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abat AG

Bremen

Consolidated financial statements for the financial year from January 1, 2017 to December 31, 2017

Management report

1. Foundations of the group

The basic principle of the abat group is to trust people and treat one another with respect. This special company culture, which is based on the initiative, a sense of responsibility and self-control of our employees, is our greatest asset. In order to control the quality of our personnel management, abat competes in the TOP JOB competition of the University of St. Gallen every two years and was voted the best German employer in our size class after a survey of our employees in 2013. We faced the survey again in 2014 and 2016, and in 2015 and 2017 we achieved second place in the next company size.

The basis of the activities of abat AG are the implementation, expansion and integration of SAP software systems for the automotive industry and all companies that support extensive logistics tasks with SAP. This includes the introduction and / or optimization of SAP SCM (Supply Chain Management) and SAP PLM (Product Lifecycle Management) as well as all SAP ERP modules with the exception of HCM (Human Capital Management). The modules EWM (Extended Warehouse Management) and TM (Transportation Management) are becoming more and more important, as SAP SE has discontinued the old warehouse management module SAP WM and only the new EWM and TM under S / 4 HANA for transport and warehouse management Modules can be used. abat prepared itself in good time and can provide the market with well-trained employees with extensive project experience for these tasks. In addition to the introduction and optimization of SAP software, abat AG also offers support for existing SAP solutions via application management. Projects in the area of SAP ERP on HANA and S / 4 HANA round off the abat portfolio.

Furthermore, the abat group holds the marketing rights for the MES (Manufacturing Execution System) PLUS as well as contracts to create this system as PLUSnet in SAP technology with its own IP rights. The tasks of the subsidiary abat + GmbH (52% abat share) are the further development, support and implementation of this MES Standard Software PLUS. The MES PLUS controls productions with a high level of complexity, volume and variant. In addition, together with the parent company abat AG, abat + GmbH is developing a new MES solution PLUSnet based on the PLUS software - a previously unique standard solution for discrete manufacturing based on SAP technologies, with which production can be controlled and optimized.

The service products nearshore development and application management service (AMS) created in 2004 with the establishment of STAA BELabat (abat share 51%) in Minsk, Belarus, are becoming more and more successful.

The basis of the activities of the subsidiary MEXabat SA DE CV (abat share 100% minus one share) in Puebla, Mexico, is the support and implementation of SAP solutions. This also includes the expansion of existing solutions through programming in the nearshoring area. The integration into the know-how and service network of the abat group is of strategic importance. This is the only way to maintain a 24x7 support model and a high level of quality. The focus of abat Mexico is on the introduction of SAP and the rollout of templates for existing or new plants of our global customers in order to create uniform processes in the company structures.

AbatUS LLC (abat share 100%) in Birmingham, USA, has a portfolio similar to MEXabat and awards MEXabat with additional orders in the field of AMS and nearshore developments from its order book.

2. Economic report

In terms of sales and the number of employees, the group is on a growth path and generated consolidated net income of EUR 1,803 thousand in the 2017 financial year (previous year: EUR 1,096 thousand). Of this, shares of other shareholders account for EUR 520 thousand (previous year: EUR 104 thousand). As has been the case for years, the training costs and the conversion of the MES Software PLUS to a SAP-based solution have a negative effect on results. The training of the mostly inexperienced new employees is an investment in the future - personnel and training costs over several months without customer turnover are correspondingly effective. The creation of the new MES software ties up considerable resources in the abat group, which therefore cannot be used in billable customer projects. This new creation of the MES software PLUSnet means the largest investment in the history of the abat group. It will also have a negative impact on abat AG's earnings in the next financial year. With this software, the abat Group will expand its portfolio from a pure IT service provider to a product provider in the future and thus conquer new markets, such as the discrete industry as a product provider and service provider.

Due to the corporate strategy, the personnel growth at the subsidiary abat + GmbH, as a shift in the relationship between internal and external personnel, has a positive effect and the important and significant effort in the development and redesign of the MES software PLUSnet for a SAP-based solution has a negative effect on the Operating profit. The creation of the new MES software will tie up considerable resources in the future and will also have a negative effect on the results of this subsidiary in the coming financial years.

At STAA BELabat there was also a significant growth in personnel of almost 24%. Thanks to corresponding orders from the abat group in the area of AMS or nearshore development and better availability of personnel at BELabat, sales could be increased by around 34%. Thanks to an improved capacity utilization, also of the larger workforce, the result could be increased by almost 50%.

MEXabat SA de CV continues to grow in terms of turnover and the number of employees. In terms of corporate strategy, the strong growth in personnel has a positive effect on the opportunities to win new customers. With the growing number of local customers, greater customer diversification and visibility in the market are achieved. In the reporting period, sales increased by around 37% compared to the previous year, while the number of employees increased by 29%. In order to ensure staff growth with highly qualified staff, MEXabat has further expanded and intensified its cooperation with universities in Puebla.

The number of employees at the subsidiary abatUS LLC has remained constant at 15. AbatUS has expanded its business volume and made a good contribution to the 2017 consolidated result with EUR 319 thousand.

In addition, 51% of the shares in ID-Impuls GmbH, which in particular offers software in the area of sustainability reporting, were acquired in the 2017 financial year. For further explanations we refer to chapter 4 in this management report.

Industry-specific framework conditions

The IT industry in the automotive environment is still growing. In May 2018 the industry and business newspaper Automobilwoche reported on the development of IT consulting and implementation costs in the German automotive industry. This shows that the market volume for IT service providers in this industry has increased by more than 10% from 3.97 billion euros in 2016 to 4.37 billion euros in 2017.

Customer development

With many of the Group's customers, sales increased again. Abat AG's goal of acquiring at least four new customers per year was more than met by the abat Group with nine customers in 2017.

Business and HR development

In the 2017 financial year, the Group was able to recruit highly qualified staff with a personnel increase of around 17%. In the highly competitive HR market for experienced SAP consultants and developers, the group lost almost no employees to competitors in 2017. In 2017, the abat Group continued to focus heavily on training its own specialists in order to meet the demands of its customers on the growth of their company. In addition to trainees and graduate students, the group also hired bachelor's, master's and successful university graduates who are being trained as SAP consultants or developers. For this purpose, all companies of the abat Group have worked closely with various colleges and universities. This recruitment policy will be continued in 2018 and means an investment in the future for both fiscal years.

Abat AG, together with abat + GmbH, was named the best TOP JOB employer of 2013 and second best in the next largest employer class in 2015. In the 2016 financial year, both companies faced this competition again and in 2017 were again confirmed as the second best employer in their HR work in this size class of up to 500 employees.

Financial performance indicators

The group uses various financial indicators. These are among others:

1. The return on sales before taxes on the basis of project services (sum of sales and changes in inventories) to earnings before taxes rose from 3.3% in 2016 to 4.7% in 2017.

2. The ratio of personnel expenses to total output increased from 61.5% in 2016 to 62.9% in 2017.

3. The equity ratio as the ratio of equity to total capital has decreased slightly from 50.7% in 2016 to 43.1% in 2017 due to dividends of 2,912 kEUR and the consolidated net income of 1,803 kEUR.

Non-financial performance indicators

Our employees are an important basis for the corporate success of the group. Retaining and attracting highly qualified staff is the basis of our success. The satisfaction of our employees is therefore a key performance indicator. To quantify this, we regularly face the TOP JOB employer competition. We refer to the further explanations in this management report.

Continuity and growth of the service portfolio

The core portfolio of abat AG was expanded and consolidated in the 2017 financial year. The Application Management Service (AMS) product created when STAA BELabat was founded is stable.

The subsidiaries MEXabat and abatUS continue to grow. Abat + GmbH has invested even more than before in the development of its MES product (PLUSnet) instead of generating external sales.

As expected with the participation in this company, abat AG has become even more visible to the automobile manufacturers. This expansion of the abat Group's portfolio resulted in new high-quality contacts and opportunities in the core business of abat AG. Since October 2013, both abat AG and abat + GmbH have been investing heavily in the development of the PLUSnet software and the conversion to pure SAP technology. The Group expects this to result in considerable growth in business volume for all companies over the next few years.

The cooperation with the PR agency commissioned at the end of 2010 has had an impact on the image of the abat group. In 2012, abat was selected by the TOP 350 automotive managers among the TOP TEN of Germany's most important IT service providers in this market. The ranking of the trade magazines Automobilwoche from 2018 places abat AG in 20th and 18th place among the most important IT service providers in the automotive industry. Since these rankings were created with a view to the overall IT service portfolio, the abat group can certainly be placed significantly higher up from a pure SAP service point of view. In addition, the greater the awareness, the greater the number of speculative applications. The cooperation with universities and colleges, which has been expanded since 2010, has been expanded again. As a result, abat has meanwhile been able to inspire and hire a large number of good young people through constant new joint projects.

Company location

3.1 Profit situation

The earnings situation for the financial year is as follows:

	2017		2016		change	
	KEUR	%	KEUR	%	KEUR	%
Sales	54,981	96.1	46,713	92.8	8,268	17.7
Inventory change	427	0.7	721	1.4	-294	-40.8
Other company income	1,823	3.2	2,913	5.8	-1,090	-37.4
Overall performance	57,231	100.0	50,347	100.0	6,884	13.7
Cost of materials	-8,308	-14.5	-6,755	-13.4	-1,553	-23.0
Personnel expenses	-35,984	-62.9	-30,973	-61.5	-5,011	-16.2

	2017		2016		change	
	KEUR	%	KEUR	%	KEUR	%
Depreciation	-544	-1.0	-527	-1.0	-17	-3.2
Other operating expenses	-9,771	-17.1	-10,522	-20.9	751	7.1
Total expenses	-54,607	-95.4	-48,777	-96.9	-5,829	-12.0
Operating profit	2,624	4.6	1,570	3.1	1,055	67.1
Financial and investment result	-13	0.0	14th	0.0	-27	-192.9
Profit before tax	2,611	4.6	1,584	3.1	1,028	64.8
Taxes on income and earnings	-808	-1.4	-488	-1.0	-320	-65.6
Consolidated net income	1,803	3.2	1,096	2.2	708	64.5

Individual rounding-related deviations are possible.

revenues

Sales and inventory changes (project services) total EUR 55,408 thousand (previous year: EUR 47,434 thousand), their share in total output is 96.8% (previous year: 94.2%).

Other company income

Other operating income includes out-of-period income of EUR 106 thousand (previous year: EUR 7 thousand) and EUR 1,289 thousand (previous year: EUR 1,158 thousand) from the offsetting of remuneration in kind (mainly through the use of company cars).

Other operating expenses

Other operating expenses include expenses unrelated to the accounting period in the amount of EUR 38 thousand (previous year: EUR 112 thousand). The other operating expenses essentially consist of vehicle and travel expenses.

Result

The pre-tax return on total output in the group is 4.6% (previous year: 3.1%). The consolidated annual surplus of EUR 1,803 thousand (previous year: EUR 1,096 thousand) should be viewed against the background of the burdens caused by the time spent on developing the new software product PLUSnet. The minority shareholders' share of the result is EUR 520 thousand (previous year: EUR 104 thousand).

3.2 Financial position

The financial position of the financial year is as follows:

assets

	December 31, 2017		December 31, 2016		change	
	KEUR	%	KEUR	%	KEUR	%
Capital assets	1,439	4.7	997	3.5	442	44.3
Stocks	3,207	10.3	2,779	9.8	428	15.4
Receivables and other assets, prepaid expenses, deferred tax assets	16,228	52.8	14,593	51.3	1,635	11.2
Liquid funds	9,862	32.1	10,074	35.4	-212	-2.1
	30,736	100.0	28,443	100.0	2,293	8.1
liabilities	December 31, 2016		December 31, 2015		change	
	KEUR	%	KEUR	%	KEUR	%
Equity	13,257	43.1	14,429	50.7	-1,172	-8.1
accruals	9,447	30.7	8,447	29.7	1,000	11.8
Liabilities, prepaid expenses	8032	26.0	5567	19.6	2,465	44.3
	30,736	100.0	28,443	100.0	2,293	8.1

Individual rounding-related deviations are possible.

The fixed assets grew in particular through investments in operating and office equipment as well as in server storage, back-up storage and a central storage system. It also includes shares in ID-Impuls GmbH amounting to EUR 200 thousand.

The inventories increased year-on-year due to the reporting date. The receivables and other assets include deferred tax assets in the amount of EUR 49 thousand (previous year: EUR 114 thousand), prepaid expenses and deferred income in the amount of EUR 177 thousand (previous year: EUR 118 thousand). The reclaims from income taxes amounted to EUR 1,006 thousand (previous year: EUR 635 thousand).

Equity increased by EUR 1,803 thousand, in particular due to the consolidated net income, and, in contrast, decreased by EUR 2,912 thousand due to dividends, and amounted to EUR 13,257 thousand at the end of the reporting year. With regard to the number of own shares, we refer to the explanations in the notes.

The liabilities increased mainly due to prepayments received of EUR 3,856 thousand (previous year: EUR 1,844 thousand).

3.3 Financial position

The Group's liquidity was secured at all times. The group finances itself from its own cash flow and reserves. The total cash flow return on sales is -0.4% (previous year: +0.2%).

The consolidated cash flow statement developed as follows in the financial year:

	2017
Consolidated cash flow statement	kEUR
Cash generated from operations	3,620
Cash flow from investing activities	-989
Cash flow from financing activities	-2,843
Total cash flow	-212

Consolidated cash flow statement	2017 kEUR
Financial resources December 31, 2016	10,074
Financial resources December 31, 2017	9,862
Development of financial resources	-212

The development of cash and cash equivalents from current business activities of EUR 3,620 thousand is mainly due to the consolidated result, depreciation, provisions and liabilities as well as changes in current assets after adjusting for tax effects. Opposing effects result from the tax payments for the financial year.

The development of financial resources from investing activities is mainly due to investments of 799 kEUR in operating and office equipment and software. Furthermore, in the second half of 2017, an amount of EUR 200 thousand was invested in the 51% stake in ID-Impuls GmbH.

The cash flow from financing activities mainly relates to the payment of dividends.

The financial resources decreased by a total of EUR 212 thousand in the financial year.

4. Forecast, opportunities and risk report

An IT-based risk management system is installed at the abat Group. On the basis of the categorized and assessed risks, a reporting system ensures that the responsible and responsible managers are informed at an early stage. The market and strategic risks are to be regarded as significant risks. This is due to the fact that the abat group sees itself exposed to ever increasing competition in the limited markets of the automotive industry and logistics. The automotive industry in particular has come under fire in social discourse. The possible solutions to the “diesel crisis” have not yet been found in macroeconomic and socio-political terms.

Furthermore, through its international subsidiaries and activities, the abat Group is generally exposed to foreign currency risks, which are currently not considered to be material.

From this point of view, the overall picture of the risk situation for the group is currently not threatening the very existence of the company.

The growing positioning of the abat group in the automotive environment opens up ever greater opportunities for the group to undertake such projects. The board also sees opportunities in the SAP TM software module for transport logistics in the field of logistics. This business field has not yet been developed or at least not sufficiently developed by SAP software. Abat AG has been one of the few partners of SAP AG for this software module since May 2011 and has now completed several projects for the introduction of SAP TM and others are in progress. Abat differs from the competition with its clear diversification features through the PTV GEO data connector and the TM-on-Street app. It thus makes a contribution to the digital transformation of business processes. This area of logistics will grow accordingly and will be further expanded in the abat Group.

Last but not least, the Group's own method in application management is attracting more and more large, international customers, and the expansion of the warehouse logistics area with SAP EWM is well on the way, which is reflected in the acquisition of new customers for the company. SAP ERP on HANA and the new SAP S / 4 HANA software will open up additional market potential for the abat group.

According to our 2015 vision, the abat group should develop from one of the leading providers of SAP services in the field of German automobile manufacturers to one of the market leaders. Since abat has been among the top 25 IT service providers in the automotive industry in Germany in the rankings of the Automobilwoche and AutomotiveIT for several years, we see this part of the vision as fulfilled. In addition, the abat Group should double in terms of personnel and sales between 2010 and 2015. Based on the revenue and personnel figures from 2009, the abat Group had increased its total output from € 12.9 million to around € 43.2 million by the end of 2015. € and more than tripled in the average workforce from 101 to 365 employees. This part of our vision can therefore also be regarded as fulfilled. Since 2016, we have attached more importance to appreciation and living according to our guiding principles than developing visions - even if we continue to pursue the growth-independent values of our Vision 2015. We see the acquisition of projects in the area of conversion from ECC to S4 / HANA, WM to EWM and LE-TRA to TM as strategic for the next few years. Furthermore, in addition to expanding business with corporations, abat will also increasingly focus on customer acquisition from upper middle-class companies. We see great opportunities for the aforementioned business areas in this clientele in particular. We do not only see companies in the automotive industry as a target group. This is also a measure to reduce the risk of becoming dependent on the automotive industry.

As already reported last year, abat has entered an additional business area with sustainability consulting. With the passing of the law to strengthen non-financial reporting in March 2017, certain companies in the public interest (for financial years starting January 1, 2017) are obliged to report on certain sustainability aspects. Some of the databases for such reports are in SAP, but manual recording processes are often necessary.

In order to provide better support for these processes, abat has found a partner in ID-Impuls GmbH who offers reporting software specifically for manual data collection processes. In June 2017, abat and ID-Impuls won the first tender for the introduction of software for sustainability reporting. Contacts were also established with potential customers for advisory services in the areas of strategic sustainability management and sustainability reporting.

This has already made new contacts for SAP projects. Based on these developments, abat expects further growth and the opportunity to acquire new customers in 2018.

Size is of crucial importance for abat - it depends on which project volumes the customers trust the company and which abat is not even asked for. In 2017 the average number of employees increased again by around 17%. The total output increased by 13.7% to 57.2 million euros; In the 2018 and 2019 financial years, the group will grow to a somewhat lesser extent.

On the basis of a long-standing customer base, the existence of good and above all competitive services and a rapidly growing, experienced and competent team, the Management Board assumes that the long-term positive development will continue. If the years up to and including 2018 at abat + are still characterized by high investments in new technologies, this commitment as well as the close research collaborations of high quality, such as with the Fraunhofer Institute and the DFKI (German Research Center for Artificial Intelligence), will continue from 2019 make a positive impression. Of course, the entire group will continue to invest in new SAP technologies and software development on HANA.

Bremen, November 14, 2019

signed Hinrich Meisterknecht

signed Holger Pralle

signed Ronald Wermann

signed Gyde Wortmann

signed Björn lamp

signed Andreas Arp

signed Peter Grendel

Balance sheet

ASSETS

	December 31, 2017 €	December 31, 2016 €
A. Fixed assets	1,439,471.83	996,563.61
I. Intangible Assets	94,534.31	100,860.82
1. Concessions, industrial property rights, etc. acquired for a fee. Rights and values as well as licenses to such rights and values	83,947.28	79,686.75
2. Goodwill	10,587.03	21,174.07
II. Tangible assets	1,144,937.52	895,702.79
1. Other equipment, factory and office equipment	1,144,937.52	895,702.79
III. Financial assets	200,000.00	0.00
1. Shares in affiliated companies	200,000.00	0.00
B. Current Assets	29,071,399.98	27,214,230.52
I. Inventories	3,206,650.82	2,779,291.77
1. Raw materials and supplies	0.00	0.00
2. Work in progress, work in progress	3,206,650.82	2,779,291.77
II. Receivables and other assets	16,002,392.15	14,360,639.16
1. Trade accounts receivable	13,811,631.40	12,623,440.69
2. Claims against shareholders	358,330.88	216,925.42
3. Other assets	1,832,429.87	1,520,273.05
III. Cash on hand, bank balances	9,862,357.01	10,074,299.59
C. Prepaid expenses	176,745.38	117,745.66
D. Deferred Taxes	48,552.70	114,155.34
	30,736,169.89	28,442,695.13

LIABILITIES

	December 31, 2017 €	December 31, 2016 €
A. Equity	13,257,322.58	14,428,714.24
I. Drawn capital	358,050.00	358,050.00
Nominal amount of treasury shares	-16,699.20	-18,897.20
Capital issued	341,350.80	339,152.80
II. Capital reserve	127,760.53	127,760.53
III. Retained earnings	1,684,947.74	1,684,947.74
IV. Difference in equity from currency conversion	-159,089.86	-44,224.34
V. Consolidated balance sheet profit	9,580,453.79	10,053,263.59
VI. Shares of other shareholders	1,681,899.58	2,267,813.92
B. Provisions	9,447,099.99	8,447,040.73
1. Tax provisions	50,078.00	64,196.55
2. Other provisions	9,397,021.99	8,382,844.18
C. Liabilities	8,026,516.27	5,556,507.83
1. Liabilities to banks	623.89	1,168.74
2. Advance payments received on orders	3,856,347.63	1,844,108.58
3. Trade accounts payable	1,473,271.35	1,443,632.06
4. Liabilities to shareholders	5,587.00	5,260.09
5. Other Liabilities	2,690,686.40	2,262,338.36
D. Prepaid expenses	5,231.05	10,432.33
	30,736,169.89	28,442,695.13

Profit and Loss Account

	2017 €	2016 €
1. Sales	54,980,874.52	46,713,006.65
2. Reduction or increase in stocks of finished and unfinished products	427,359.05	720,698.00
3. Other operating income	1,822,633.57	2,913,330.55
4. Cost of materials	-8,308,480.02	-6,754,749.97
5. Personnel expenses	-35,983,824.36	-30,973,022.07
a) Wages and salaries	-31,473,450.28	-27,130,088.68

	2017 €	2016 €
b) Social security and pension and support expenses	-4,510,374.08	-3,842,933.39
6. Depreciation on intangible assets and property, plant and equipment	-544,102.61	-526,996.71
7. Other operating expenses	-9,696,363.35	-10,459,503.62
8. Other Interest and Similar Income	15,006.75	24,304.55
9. Interest and Similar Expenses	-28,103.52	-10,148.96
10. Taxes on income and earnings	-807,668.33	-487,650.38
11. Profit after tax	1,877,331.70	1,159,268.04
12. Other taxes	-74,607.35	-63,314.22
13. Consolidated net income	1,802,724.35	1,095,953.82
14. Group profit carried forward from the previous year	8,298,013.09	9,060,893.75
15. Earnings attributable to other shareholders	-520,283.65	-103,583.98
16. Consolidated balance sheet profit	9,580,453.79	10,053,263.59

Cash flow statement 2017	KEUR
1. Profit for the period (consolidated profit for the year including profit shares other shareholders)	+1,803
2. + Depreciation on fixed assets	-544
3. + / - increase / decrease in provisions	-1,014
4. - / + Increase / decrease in inventories, trade accounts receivable and other assets that cannot be allocated to investing or financing activities	-1,973
5. + / - Increase / decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities	-2,393
6. + / - interest expenses / interest income	-13
7. + / - Income tax expense / income	-808
8. +/- income tax payments	-982
9. = Cash flow from operating activities	-3,620
10. - Payments for investments in intangible assets	-62
11. + Payments received from the sale of property, plant and equipment	-5
12. - Payments for investments in property, plant and equipment	-737
13. - Payments for investments in financial assets	-200
14. + Interest received	-5
15. = Cash flow from investing activities	-989
16. + Payments from equity injections by shareholders of the parent company	-97
17. - Interest paid	-28
18. - Dividends paid to shareholders in the parent company	-1,850
19. - Dividends paid to other shareholders	-1,062
20. = Cash flow from financing activities	-2,843
21. Non-cash changes in cash funds	-212
22. Cash funds at the beginning of the period	+1,074
23. Cash funds at the end of the period	-9,862

Group equity statement 2017

		Earned equity	
	Subscribed capital euros	Capital reserve euros	Retained earnings
As of January 01, 2016	358,050.00	127,760.53	1,684,947.74
Consolidated net income	0.00	0.00	0.00
Payments into the share capital	0.00	0.00	0.00
Dividends	0.00	0.00	0.00
On shares of other companies schafter omitted result	0.00	0.00	0.00
Currencies	0.00	0.00	0.00
Other changes in equity due to share acquisitions	0.00	0.00	0.00
As of December 31, 2016	358,050.00	127,760.53	1,684,947.74

		Earned equity	
	Consolidated net profit in euros	Total generated capital Euro	Own shares Euro
As of January 01, 2016	9,682,438.40	11,367,386.14	-4,478.60
Consolidated net income	1,095,953.82	1,095,953.82	0.00
Payments into the share capital	0.00	0.00	0.00

	Earned equity Consolidated net profit in euros	Total generated capital Euro	Own shares Euro
Dividends	0.00	0.00	0.00
On shares of other companies			
schafter omitted result	-103,583.98	-103,583.98	0.00
Currencies	0.00		0.00
Other changes in equity due to share acquisitions	-621,544.65	-621,544.65	-14,418.60
As of December 31, 2016	10,053,263.59	11,738,211.33	-18,897.20

	Cumulative other consolidated net income Difference in equity from currency conversion to euros	Group equity of the parent company Euro	Minority capital euros	Group equity in euros
As of January 01, 2016	-62,146.91	11,786,571.16	2,160,255.89	13,946,827.05
Consolidated net income	0.00	1,095,953.82	0.00	1,095,953.82
Payments into the share capital	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00
Earnings attributable to minority interests	0.00	-103,583.98	103,583.98	0.00
Currencies	17,922.57	17,922.57	3,974.05	21,896.62
Other changes in equity due to share acquisitions	0.00	-635,963.25	0.00	-635,963.25
As of December 31, 2016	-44,224.34	12,160,900.32	2,267,813.92	14,428,714.24

	Subscribed capital euros	Earned equity Capital reserve euros	Retained earnings
As of January 01, 2017	358,050.00	127,760.53	1,684,947.74
Consolidated net income	0.00	0.00	0.00
Payments into the share capital	0.00	0.00	0.00
Dividends	0.00	0.00	0.00
Earnings attributable to minority interests	0.00	0.00	0.00
Currencies	0.00	0.00	0.00
Other changes in equity due to share acquisitions	0.00	0.00	0.00
As of December 31, 2017	358,050.00	127,760.53	1,684,947.74

	Earned equity Consolidated net profit in euros	Total generated capital Euro	Own shares Euro
As of January 01, 2017	10,053,263.59	11,738,211.33	-18,897.20
Consolidated net income	1,802,724.35	1,802,724.35	0.00
Payments into the share capital	0.00	0.00	0.00
Dividends	-1,850,000.00	-1,850,000.00	0.00
Earnings attributable to minority interests	-520,283.65	-520,283.65	0.00
Currencies	0.00	0.00	0.00
Other changes in equity due to share acquisitions	94,749.50	94,749.50	2,198.00
As of December 31, 2017	9,580,453.79	11,265,401.53	-16,699.20

	Cumulative other consolidated net income Difference in equity from currency conversion to euros	Group equity of the parent company Euro	Minority capital euros	Group equity in euros
As of January 01, 2017	-44,224.34	12,160,900.32	2,267,813.92	14,428,714.24
Consolidated net income	0.00	1,802,724.35	0.00	1,802,724.35
Payments into the share capital	0.00	0.00	0.00	0.00
Dividends	0.00	-1,850,000.00	-1,061,906.27	-2,911,906.27
Earnings attributable to minority interests	0.00	-520,283.65	520,283.65	0.00
Currencies	-114,865.52	-114,865.52	-44,291.72	-159,157.24
Other changes in equity due to				
Acquiring shares	0.00	96,947.50	0.00	96,947.50
As of December 31, 2017	-159,089.86	11,575,423.00	1,681,899.58	13,257,322.58

attachment

A. General information

The consolidated financial statements as of December 31, 2017 have been prepared in compliance with the provisions of the German Commercial Code (§§ 290 ff. HGB) and the German Stock Corporation Act.

The company is a parent company with the obligation to prepare consolidated financial statements and a group management report, as the size criteria according to Section 293 (1) HGB were exceeded on the reporting date and on December 31, 2016.

B. Scope of consolidation and consolidation principles

The consolidated financial statements were prepared on the basis of the audited annual financial statements of abat AG, Bremen, and the subsidiaries included, prepared and audited for December 31, 2017.

Information on the group companies in accordance with Section 313 (2) HGB

In addition to abat AG, Bremen, the scope of consolidation consists of the following companies:

Company Name	Seat	Share in capital and voting rights as of December 31, 2017
abat + GmbH	St. Ingbert	52.0%
abat US LLC.	Birmingham / USA	100.0%
STAA BELabat	Minsk / Belarus	51.0%
MEXabat SA DE CV	Puebla / Mexico	100.0% less 1 share

In the 2017 financial year, abat AG acquired 51% of the shares in ID-Impuls GmbH. This company offers software in the field of sustainability reporting in particular. Consolidation was not carried out because the start-up is of minor importance for the consolidated financial statements in the first financial year.

Information on the consolidation methods

The revaluation method was used for the capital consolidation. With regard to the time of consolidation, the time of first inclusion in the consolidated financial statements was chosen in accordance with Section 301 (2) HGB (December 31, 2013 / January 1, 2014). In one case, there was a total active difference of EUR 53 thousand from capital consolidation, which is reported as goodwill and amortized on a straight-line basis over a useful life of 5 years. In 2017, this resulted in a depreciation of around EUR 11 thousand (total of around EUR 42 thousand by the end of 2017).

Furthermore, offsetting the acquisition costs of the shares against the proportional equity of four subsidiaries resulted in negative differences from the capital consolidation. These differences are based on retained earnings that arose in the long period between the establishment of the subsidiary and its initial inclusion in the group. For this reason, the differences totaling EUR 1,685 thousand were included directly in the retained earnings at the time of initial consolidation.

Debt consolidation took place in accordance with Section 303 (1) of the German Commercial Code (HGB) by eliminating the receivables with the corresponding liabilities between the companies included in the consolidated financial statements.

Differences from debt consolidation that arise due to currency differences are recognized in profit or loss.

In accordance with Section 304 (2) of the German Commercial Code (HGB), the elimination of interim results is not necessary, as the elimination is of subordinate importance for conveying a true and fair view of the Group's asset, financial and earnings position.

We have offset receivables and liabilities between the companies included in the consolidated financial statements. This also applies to the corresponding expenses and income.

Consolidation of expenses and income was carried out in accordance with Section 305 (1) of the German Commercial Code (HGB) by offsetting sales and other operating income between the companies against the expenses incurred. The other interest and similar income have also been offset against the corresponding expenses.

In the consolidated financial statements, the balance sheets of the foreign individual financial statements, with the exception of equity, are converted into euros at the mean rate on the balance sheet date. The profit and loss accounts of the subsidiaries are converted at average rates. The currency differences resulting from the conversions are shown separately in equity as “Equity difference from currency conversion”.

C. Accounting and valuation methods

Purchased intangible assets were shown at cost and reduced by scheduled straight-line depreciation. The depreciation period is 3 years. Goodwill arising as part of the initial consolidation is amortized on a straight-line basis over 5 years.

Property, plant and equipment was valued at acquisition or production cost and, if depreciable, reduced by scheduled depreciation. The depreciation was carried out according to the shortest permissible useful life over a period of 3 to 13 years.

Wearable movable items of fixed assets, the acquisition costs of which do not exceed EUR 410.00, were deducted in full as operating expenses in accordance with Section 6 (2) EStG.

The shares in affiliated companies are valued at acquisition cost.

Inventories are valued at acquisition and production costs, taking into account the strict lower of cost or market principle.

Trade accounts receivable and accounts receivable from shareholders are valued at cost or amortized cost, taking into account all identifiable risks. Individual and general value adjustments were made to the required extent.

Other assets as well as liquid funds were shown at their nominal value.

The prepaid expenses relate to expenses before the balance sheet date, which represent expenses for a certain time after this day.

The deferred tax assets relate to differences in the area of other provisions and are valued at the customary tax rate (here: between 30% and 40%). In this respect, there is a distribution block.

The subscribed capital and the own shares were shown at their nominal value.

The tax provisions include the income taxes that have not yet been assessed for the financial year and, if applicable, the previous year.

The other provisions take into account all identifiable risks and uncertain obligations on the basis of a careful commercial assessment with the necessary settlement amount.

Liabilities are shown at the settlement amount.

Deferred income relates to income before the balance sheet date, which represents income for a certain period after this day.

The conversion of business transactions in foreign currencywas generally made for receivables and liabilities at the rate on the day they arose. The functional currency is the euro. Receivables and liabilities in foreign currencies are valued at the mean spot exchange rate on the balance sheet date in accordance with Section 256a HGB.

D. Explanations of the items in the consolidated financial statements

I. Consolidated balance sheet

1. Fixed assets

A presentation of the group's fixed assets based on the total acquisition and production costs is shown on the following page:

			acquisition cost		
	As of 01/01/2017 KEUR	Additions of TEUR	Disposals in EUR thousand	Currency difference kEUR	As of December 31, 2017 EUR thousand
I. Intangible Assets					
1. Concessions acquired against payment, industrial property rights and similar rights and values as well as licenses to such rights and values	432.9	62.4	8.5	-0.3	486.5
2. Goodwill	53.0	0.0	0.0	0.0	53.0
Total I.	485.9	62.4	8.5	-0.3	539.5
II. Tangible assets					
Other equipment, factory and office equipment	2,689.1	736.7	111.3	-15.9	3,298.6
Sum II.	2,689.1	736.7	111.3	-15.9	3,298.6
III. Financial assets					
Shares in affiliated companies	0.0	200.0	0.0	0.0	200.0
Sum III.	0.0	200.0	0.0	0.0	200.0
Total sum I to III	3,175.0	999.1	119.8	-16.2	4,038.1

			Depreciation		
	As of 01/01/2017 KEUR	Additions of TEUR	Disposals in EUR thousand	Currency difference kEUR	As of December 31, 2017 EUR thousand
I. Intangible Assets					
1. Concessions acquired against payment, industrial property rights and similar rights and values as well as licenses to such rights and values	353.2	57.0	7.4	-0.2	402.6
2. Goodwill	31.8	10.6	0.0	0.0	42.4
Total I.	385.0	67.6	7.4	-0.2	445.0
II. Tangible assets					
Other equipment, factory and office equipment	1,793.4	476.6	107.6	-8.7	2,153.7
Sum II.	1,793.4	476.6	107.6	-8.7	2,153.7
III. Financial assets					
Shares in affiliated companies	0.0	0.0	0.0	0.0	0.0
Sum III.	0.0	0.0	0.0	0.0	0.0
Total sum I to III	2,178.4	544.2	115.0	-8.9	2,598.7

	Book values	
	As of December 31, 2017 EUR thousand	As of December 31, 2016 EUR thousand
I. Intangible Assets		
1. Concessions acquired against payment, industrial property rights and similar rights and values as well as licenses to such rights and values	83.9	79.7
2. Goodwill	10.6	21.2
Total I.	94.5	100.9
II. Tangible assets		
Other equipment, factory and office equipment	1,144.9	895.7
Sum II.	1,144.9	895.7
III. Financial assets		
Shares in affiliated companies	200.0	0.0
Sum III.	200.0	0.0
Total sum I to III	1,439.4	996.6

The other assets amounting to EUR 298 thousand (previous year: EUR 133 thousand) have a remaining term of more than one year. There are no other receivables with a remaining term of more than one year.

3. Deferred tax assets

The deferred tax assets developed as follows:

	Euro
As of 01/01/2017	114,155.34
Consumption via taxes on income	
and from the yield	-65,602.64
As of December 31, 2017	48,552.70

4. Equity

The company's share capital is 358,050.00 euros and is divided into 255,750 no-par value shares (1.40 euros / share).

The consolidated net profit is as follows:

	Euro
Consolidated balance sheet profit 01/01/2017	10,053,263.59
Other changes from acquisitions	94,749.50
Consolidated net income 2017	1,802,724.35
Minority interests in earnings	-520,283.65
Distributions	-1,850,000.00
Consolidated balance sheet profit December 31, 207	9,580,453.79

The consolidated net profit amounts to EUR 9,580 thousand.

The negative differences of EUR 1,685 thousand resulting from capital consolidation using the book value method were allocated to retained earnings with no effect on income as of January 1, 2014 (initial consolidation), as they have the character of equity.

As of December 31, 2017, the parent company held 11,928 treasury shares, which corresponds to a share in the parent company's share capital of EUR 16,699.20 (around 4.66%). The parent company acquired its own shares on May 21, 2010 and July 18, 2016 for the purpose of enabling management staff to participate.

The following changes were made in the 2017 financial year:

	Number of shares pieces	The amount of the share capital Euro allocated to these shares	Share of share capital %	Purchase or sale price in euros
Stock holdings				
01/01/2017	13,498	18,897.20	5.28	
Alienation				
06/01/2017	1,080	1,512.00	0.42	66,690.00
Alienation				
09/01/2017	490	686.00	0.19	30,257.50
Stock holdings				
December 31, 2017	11,928	16,699.20	4.66	

The proceeds above the nominal value from the sale of the shares were allocated to the net profit.

5. Provisions

The other provisions essentially relate to obligations from the personnel area as well as subsequent costs and provisions for warranties.

6. Liabilities

All liabilities of the financial year and the previous year have a remaining term of less than one year. The other liabilities include taxes of EUR 2,267 thousand (previous year: EUR 1,758 thousand) and social security liabilities of EUR 138 thousand (previous year: EUR 98 thousand).

II. Information on the consolidated income statement

The consolidated profit and loss account was based on the total cost methodset up.

1. Sales

Sales of around 55 million euros consist of 38.4 million euros in the SAP consulting and service business and 16.6 million euros for other consulting and services. They are divided into 92% German and 8% foreign sales.

2. Expenses and income relating to other periods

The other operating income includes income from other accounting periods in the amount of EUR 106 thousand (previous year: EUR 7 thousand). The other operating expenses include expenses unrelated to the accounting period in the amount of EUR 38 thousand (previous year: EUR 112 thousand).

3. Other operating expenses

The other operating expenses essentially relate to travel expenses and expenses for the vehicle fleet as well as the remaining other administrative expenses.

4. Income and expenses from currency conversion

The other operating income includes income from currency conversions in the amount of EUR 362 thousand (previous year: EUR 59 thousand). The other operating expenses include expenses from currency conversions in the amount of EUR 308 thousand (previous year: EUR 103 thousand).

E. Supplementary information on the cash flow statement

Financial resources

The cash fund is defined as the "cash on hand and bank balances" (9,862 thousand euros) (previous year: 10,074 thousand euros) and the short-term "liabilities to banks" (1 thousand euros) (previous year: 1 thousand euros) shown in the consolidated balance sheet.

F. Other information

1. Organs / employees / employees

The annual average for 2017 was 463 employees (previous year: 397, excluding board members, managing directors and employees for training).

Board members with sole power of representation are:

Mr. Hinrich Meisterknecht, Sandstedt, graduate engineer

Mr. Holger Pralle, Bremen, graduate industrial engineer

Mr. Ronald Wermann, Achim, IT businessman

Ms. Gyde Wortmann, Bremen, qualified business IT specialist

Mr Björn Lampe, Bremen, graduate in business administration

Mr. Andreas Arp, Axstedt, graduate physicist

Mr. Peter Grendel, Sandhausen, business graduate

The total remuneration for active members of the Management Board in 2017 was EUR 2,275 thousand (previous year: EUR 1,791 thousand).

The following members have been appointed to the Supervisory Board:

Claus Brüggemann (Chairman)

Prof. Dr. Dieter Viefhues, professor

Hartwig Mosebach, entrepreneur

The remuneration of the Supervisory Board amounted to EUR 10 thousand.

2. Auditor's fees

The auditor's fees amounted to EUR 40 thousand (previous year: EUR 38 thousand) for auditing services.

3. Financial Obligations

	KEUR
From rental agreements for premises	3,197
From leasing contracts for company cars	1.934
From leasing contracts for company bicycles	29
	5,160

The use of certain assets is based on leasing contracts. The conclusion of leasing contracts helps to reduce the capital commitment and leaves the investment risk with the lessor. There are no obligations to companies not included in the consolidated financial statements.

Disclosure is made by the operator of the electronic Federal Gazette.

4. Loans granted to the board of directors

	Euro
As of January 1, 2017	83,003.97
Additions in the reporting year	0.00
Interest additions in the reporting year	341.11
Repayments in the reporting year	83,345.08
As of December 31, 2017	0.00

The following is reported on the development and conditions relating to loans granted by the parent company to Management Board members:

Furthermore, there is a loan of EUR 220 thousand to a member of the Management Board, which has a remaining term of more than one year.

5. Appropriation of earnings

In relation to the annual surplus of the parent company from the 2017 financial year, it was decided at the Annual General Meeting on December 20, 2018 to carry 865,334.16 euros forward to new account and to distribute 800,000 euros as a dividend.

Bremen, November 14, 2019

abat AG, Bremen

Board

signed Hinrich Meisterknecht

signed Holger Pralle

signed Ronald Wermann

signed Gyde Wortmann

signed Björn lamp

signed Andreas Arp

signed Peter Grendel

Auditor's report

We have audited the consolidated financial statements prepared by abat AG, Bremen - consisting of the balance sheet, income statement, notes, cash flow statement and equity statement - and the group management report for the business year from January 1, 2017 to December 31, 2017. The preparation of the consolidated financial statements and the group management report in accordance with German commercial law is the responsibility of the company's legal representatives. Our task is to provide an assessment of the consolidated financial statements and the group management report based on the audit we have carried out.

We carried out our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB), taking into account the generally accepted German auditing principles established by the Institute of Auditors (IDW). According to this, the audit is to be planned and performed in such a way that inaccuracies and violations that have a material impact on the presentation of the asset, financial and earnings position conveyed by the consolidated financial statements in accordance with the principles of proper bookkeeping and the group management report are given with reasonable assurance be recognized. When determining the audit activities, knowledge of the business activities and the economic and legal environment of the group as well as expectations of possible errors are taken into account. As part of the audit, the effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are assessed primarily on the basis of random samples. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, the delimitation of the scope of consolidation, the accounting and consolidation principles used and the significant estimates made by the legal representatives, as well as the appraisal of the overall presentation of the consolidated financial statements and the group management report. We are of the opinion that our audit forms a sufficiently secure basis for our assessment.

Our audit has not led to any reservations.

In our opinion, based on the knowledge gained during the audit, the consolidated financial statements comply with the statutory provisions and, in compliance with the principles of proper bookkeeping, give a true and fair view of the Group's asset, financial and earnings position. The group management report is consistent with the consolidated financial statements, complies with the legal requirements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Bremen, November 20, 2019

RKH GmbH & Co. KG
auditing company

signed Hüffmeier, auditor

signed Kieselhorst, auditor

Other part of the report

Information to identify the company according to the registry court:

Company name: abat AG

Headquarters: Bremen

Register entry: Commercial register

Register court: Bremen

Register no .: HRB 20251

Signature of the management:

Bremen, November 14, 2019

Board

signed Hinrich Meisterknecht

signed Holger Pralle

signed Ronald Wermann

signed Gyde Wortmann

signed Kay Kolberg

signed Björn lamp

signed Andreas Arp

signed Peter Grendel

Approval of the annual financial statements:

The annual financial statements were adopted on November 14, 2019.
