basis of level 3. The Black-Scholes formula was used to determine the fair value of the put/call options. The main model parameters applied in that are the value of the underlying instrument, the exercise price, the anticipated volatility of the underlying instrument, any dividend payments, the risk-free interest rate, and the anticipated remaining term. The liability from the put option is carried under the other current financial liabilities. The call option is carried under the other current financial assets.

In the first quarter of 2019, there were no changes to or movements in the fair value of assets or liabilities assigned to level 3 of the fair value hierarchy. There were also no shifts between the levels of the fair value hierarchy.

There is no collateral received for financial instruments at the euromicron Group.

## 7. Segment reporting

### Segment reporting

| | Smart Buildings | | Critical Infrastructures | | Distribution | | Total for all reportable operating segments | |
|---|---|---|---|---|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. |
| External sales | 40,042 | 40,216 | 23,304 | 28,622 | 6,892 | 6,230 | 70,238 | 75,068 |
| Sales within the Group | 338 | 332 | 482 | 472 | 122 | 311 | 942 | 1,115 |
| **Total sales** | **40,380** | **40,548** | **23,786** | **29,094** | **7,014** | **6,541** | **71,180** | **76,183** |
| | | | | | | | | |
| EBITDA | 2,351 | –957 | 756 | 416 | 1,491 | 1,371 | 4,598 | 830 |
| EBITDA margin | 5.8 % | –2.4 % | 3.2 % | 1.4 % | 21.3 % | 21.0 % | 6.5 % | 1.1 % |
| Thereof effects from IFRS 16 leasing | – 968 | 0 | –679 | 0 | –92 | 0 | –1,739 | 0 |
| **EBITDA (before IFRS 16)** | **1,383** | **– 957** | **77** | **416** | **1,399** | **1,371** | **2,859** | **830** |
| **EBITDA margin (before IFRS 16)** | **3.4 %** | **–2.4 %** | **0.3 %** | **1.4 %** | **19.9 %** | **21.0 %** | **4.0 %** | **1.1 %** |
| | | | | | | | | |
| Amortization/depreciation | –2,218 | –1,476 | –1,524 | –725 | –115 | –42 | –3,857 | –2,243 |
| Thereof effects from IFRS 16 leasing | 884 | 0 | 629 | 0 | 86 | 0 | 1,599 | 0 |
| Amortization/depreciation (before IFRS 16) | –1,334 | –1,476 | –895 | –725 | –29 | –42 | –2,258 | –2,243 |
| | | | | | | | | |
| EBIT | 133 | –2,433 | –768 | –309 | 1,376 | 1,329 | 741 | –1,413 |
| Thereof effects from IFRS 16 leasing | –84 | 0 | –50 | 0 | –6 | 0 | –140 | 0 |
| EBIT (before IFRS 16) | 49 | –2,433 | – 818 | –309 | 1,370 | 1,329 | 601 | –1,413 |
| | | | | | | | | |
| Order books | 87,111 | 82,976 | 69,374 | 59,451 | 3,231 | 2,807 | 159,716 | 145,234 |
| New orders | 44,447 | 47,344 | 28,527 | 35,660 | 7,963 | 7,175 | 80,937 | 90,179 |
| Working capital | 43,285 | 54,942 | 11,442 | 11,550 | 4,985 | 5,833 | 59,712 | 72,325 |
| **Working capital ratio** | **25.0 %** | **29.3 %** | **9.9 %** | **9.2 %** | **18.9 %** | **25.1 %** | **18.9 %** | **21.5 %** |

→ Continuation of segment reporting on page 25

Continuation of segment reporting

## Segment reporting

| | All other segments | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Non-strategic Business Areas | | Central Services | | Total for the segments | | Reconciliation | | Group | |
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. |
| External sales | 30 | 17 | 0 | 0 | 70,268 | 75,085 | 0 | 0 | 70,268 | 75,085 |
| Sales within the Group | 0 | 1 | 0 | 0 | 942 | 1,116 | –942 | –1,116 | 0 | 0 |
| **Total sales** | **30** | **18** | **0** | **0** | **71,210** | **76,201** | **–942** | **–1,116** | **70,268** | **75,085** |
| | | | | | | | | | | |
| EBITDA | –27 | –43 | –1,427 | –1,820 | 3,144 | –1,033 | 0 | 0 | 3,144 | –1,033 |
| EBITDA margin | | | | | 4.4 % | –1.4 % | | | 4.5 % | –1.4 % |
| Thereof effects from IFRS 16 leasing | 0 | 0 | –116 | 0 | –1,855 | 0 | 0 | 0 | –1,855 | 0 |
| **EBITDA (before IFRS 16)** | **–27** | **–43** | **–1,543** | **–1,820** | **1,289** | **–1,033** | **0** | **0** | **1,289** | –1,033 |
| **EBITDA margin (before IFRS 16)** | | | | | **1.8 %** | **–1.4 %** | | | **1.8 %** | **–1.4 %** |
| | | | | | | | | | | |
| Amortization/depreciation | 0 | 0 | –200 | –77 | –4,057 | –2,320 | 0 | 0 | –4,057 | –2,320 |
| Thereof effects from IFRS 16 leasing | 0 | 0 | 130 | 0 | 1,729 | 0 | 0 | 0 | 1,729 | 0 |
| Amortization/depreciation (before IFRS 16) | 0 | 0 | –70 | –77 | –2,328 | –2,320 | 0 | 0 | –2,328 | –2,320 |
| | | | | | | | | | | |
| EBIT | –27 | –43 | –1,627 | –1,897 | –913 | –3,353 | 0 | 0 | –913 | –3,353 |
| Thereof effects from IFRS 16 leasing | 0 | 0 | 14 | 0 | –126 | 0 | 0 | 0 | –126 | 0 |
| EBIT (before IFRS 16) | –27 | –43 | –1,613 | –1,897 | –1,039 | –3,353 | 0 | 0 | –1,039 | –3,353 |
| | | | | | | | | | | |
| Order books | 254 | 578 | 0 | 0 | 159,970 | 145,812 | –160 | –175 | 159,810 | 145,637 |
| New orders | 3 | –6 | 0 | 0 | 80,940 | 90,173 | 0 | 0 | 80,940 | 90,173 |
| Working capital | –186 | –209 | –1,428 | –1,993 | 58,098 | 70,123 | –19,883 | –19,543 | 38,215 | 50,580 |
| **Working capital ratio** | | | | | **18.4 %** | **20.8 %** | | | **12.2 %** | **15.2 %** |

## 8. Breakdown of revenue

### Breakdown of revenue by type of business and time/period of fulfillment

| | Reportable operating segments | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Smart Buildings | | Critical Infrastructures | | Distribution | | Total for all reportable operating segments | | All other business areas and reconciliation | | Group | |
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. | € thou. |
| **Sales of the segment** | **40,380** | **40,548** | **23,786** | **29,094** | **7,014** | **6,541** | **71,180** | **76,183** | **–912** | **–1,098** | **70,268** | **75,085** |
| Type of business | | | | | | | | | | | | |
| Revenue from project business | 23,186 | 22,098 | 14,515 | 14,885 | 0 | 0 | 37,701 | 36,983 | –435 | –575 | 37,266 | 36,408 |
| Revenue from the sale of goods | 12,109 | 13,510 | 3,259 | 6,413 | 7,014 | 6,541 | 22,382 | 26,464 | –435 | –483 | 21,947 | 25,981 |
| Revenue from the provision of services | 5,085 | 4,940 | 6,012 | 7,796 | 0 | 0 | 11,097 | 12,736 | –42 | –40 | 11,055 | 12,696 |
| | | | | | | | | | | | | |
| Fulfillment of the performance obligation and recognition of the sales | | | | | | | | | | | | |
| Recognition at a specific point in time | 12,109 | 13,510 | 3,259 | 6,413 | 7,014 | 6,541 | 22,382 | 26,464 | –435 | –483 | 21,947 | 25,981 |
| Recognition over time | 28,271 | 27,038 | 20,527 | 22,681 | 0 | 0 | 48,798 | 49,719 | –477 | –615 | 48,321 | 49,104 |

## 9. Further explanations

**a) Significant events after the balance sheet date**

Mr. Jörn Trierweiler left as a member of the Executive Board of euromicron AG effective the end of April 30, 2019.

**b) Contingencies, contingent liabilities and other financial obligations**

There were no significant changes in contingencies, contingent liabilities and contingent claims compared with the consolidated financial statements at December 31, 2018. From fiscal 2019 on, operating lease obligations are recognized in accordance with the requirements of IFRS 16 (see section 6c).

**c) Business transactions with related parties**

Persons and companies are regarded as related parties if they control the euromicron Group or exert a significant influence on its financial and business policy or the euromicron Group has a significant influence over them.

In the first quarter of 2019, services totaling €101 thousand (previous year: €0 thousand) were obtained from companies that are controlled by members of management in key positions. At the balance sheet date, there were liabilities from them totaling €135 thousand (previous year: €0 thousand), which are carried under the trade payables.

## 10. Miscellaneous

**a) Disclosure in accordance with Section 115 (7) of the German Securities Trading Act (WpHG)**

The abridged financial statements and the interim management report at March 31, 2019, have not been audited or inspected by an auditor in accordance with Section 317 of the German Commercial Code (HGB).

**b) Declaration by the legal representatives**

We declare to the best of our knowledge that the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the accounting principles to be applied for interim reporting and that the course of business, including the business results and the Group's position, is presented in the interim group management report in such a way that a true and fair view is given and the main opportunities and risks of the Group's anticipated development in the remainder of the fiscal year are described.

Bettina Meyer

**Bettina Meyer**
Spokeswoman of the Executive Board

Frank Schmitt

**Dr. Frank Schmitt**
Member of the Executive Board

# Financial calendar

| | |
|---|---|
| **April 11, 2019** | Publication of the 2018 Annual Report |
| **May 9, 2019** | Publication of the business figures for the 1st quarter of 2019 |
| **August 8, 2019** | Publication of the business figures for the 2nd quarter of 2019 |
| **August 27, 2019** | General Meeting, Frankfurt/Main |
| **November 7, 2019** | Publication of the business figures for the 3rd quarter of 2019 |

**Imprint**

| | |
|---|---|
| Publisher and copyright: | euromicron AG<br>Zum Laurenburger Hof 76<br>60594 Frankfurt/Main<br>Germany<br>www.euromicron.de<br>E-mail: info@euromicron.de |
| Registry court: | Frankfurt am Main, HRB 45562 |

**Contact**

| | |
|---|---|
| Investor Relations: | Phone: +49 69 631583-0<br>Fax: +49 69 631583-17<br>E-mail: IR-PR@euromicron.de |

| | |
|---|---|
| ISIN: | DE000A1K0300 |
| WKN: | A1K030 |
| Concept, design and production: | MPM Corporate Communication Solutions, Mainz, Düsseldorf<br>www.mpm.de |

This quarterly report is available in German and English.

Both versions can also be downloaded from the Internet at www.euromicron.de.

In cases of doubt, the German version is authoritative.



**Disclaimer on predictive statements**

This report also includes predictive statements and information on future developments that are based on the convictions and current views of euromicron AG's management and on assumptions and information currently available to euromicron. Where the terms "assume", "believe", "assess", "expect", "intend", "can/may/might", "plan" or similar expressions are used, they are intended to indicate predictive statements that are subject to certain elements of insecurity and risks, such as competitive pressure, changes to the law, changes in general political and economic conditions, changes to business strategy, other risks and uncertainties that euromicron AG in many cases cannot influence and that may result in significant deviations between the actual results and predictive statements. Any liability or guarantee for the used and published data and information being up-to-date, correct and/or complete is not assumed, either explicitly or implicitly.