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Ibeo Automotive Systems GmbH Hamburg	Accounting / financial reports	Annual financial statements for the financial year from January 1, 2018 to December 31, 2018	26.09.2019	100%

Ibeo Automotive Systems GmbH

Hamburg

Annual financial statements for the financial year from January 1, 2018 to December 31, 2018

Management report of Ibeo Automotive Systems GmbH, Hamburg, for the 2018 financial year

1. Basics of the company

1.1. Business model

Ibeo Automotive Systems GmbH, based in Hamburg, is a global specialist for LiDAR sensor technology in the automotive industry. In addition to high-precision laser sensors, the company develops software for environment detection, algorithms for automated and highly automated driving (HAD / AD) as well as reference models for ADAS third-party systems and software applications in the field of mapping and localization. The product portfolio is supplemented by in-house developed software for sensor fusion, by means of which the data of different sensor types (radar, camera and laser) are brought together and evaluated.

The focus of the company's activity is the development and sales of laser-based systems. The sensors and other system components are produced in third-party production or by purchasing from selected suppliers.

Ever more modern and complex driver assistance systems up to applications in the field of autonomous driving (AD) will make the use of LiDAR sensors in vehicles inevitable in the near future. Existing sensor technologies such as radar, camera or ultrasound can be supplemented by the LiDAR sensors from Ibeo to enable precise position detection and classification of vehicles and objects and thus orientation on the road. To enable series production of LiDAR sensors in the future, Ibeo is working intensively on the development of a new 3D solid-state LiDAR sensor. In contrast to conventional LiDAR systems, this new generation of sensors completely dispenses with moving parts and instead uses semiconductor technology. The solid-state sensors offer a significantly higher resolution than conventional sensors and, due to the elimination of the mechanical parts, are much smaller and more robust than current sensors and enable series use in the automotive industry and other industrial sectors. The first samples of the new LiDAR sensor are expected to be completed in the second half of 2019.

To improve the product portfolio, Ibeo holds a 100 percent stake in Ibeo Automotive Eindhoven BV based in the Netherlands. The company's business purpose is the modeling of sensor functions using simulation.

The use of the simulation software is not only limited to the new LiDAR sensor, but can also be used for other sensor technologies such as radar or camera in the future. An expansion to ADAS applications is also planned.

The market situation for the company can be seen as very positive overall, despite the global economic downturn and stagnating sales figures among automobile manufacturers. This development is influenced by the fact that the automation of driving functions, along with the electrification and digitization of the vehicle, is one of the technological megatrends in the automotive market. In 2018, global demand for driver assistance systems and applications in the Highly Automated Driving (HAD) area also increased significantly. Ibeo is responding to this market development by offering innovative software and system solutions for the area of LiDAR sensors. The necessary increase in the workforce was consistently continued in the last year. At the end of December 2018, the number of employees at the Hamburg location was 277 (Dec. 31, 2017: 146).

1.2. Research and Development

Ibeo continued to advance its research and development expenditures in this financial year. The total expenditure for the R&D area amounted to EUR 18.9 million, of which EUR 11.4 million was capitalized as internally generated intangible assets. This corresponds to an increase over the previous year of EUR 13.8 million. This work mainly concerned the conception of the mechanical design and the development of elementary components for the production of the new LiDAR sensor. To ensure the validation and verification of

the newly developed hardware and software components, the company has also invested in the expansion of its vehicle fleet and the expansion of its IT infrastructure. The expenditure amounted to EUR 0.3 million. As of the reporting date, the number of employees in the company's development departments was 106 (previous year: 40). Due to the strong increase in personnel, personnel expenses related to this area increased by EUR 4.6 million to EUR 6.6 million compared to the previous year. the company has also invested in expanding its vehicle fleet and expanding its IT infrastructure. The expenditure amounted to EUR 0.3 million. As of the reporting date, the number of employees in the company's development departments was 106 (previous year: 40). Due to the strong increase in personnel, personnel expenses related to this area increased by EUR 4.6 million to EUR 6.6 million compared to the previous year. As of the reporting date, the number of employees in the company's development departments was 106 (previous year: 40). Due to the strong increase in personnel, personnel expenses related to this area increased by EUR 4.6 million to EUR 6.6 million compared to the previous year. As of the reporting date, the number of employees in the company's development departments was 106 (previous year: 40). Due to the strong increase in personnel, personnel expenses related to this area increased by EUR 4.6 million to EUR 6.6 million compared to the previous year.

In addition to developing the new solid-state sensor, the company is involved in various research and development projects. The aim of these projects is the research of new technology areas and the further development of existing basic technologies up to the introduction of new product innovations. Cooperation takes place within the framework of government-funded development projects or in the course of joint partnerships with universities or other cooperation partners.

Among other things, Ibeo has been working on a joint project with a major German transport service provider since 2018 on the development of an overall system for the use of driverless shuttles in local passenger transport. To this end, Ibeo continued to develop an AD system in the past financial year. The presentation of the first shuttle in driverless operation is planned for 2021.

Working on innovative solutions and future-oriented product improvements is not limited to individual departments in the company, but rather represents a holistic task for all departments and employees. A large number of the innovations developed in-house are protected by patents.

In order to secure the future success of the company and to push ahead with the development projects initiated in the transition to highly automated driving, Ibeo will further intensify its research and development activities in the coming years. Ibeo continues to count on the ingenuity and development expertise of its employees.

2. Economic report

2.1. Macroeconomic and industry-related framework conditions

Global economic growth in 2018 stabilized at the high level of 2017. But even though the global economy is still on the upswing, the first signs of an economic slowdown began to appear in the second half of the year. There is growing evidence that global growth has peaked and economic momentum is losing momentum.

The overall economies developed very differently in the geographically relevant markets of Europe, Asia and the USA. While in the US, fueled by government fiscal measures, overall economic output increased significantly, the economy in the euro zone and Asia was significantly weaker. In Asia, China's economy, in particular, was less stable due to the trade conflicts with the USA and posted the weakest growth since the 2009 financial crisis. The slowed upward trend in the euro area is essentially due to the cooling of economic developments in Germany and Italy. While higher interest rates and increasing uncertainty as a result of the financial crisis have had a lasting impact on domestic demand in Italy, the decline in German economic output is primarily due to the weakness of the domestic automotive industry.

The problems in this key industry, which is relevant for Ibeo, result primarily from the increasing uncertainty among consumers due to newly introduced diesel driving bans, cross-sector exhaust gas manipulation and the inconsistent general conditions during the transition from combustion engines to electromobility. The crisis was exacerbated by the late implementation of the EU's new WLTP certification procedure. The result was a decline in production in the area of motor vehicles and motor vehicle parts by up to 7.5% compared to the comparable prior-year periods.

Demand on the world market has also clearly lost momentum. In China, one of the main sales markets in the automotive sector, vehicle imports have declined significantly as a result of the trade conflict with the United States and the related punitive tariffs. A decline in sales figures can also be observed in other economies due to the existing uncertainties and the tendency towards recessive developments.

Despite this trend and billion-dollar savings programs, the willingness of automobile manufacturers to invest in the future technologies relevant to the automotive industry, electromobility, digital networking and autonomous driving, has increased significantly. At the same time, new market participants are appearing who position themselves on the market as innovative mobility providers in competition with the classic automobile manufacturers. The focus of manufacturers and other market participants on the innovative future technologies increases the pressure to innovate on the automotive industry and leads to increased demand for intelligent and future-oriented product developments. As a provider of laser-based sensor systems, Ibeo is also benefiting from this increased demand. The company holds a strong competitive position by offering integrated hardware and software solutions. As a provider of laser-based sensor systems, Ibeo is also benefiting from this increased demand. The company holds a strong competitive position by offering integrated hardware and software solutions.

2.2. Course of business

Increased personnel expenses as a result of the consistently driven increase in employees and the high investments in the development of the new LiDAR sensor technology have had a significant impact on the company's earnings and liquidity position in the past financial year. As a result, earnings before interest and taxes (EBIT) showed a slight surplus of EUR 11 thousand (previous year: EUR 266 thousand) with positive sales development. The investments for product development, the construction of the new

prototype line and infrastructural measures amounted to EUR 14.3 million (previous year: EUR 2.0 million). The resulting additional financing requirements could be met by taking out a long-term loan. The amount and term of the loan are based on the company's future liquidity needs. In this way, ongoing business financing can also be ensured at any time for subsequent years.

Contrary to the forecast from the previous year, the planned balance sheet overindebtedness of the company did not materialize. This is mainly due to the positive sales development and the activation of external development services. At the end of the year, the equity shown in the balance sheet was EUR 1.8 million. (Previous year: EUR 2.4 million).

2.3. Location of the company

2.3.1. Earnings position

The company's earnings position over the entire financial year is very positive. Revenues increased from EUR 18.9 million to EUR 22.9 million and are therefore only slightly below the forecast turnover of EUR 25 million. This target value includes cost sharing in the amount of EUR 7.7 million, which is shown under other revenues in the current reporting year. Adjusted for this effect, sales were EUR 5.6 million above the forecast target. In the core business, The development and sales of reference systems and sensor solutions for the Automated Driving (AD) division increased sales by 21% compared to the previous year. The sales achieved in this area amounted to EUR 20.2 million (previous year: EUR 16.7 million) and were thus significantly above the target value announced for the reporting period. The company benefited significantly from the high sales figures from the 1st quarter of the year. On the one hand, this resulted from strong demand from the Asian market. On the other hand, order backlogs from the previous year were reduced. In the following months, sales figures stabilized at a consistently high level. Only the last quarter fell short of the company's expectations with sales of EUR 4.9 million. However, this development is largely a pure shifting effect between the reporting periods.

Revenues from the sale of pure hardware components such as sensors and ECU control units increased by 6% to EUR 16.0 million in the past financial year. The growth was even more evident in the marketing of software products and licenses. Here, sales increased by 47% compared to the previous year from EUR 2.8 million to EUR 4.2 million.

This development shows the increased interest in holistic system solutions and innovative software offers, which are based on the specific requirements of the customer and can be used flexibly depending on the intended use. This applies equally to the engineering area. Here Ibeo provides individual development services in the context of specific customer projects and in the implementation of non-standardized system solutions. Sales in this segment increased from EUR 0.9 million in the previous year to EUR 2.6 million in 2018.

Sales in the German and European market were only subject to minor changes in 2018. By contrast, the company was able to increase sales in the Asian market by more than 100% from EUR 3.9 million to EUR 7.9 million. The American market, on the other hand, was somewhat weaker. Compared to the previous year, sales decreased by EUR 0.9 million. This decline is primarily due to a one-time effect from the previous year, in which Ibeo was able to win a major order for an international technology company.

With a share of 46.3% of sales, Europe remains the region with the highest sales, followed by the Asian market (34.8%), the USA (18.9%) and the rest of the world (0.1%).

The company's total output in 2018 was EUR 31.5 million and was significantly higher than the previous year's total output of EUR 21.8 million. Other operating income, which, in addition to government grants from government-funded development projects (EUR 267 thousand), also made a significant contribution to this, as did the proceeds from development costs borne in part by an indirect shareholder in the amount of EUR 7.7 million (previous year: 2 EUR 2 million).

Despite the increased sales, the cost of goods changed only insignificantly compared to the previous year, so that the gross profit rose significantly by EUR 9.8 million to EUR 25.9 million.

Along with the strong sales growth and the massive increase in jobs as a result of the expanded R&D activities, personnel expenses rose from EUR 8.7 million in the previous financial year to EUR 16.5 million in the previous financial year. The average number of employees in the company increased from 110 to 220 compared to the previous year. At the end of 2018, a total of 277 people were employed, including 217 in software and sensor development and 60 in administration and sales.

Depreciation on intangible assets and property, plant and equipment has doubled from EUR 0.6 million to EUR 1.2 million - due to investments in software and operating and office equipment, also in connection with the increase in tax depreciation limits for minor assets.

Other operating expenses rose last year by EUR 1.1 million to EUR 8.1 million. This increase results primarily from the increased use of external legal and advisory services, the renting of additional office space and the increase in other cost items that are related to the expansion of general business activities.

Earnings before taxes and interest (EBIT) are slightly positive at EUR 11 thousand, while the previous year's EBIT was still negative at EUR 0.3 million. The high expenditures for research and development and the continuous expansion of the internal organizational structures could only be partially offset by additional contribution margins and the proportional reimbursement of costs by an indirect shareholder. The overall downward trend in earnings was expected due to the course of growth and the associated additional costs and is part of the long-term corporate strategy. Compared to the forecast target values, the result in the current reporting year was even significantly better than expected. This is due to the significant increase in sales, the slightly below-planned staff increase and the activation of self-created intangible assets. Compared to the forecast target values, the result in the current reporting year was even significantly better than expected. This is due to the significant increase in sales, the slightly below-planned staff increase and the activation of self-created intangible assets. Compared to the forecast target values, the result in the current reporting year was even significantly better than expected. This is due to the significant increase in sales, the slightly below-planned staff increase and the activation of self-created intangible assets.

The financial result is negative at EUR 647 thousand (previous year: EUR -23 thousand) due to the borrowing of funds to finance investments in the development of the new sensor generation. In this context, the indirect shareholder loan taken out in 2017 was repaid in full and replaced by a bank-financed loan.

Earnings after taxes on income are negative at EUR 634 thousand (previous year: EUR -244 thousand), so that an annual loss of EUR -640 thousand is reported (previous year: EUR -246 thousand).

2.3.2. Financial position

The company's high level of investment in the financial year is reflected in the increase in total assets by approx. 114% to EUR 21.9 million (previous year: EUR 10.2 million).

The main change on the assets side is reflected in the increase in intangible assets. These increased in the financial year by EUR 11.5 million to EUR 12.1 million (previous year: EUR 0.6 million). This growth is largely due to the capitalization of self-created intangible assets (EUR 11.4 million) in connection with the development of the new solid-state LiDAR sensor.

Property, plant and equipment increased by EUR 1.5 million to EUR 3.2 million in 2018 (previous year: EUR 1.7 million). The investments were made in particular in operating and office equipment (EUR 1.5 million) and are related to the further expansion and expansion of the internal organizational and infrastructure as a result of increasing growth.

The inventory level changed only marginally in the course of the year despite the increased sales. At the end of the year, the inventory value for the goods in stock was EUR 731 thousand (previous year: EUR 931 thousand). The lower value is due to lower inventory levels at the end of the year and a changed mix of goods.

Trade receivables decreased to EUR 2.9 million as of the reporting date (previous year: EUR 4.9 million), while other assets fell by EUR 0.6 million, in particular due to license receivables and receivables from funding projects that have not yet been invoiced rose to EUR 1.0 million.

Equity decreased by the annual loss of EUR 0.6 million from EUR 2.4 million to EUR 1.8 million. The company's over-indebtedness expected for 2018 did not materialize due to the positive business development in connection with the capitalization of internally generated intangible assets.

The other provisions in the amount of EUR 3.1 million primarily include personnel provisions (EUR 2.6 million). As a result of the strategically oriented personnel measures, provisions in the personnel area increased by EUR 1.2 million to a total of EUR 2.6 million (previous year: EUR 1.4 million). Additional provisions exist for outstanding invoices from suppliers and service providers (EUR 260 thousand) and for possible warranty claims (EUR 94 thousand).

As of the reporting date, EUR 13.1 million of the loan financing had been drawn down in the form of a current account credit, which is due to be repaid by 2021 at the latest, so that liabilities to banks are shown in the same amount. At the same time, as a result of the repayment of a loan from an indirect shareholder, other liabilities fell from EUR 3.2 million to EUR 0.3 million.

Most of the trade payables (EUR 3.3 million) include open invoices for outsourced development services. These were transferred to third-party companies in the course of the product development of the new sensor generation and were only settled at the end of the reporting year.

2.3.3 Financial position

2.3.3.1. Capital structure

Compared to the previous year, equity decreased by the deficit reported for 2018 from EUR 0.6 million to EUR 1.8 million (previous year: EUR 2.4 million). The equity ratio fell from 23.5% in the previous year to 8.1% due to the significant increase in debt and the associated increase in total assets.

2.3.3.2. Investments

Investments in property, plant and equipment and intangible assets amounted to EUR 14.3 million in the past financial year. Of this, EUR 11.9 million related to intangible assets and EUR 2.4 million to property, plant and equipment. The main investment was in the development of the new sensor technology. In this context, internally generated intangible assets were capitalized in the amount of EUR 11.4 million.

The investments in other intangible assets (EUR 0.6 million) primarily serve to expand the software infrastructure with a view to expanding business activities towards series production.

In the area of property, plant and equipment, the company has invested in additional server capacities, in the expansion of operating and office equipment (EUR 1.5 million) and in the development of a prototype line (EUR 0.5 million). In addition to investments in business equipment, the existing fleet was further expanded. The new vehicles serve as test vehicles for the company and are preferably used for validation and verification of the new sensor models and software applications.

2.3.3.3. liquidity

The company is financed almost exclusively through borrowing in the form of a medium-term bank loan. The contractually granted credit line is based on the future financial needs of the company and is currently EUR 80.0 million, of which EUR 20.0 million can be drawn on as a current account credit. The loan commitment runs until August 2021. As of the balance sheet date, the overdraft facility was used at EUR 13.1 million. The company's solvency was guaranteed throughout the year. The company has additional lines of credit in the amount of EUR 850 thousand to cover short-term financing requirements. However, these are only used during the year and on a daily basis to cover short-term credit requirements.

The loans provided by an indirect shareholder for the company's interim financing were fully repaid in the current reporting year.

Liquid funds at the end of the financial year amounted to EUR 1.4 million (previous year: EUR 1.3 million).

2.4. Financial and non-financial performance indicators

The company's business areas are managed using a large number of clearly defined key figures. The key figures are an integral part of an institutionalized KPI system and are recorded at regular intervals and analyzed and evaluated with regard to possible deviations from operational planning. The company has defined revenue and operating earnings before interest and taxes (EBIT) as key financial performance indicators. These indicators are used to monitor the company's growth and profitability.

As in previous years, the development of employees in the area of non-financial performance indicators can be cited as one of the key parameters for controlling corporate success. Due to the course of growth and the associated need for qualified specialists, the recruitment of new employees is increasingly becoming one of the key success factors for future company development.

2.5. Overall statement on the course of business and the situation of the company

Despite a net loss of EUR 0.6 million, the company's earnings, assets and financial position are consistently positive. The company's sales increased in almost all areas and reached a new record level of EUR 22.9 million. Despite increased expenses for the expansion of development, sales and administrative resources, earnings before taxes and interest (EBIT) were slightly up on the previous year at EUR 11 thousand and were thus in the upper range of the target corridor defined for the 2018 financial year.

The financial means necessary for the expansion of the business activity could be secured by taking out a medium-term loan. The company has thus created a solid basis for consistently implementing the growth goals set for the future.

3. Forecast, opportunity and risk report

3.1. Forecast report

The company's earnings depend to a large extent on the general economic conditions and the future development of the automotive industry.

Due to government regulations and changing mobility needs, automobile manufacturers are increasingly investing in new technologies such as electrification, connectivity and autonomous driving. Ibeo, as a provider of ultra-modern, laser-based sensor systems, is also benefiting from this development. The economic slowdown on the world market and the increasing crisis in the automotive industry could lead to a weakening of this positive trend in the near future and lead automobile manufacturers to make significant savings in the research and development programs planned for the future.

Ibeo's core business, the development and sale of reference systems and sensor solutions for highly automated driving, will be subject to only minor changes in 2019. The aim of the company is to stabilize sales at the high level of 2018 or to further expand them in the event of a positive business development and thus to increase slightly compared to 2018. To this end, Ibeo has continuously expanded its internal sales structures and, in addition to strengthening its own sales team, has also gradually expanded its cooperation with distributors operating in regional markets. The company also plans to set up its own sales office in the United States. In this way, the presence on the American market is to be increased and the direct relationship with customers expanded and intensified.

The demand for LiDAR sensors and sensor systems for use in series production has increased significantly over the past year due to the increasing automation of driving functions. Ibeo is currently participating in various international tenders from well-known automobile manufacturers. For the sales development in 2019, it will be decisive how quickly the first prototypes of the new LiDAR sensor are available. According to the current state of development, the completion and sale of salable samples is planned for the second half of 2019.

In addition to the additional sales from the sale of the new LiDAR sensor, the company benefits from the increasing marketing of the SCALA[®] sensor developed in cooperation with an international automotive supplier. In addition to various smaller orders, Ibeo is close to completing a first large series order with development start in 2019.

Due to the additional sales revenues from series marketing and the stable demand in the company's conventional business areas, a sales increase of more than 20% over the previous year is expected for the following year. According to the company, the target corridor for the expected sales is between EUR 25 and 30 million.

For the development of the new LiDAR sensor, Ibeo plans to increase the workforce by another 100 employees in 2019, so that a total of approximately 380 employees will be employed at the end of 2019. Investments in and expenditure on research and development will also continue to increase.

Since the resulting expenses can only be partially covered by reimbursements from the indirect shareholders and the reflows from the core operational business, a significant negative result can be expected until the planned start of series production of the newly developed solid-state sensor in 2022. With regard to earnings before interest and taxes (EBIT), the company management expects a deficit of between EUR 10 and 15 million in 2019. As a consequence, that in the course of the financial year 2019 the existing equity will be consumed by the expected losses of the company and a deficit not covered by equity will be shown between EUR 8.2 million and EUR 13.2 million. The operational start-up losses and high capital expenditures are part of the growth strategy pursued by the company and are fully secured by a medium-term loan commitment of up to EUR 80 million with an option to add another EUR 120 million.

3.2. Risk report

The controlling and quality assurance processes implemented in recent years ensure a comprehensive management and control system in the company. Controlling provides the management information relevant to the control of all business areas, which can be used to promptly identify and analyze undesirable economic developments and financial risks.

In addition, the company pushed ahead with the expansion of cross-divisional risk management and institutionalized it as part of the regular management reviews. Risk management is a firmly anchored control and management process that enables the company to identify risks at an early stage and to initiate measures to minimize damage in good time. The risks are recorded continuously over the period of their existence and classified according to their probability of occurrence and potential damage.

In addition to the general economic and market risks, the main risks for the company are primarily in the areas of IT and system security, the availability of qualified specialists, general development and project risks as well as the future financing of the company.

In the IT area, measures for the continuous expansion of the IT infrastructure are being consistently pursued and represent a key success factor for the future development of the company. In this context, the company endeavors to reduce the risks due to system failures, data loss or to minimize unauthorized access by third parties. In addition, the company is continuously working on improving the product security of the newly developed LIDAR sensors and is therefore planning to set up a cyber security department specializing in data and functional security.

Due to the course of growth and the increasing shortage of skilled workers on the job market, Ibeo will continue to rely on the recruitment and long-term retention of highly qualified employees. The company has continuously expanded its recruiting measures and existing incentive models in order to expand the workforce as much as possible and to counter possible risks due to a loss of know-how. Flexible working time models, An attractive design of the workplaces and long-term personnel development programs should permanently bind employees to the company and ensure the availability of the required human resources for the future. In 2018, Ibeo participated in a cross-sector employee survey to determine employee satisfaction among employees. In the evaluation in 2019, the company received five out of five possible stars and thus the seal of quality "Hamburg's best employer".

When developing the new 3D solid-state sensor and other ongoing customer projects, there are fundamental risks with regard to the expected cost trend, general technological feasibility and adherence to deadlines. In order to minimize these risks, project deviations derived from risk management are used to identify deviations from the plan as quickly as possible and to assess them with regard to the possible effects on the further course of the project.

The funds required to cover the operational start-up losses in the course of the growth strategy adopted could be secured by taking out a medium-term loan. The credit line is so broad that sufficient liquid funds will continue to be available for the implementation of the planned development projects. Consequently, the liquidity risk for the company can currently be assessed as low. There are currently no other financial risks, such as bad debts and exchange rate risks, or only to a limited extent.

3.3. Opportunity report

The automotive industry is facing the biggest change in its history. Changing framework conditions due to scarce resources, stricter environmental regulations and new mobility requirements of consumers are forcing the automotive industry to invest more in future-oriented technologies. In the field of autonomous driving, a race between manufacturers and suppliers has started for the market launch of highly automated vehicles. The first semi-autonomous vehicles without a driver are expected in 2023. The increasing level of automation in vehicles leads to an increased need for powerful driver assistance systems and improved sensors for more precise object and environment detection. Against this background, it can be assumed that the global demand for LiDAR-based sensor systems will continue to increase in the following years. This development offers Ibeo, as one of the leading manufacturers of LiDAR sensors and sensor systems, diverse opportunities with regard to the future marketing of its own products and services.

The introduced risk management not only supports the company in assessing company-relevant risks, but also helps to identify potential opportunities and future success factors in good time and use them profitably for the company. In addition to adapting the range of services to the changing needs of the market and implementing strategically relevant technology trends, the key success factors also include the development of new market segments and the continuous optimization of internal structures and processes.

With the introduction of cross-departmental management processes, the management sees itself well equipped to target the company to the future requirements of the market despite a constantly changing technology environment. With the help of the measures that have been implemented, the company's targeted sales and earnings targets are to be secured in the long term and the company's growth course is to be continued on an ongoing basis.

Hamburg, March 15, 2019

Ibeo Automotive Systems GmbH

Dr. Ulrich Lages

Balance sheet of Ibeo Automotive Systems GmbH, Hamburg, as of December 31, 2018

assets

	12/31/2018	12/31/2017
	EUR	EUR
A. Fixed assets		
I. Intangible assets	12,090,458.98	566,309.00
- Internally generated industrial property rights and similar rights and values EUR	11,350,641.98	0.00
12,090,458.98 (previous year EUR 0.00)		
II. Tangible assets		
1. Technical systems and machines	457,960.00	0.00
2. Other equipment, operating and office equipment	2,360,940.23	1,609,138.23
3. Advance payments made	412,632.00	88,650.00
	3,231,532.23	1,697,788.23
III. Financial investments		
Shares in affiliated companies	20,000.00	20,000.00
	15,341,991.21	2,284,097.23
B. Current assets		

	12/31/2018	12/31/2017
	EUR	EUR
I. Inventories	730,939.44	930,750.76
II. Receivables and other assets	4,050,317.71	5,511,068.25
- thereof claims against affiliated companies EUR 130,000.00 (previous year EUR 130,968.57)		
III. Cash and bank balances	1,352,593.58	1,330,256.79
	6,133,850.73	7,772,075.80
C. Prepaid expenses	434,953.37	188,647.00
	21,910,795.31	10,244,820.03

liabilities

	12/31/2018	12/31/2017
	EUR	EUR
A. Equity		
I. Drawn capital	25,000.00	25,000.00
II. Retained earnings	2,629,616.79	2,629,616.79
III. Balance sheet loss	-886,351.45	-246,477.75
	1,768,265.34	2,408,139.04
B. Provisions	3,067,645.23	1,998,824.59
C. Liabilities	16,996,635.82	5,764,414.32
- thereof liabilities to banks EUR 13,146,122.38 (previous year EUR 0.00)		
- thereof liabilities to affiliated companies EUR 153,975.66 (previous year EUR 0.00)		
D. Prepaid expenses	78,248.92	73,442.08
	21,910,795.31	10,244,820.03

Income statement of Ibeo Automotive Systems GmbH, Hamburg, for the period from January 1 to December 31, 2018

	2018	2017
	EUR	EUR
1. Gross result	25,878,921.47	16,074,774.90
2. Personnel expenses		
a) Wages and salaries	14,102,780.43	7,575,483.08
b) Social security and pension expenses	2,436,200.27	1,153,049.25
	16,538,980.70	8,728,532.33
3. Depreciation on intangible assets and property, plant and equipment	1,223,319.89	567,852.26
4. Other operating expenses	8,099,604.03	7,042,307.66
	17,016.85	-263,917.35
5. Other interest and similar income	22,584.92	921.67
6. Interest and similar expenses	669,857.17	23,547.07
7. Taxes on income and earnings	4,006.60	-43,000.00
8. Earnings after taxes on income	-634,262.00	-243,542.75
9. Other taxes	5,611.70	2,935.00
10. Annual loss	-639,873.70	-246,477.75
II. Loss carryforward (previous year: profit carryforward)	-246,477.75	1,829,616.79
12. Recruitment to other revenue reserves	0.00	-1,829,616.79
13. Balance sheet loss	-886,351.45	-246,477.75

Appendix of Ibeo Automotive Systems GmbH, Hamburg, for the 2018 financial year**A. Accounting policies**

In the accounting and valuation, the regulations of the HGB for large corporations were applied in the annual financial statements of Ibeo Automotive Systems GmbH, Hamburg (Hamburg District Court, HRB 111950). The notes are drawn up using size-based facilities for medium-sized corporations.

The presentation, structure, approach and valuation of the annual financial statements correspond to the principles of the previous year, with the exception of the first-time exercise of the right to capitalize internally generated intangible assets and a change in the presentation of sales revenues from cost reimbursements, which are shown under other operating income. To ensure comparability, the previous year's amounts were adjusted, which increased other operating income by EUR 2,213 thousand and reduced sales revenue by the same amount.

The profit and loss account is drawn up using the total cost method.

In the year under review, development services were exercised for the first time in accordance with Section 248 (2) HGB in the amount of EUR 11,351 thousand as internally generated intangible assets. The valuation takes place at production costs. The manufacturing costs include material and production direct costs as well as appropriate parts of associated overhead costs. As the development phase had not yet been completed on the balance sheet date, the asset is not amortized.

Purchased intangible assets are valued at acquisition cost less scheduled straight-line depreciation. The depreciation is carried out on a straight-line basis over the normal use.

Tangible assets are valued at the cost of acquisition less scheduled depreciation. They are amortized on a straight-line basis over their expected useful life. Minor assets with acquisition costs up to EUR 800 are fully depreciated in the year of acquisition in accordance with tax regulations.

Financial assets are valued at acquisition cost.

Work in progress is carried at the cost of production or the lower fair value on the balance sheet date. The manufacturing costs include direct and overhead material costs as well as direct and overhead manufacturing costs.

The goods are valued at acquisition cost including incidental acquisition costs or in accordance with the strict lowest value principle at the lower fair values on the balance sheet date.

The receivables and other assets are stated at nominal values. To cover the default risk in the case of doubtful trade receivables, appropriate individual value adjustments are made, if necessary.

The other provisions take into account all identifiable risks and uncertain obligations and are valued at the settlement amount necessary according to reasonable commercial assessment. Future price and cost increases are taken into account, provided there are sufficient objective indications for their occurrence. Provisions with a remaining term of more than one year are discounted using the average market interest rate of the past seven financial years corresponding to their remaining term, which was determined by the Deutsche Bundesbank on the balance sheet date.

The liabilities are recognized at the settlement amount.

Receivables and payables in foreign currencies with a remaining term of up to one year are converted at the mean spot exchange rate on the balance sheet date. In this respect, unrealized gains and losses from currency translation are included in these financial statements.

B. Notes to the balance sheet and income statement

I. Balance

1. Fixed assets

The separately shown development of fixed assets (Appendix 4) is an integral part of the notes.

The total amount of research and development costs incurred in the past financial year is EUR 18.9 million, of which EUR 11.4 million relates to internally generated intangible assets.

2. Liabilities

The liabilities in the amount of EUR 16,997 thousand (previous year: EUR 5,764 thousand) have a remaining term of up to one year in the amount of EUR 3,851 thousand (previous year: EUR 2,764 thousand) and a remaining term of more than one year in the amount of EUR 13,146 thousand (previous year: EUR 3,000 thousand) .

II. Income statement

1. Personnel expenses

Social security contributions and expenses for pensions and support include expenses for pensions in the amount of EUR 222 thousand (previous year: EUR 96 thousand).

2. Other operating expenses

Other operating expenses include currency translation expenses of EUR 94 thousand (previous year: EUR 7 thousand).

3. Financial result

The other interest and similar income relates to affiliated companies with EUR 4 thousand (previous year: EUR 1 thousand) and income from the discounting of provisions with EUR 18 thousand (previous year: EUR 0).

4. Exceptional expenses and income

Exceptional expenses of EUR 8.9 million (previous year: EUR 5.1 million) were incurred in the financial year, personnel expenses of EUR 6.6 million (previous year: EUR 2.2 million) and other operating expenses of EUR 1.0 million (previous year: EUR 2.9 million).

The extraordinary expenses relate entirely to development costs for a LIDAR-based sensor system and simulation software. These expenses are offset by reimbursements from an indirect shareholder of EUR 7.7 million (previous year: EUR 2.2 million).

C. Other information

1. Participation relationships

As of the balance sheet date, the company held an interest in the following companies within the meaning of Section 271 (1) HGB:

Surname	Participation rate	currency	Equity	Annual result
Ibeo Automotive Eindhoven BV, Eindhoven / Netherlands	100%	EUR thousand	111	149

2. Other financial obligations

The following financial obligations existed as of the balance sheet date:

	EUR thousand
Leases	1,984
Leasing (cars, business equipment)	216
	2,200

3. Personnel

The company employed an average of 220 people during the 2018 financial year (previous year: 110).

4. Management

The management belonged to Dipl.-Ing. Dr. Ulrich Lages, Hamburg, merchant.

5. Supplementary report

After the end of the fiscal year ended December 31, 2018, there were no events of particular importance that could be reported here.

Hamburg, March 15, 2019

Ibeo Automotive Systems GmbH

Dr. Ulrich Lages

Development of the fixed assets of Ibeo Automotive Systems GmbH, Hamburg, in the 2018 financial year

	1.1.2018 EUR	Acquisition / production costs			12/31/2018 EUR
		Additions EUR	Rebooking EUR	Exits EUR	
I. Intangible assets					
1. Self-created industrial property rights and similar rights and values	0.00	11,350,641.98	0.00	0.00	11,350,641.98
2. Other intangible assets	905,264.32	539,225.07	0.00	0.00	1,444,489.39
	905,264.32	11,889,867.05	0.00	0.00	12,795,131.37
II. Tangible assets					
1. Technical systems and machines	0.00	464,410.48	0.00	0.00	464,410.48
2. Other equipment, operating and office equipment	2,386,055.18	1,514,934.84	88,650.00	5,508.63	3,984,131.39
3. Advance payments made	88,650.00	412,632.00	-88,650.00	0.00	412,632.00
Balance sheet loss	2,474,705.18	2,391,977.32	0.00	5,508.63	4,861,173.87
III. Financial investments					
Shares in affiliated companies	20,000.00	0.00	0.00	0.00	20,000.00
	3,399,969.50	14,281,844.37	0.00	5,508.63	17,676,305.24
			Accumulated depreciation		
		1.1.2018 EUR	Additions EUR	Exits EUR	12/31/2018 EUR
I. Intangible assets					
1. Self-created industrial property rights and similar rights and values		0.00	0.00	0.00	0.00
2. Other intangible assets		338,955.32	365,717.07	0.00	704,672.39
		338,955.32	365,717.07	0.00	704,672.39
II. Tangible assets					
1. Technical systems and machines		0.00	6,450.48	0.00	6,450.48
2. Other equipment, operating and office equipment		776,916.95	851,152.34	4,878.13	1,623,191.16
3. Advance payments made		0.00	0.00	0.00	0.00
Balance sheet loss		776,916.95	857,602.82	4,878.13	1,629,641.64
III. Financial investments					
Shares in affiliated companies		0.00	0.00	0.00	0.00
		1,115,872.27	1,223,319.89	4,878.13	2,334,314.03
			Book values		
			12/31/2018 EUR	12/31/2017 EUR	
I. Intangible assets					
1. Self-created industrial property rights and similar rights and values			11,350,641.98	0.00	
2. Other intangible assets			739,817.00	566,309.00	
			12,090,458.98	566,309.00	

	Book values	
	12/31/2018	12/31/2017
	EUR	EUR
II. Tangible assets		
1. Technical systems and machines	457,960.00	0.00
2. Other equipment, operating and office equipment	2,360,940.23	1,609,138.23
3. Advance payments made	412,632.00	88,650.00
Balance sheet loss	3,231,532.23	1,697,788.23
III. Financial investments		
Shares in affiliated companies	20,000.00	20,000.00
	15,341,991.21	2,284,097.23

In the abbreviated annual financial statements intended for disclosure, size-dependent reliefs were used.

The following auditor's report was issued for the complete annual financial statements and management report:

Independent auditor's report

To Ibeo Automotive Systems GmbH, Hamburg:

Audit opinions

We have the annual financial statements of Ibeo Automotive Systems GmbH, Hamburg, consisting of the balance sheet as of December 31, 2018 and the profit and loss account for the financial year from January 1 to December 31, 2018 as well as the appendix, including the presentation of the balance sheet - and valuation methods - checked. In addition, we examined the management report of Ibeo Automotive Systems GmbH, Hamburg, for the business year from January 1 to December 31, 2018.

In our opinion, based on the knowledge gained during the audit, the attached annual financial statements comply in all essential respects with the German commercial law regulations applicable to corporations and, taking into account the German principles of proper bookkeeping, convey a true and fair view of the company's net assets and financial position as at 31 December 2018 and their earnings situation for the financial year from January 1 to December 31, 2018, and the attached management report gives an overall accurate picture of the company's position. This management report is in line with the annual financial statements in all material respects, corresponds to the German legal regulations and correctly presents the opportunities and risks of future development.

In accordance with Section 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations about the regularity of the annual financial statements and the management report.

Basis for the test results

We have carried out our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB), taking into account the German principles of proper audit, as determined by the Institut der Wirtschaftsprüfer (IDW). Our responsibility according to these regulations and principles is further described in the section "Responsibility of the auditor for the audit of the annual financial statements and the management report" of our auditor's report. We are independent of the company in accordance with German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We are of the opinion that the audit evidence we have obtained is sufficient and suitable to serve as the basis for our audit opinions on the annual financial statements and the management report.

Responsibility of the legal representative for the annual financial statements and the management report

The legal representative is responsible for the preparation of the annual financial statements, which comply with the German commercial law applicable to corporations in all material respects, and for the fact that the annual financial statements, taking into account the German principles of proper bookkeeping, reflect a true and fair view of the financial and assets - and earnings situation of the company. Furthermore, the legal representative is responsible for the internal controls which they have determined to be necessary in accordance with the German principles of proper accounting,

When preparing the annual financial statements, the legal representative is responsible for assessing the company's ability to continue operating. Furthermore, he has the responsibility to disclose facts in connection with the continuation of the business activity, if relevant. In addition, he is responsible for accounting for the continuation of business activities on the basis of the accounting principle, provided that this does not conflict with actual or legal circumstances.

In addition, the legal representative is responsible for the preparation of the management report, which as a whole provides an accurate picture of the situation of the company and is in line with the annual financial statements in all material respects, corresponds to the German legal regulations and correctly presents the opportunities and risks of future development. Furthermore, the legal representative is responsible for the precautions and measures (systems) that he has considered necessary to enable the preparation of a management report in accordance with the applicable German legal regulations,

Responsibility of the auditor for the audit of the annual financial statements and the management report

Our aim is to gain sufficient certainty as to whether the financial statements as a whole are free of material misrepresentations, whether intentional or unintentional, and whether the management report as a whole conveys an accurate picture of the situation of the company and in all material matters with the financial statements and is in line with the knowledge gained during the examination, corresponds to the German legal regulations and correctly presents the opportunities and risks of future development, as well as issue a certificate of approval, which includes our audit opinions on the annual financial statements and the management report.

Adequate security is a high level of security, but it does not guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) and taking into account the German principles of proper statutory auditing as determined by the Institute of Wirtschaftsprüfer (IDW) always reveals an essential misrepresentation. Misrepresentations may result from violations or inaccuracies and are considered material if reasonably expected

During the audit, we exercise due judgment and maintain a critical attitude. Furthermore

- we identify and assess the risks of material misrepresentation, whether intentional or unintentional, in the annual financial statements and management report, plan and carry out audit procedures in response to these risks, and obtain audit evidence that is sufficient and suitable to serve as the basis for our audit opinions. The risk that significant misrepresentations are not revealed is higher for violations than for inaccuracies, since violations fraudulent interaction, falsification, intended incompleteness, misleading representations or
- we gain an understanding of the internal control system relevant for the audit of the annual financial statements and the precautions and measures relevant for the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of making an audit opinion on the effectiveness of these Systems of society.
- we assess the appropriateness of the accounting methods used by the legal representatives and the acceptability of the estimated values and related information presented by the legal representatives.
- we draw conclusions about the appropriateness of the going concern basis of accounting applied by legal representatives and, based on the evidence obtained, whether there is material uncertainty about events or circumstances, meaningful doubts as to the ability of the company to continue doing business can pose. If we conclude that there is material uncertainty, we are obliged to draw attention to the corresponding information in the annual financial statements and management report in the auditor's report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the evidence obtained by the date of our audit. However, future events or circumstances may result in the company being unable to continue operating. We draw our conclusions based on the evidence obtained by the date of our audit. However, future events or circumstances may result in the company being unable to continue operating.
- we assess the overall presentation, structure and content of the annual financial statements, including the information and whether the annual financial statements represent the underlying business transactions and events in such a way that the annual financial statements, taking into account the German principles of proper bookkeeping, reflect a true and fair view of the assets, financial and earnings situation of the company.
- we assess the conformity of the management report with the annual financial statements, its compliance with the law and the image it provides of the situation of the company.
- we perform audit procedures on the forward-looking information presented by the legal representative in the management report. On the basis of sufficient, suitable audit evidence, we particularly review the significant assumptions on which the legal representative based the forward-looking statements and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not give an independent opinion on the forward-looking information and the underlying assumptions. There is a significant unavoidable risk

We discuss with the supervisors, among other things, the planned scope and timing of the audit, as well as significant audit findings, including any defects in the internal control system that we identify during our audit.

Hamburg, March 15, 2019

**Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
tax consultancy company**

Andreas Fettke, auditor

Nina Pottmann, auditor

Approval of the annual financial statements as of December 31, 2018

The annual financial statements as of December 31, 2018 of Ibeo Automotive Systems GmbH, Hamburg, were adopted by resolution of the shareholders' meeting on April 24, 2019.