



INTERIM REPORT

2018

**euromicron**

## Key Figures

of the euromicron Group at June 30, 2018

### Key figures for the Group

	<b>2018</b>	<b>2017</b>
	€ THOU.	€ THOU.
Sales	150,649	153,643
EBITDA (operating)*	764	654
EEBITDA margin (operating)*, in % (relative to sales at the reporting date)	0.5%	0.4%
EBITDA	-1,691	-878
EBITDA margin in % (relative to sales at the reporting date)	-1.1%	-0.6%
EBIT (operating)*	-4,048	-3,545
EBIT	-6,504	-5,077
Net loss for the period (attributable to euromicron AG shareholders)	-7,132	-5,476
Earnings per share in € (undiluted)	-0.99	-0.76
Equity ratio, in %	28.8%	30.7%
Working capital after factoring	41,438	49,917
Working capital ratio after factoring, in % (relative to sales of the past 12 months)	12.6%	14.7%
Working capital before factoring	68,625	74,174
Working capital ratio before factoring, in % (relative to sales of the past 12 months)	20.8%	21.9%
Cash flow from operating activities, adjusted for effects from factoring and customers' monies to be passed on	-3,245	-11,096

\* Adjusted for special costs (previous year: special effects of the reorganization).  
(unaudited acc. to IFRS)

## DEAR SHAREHOLDERS, DEAR READERS,

The euromicron Group performed as expected in the first half of 2018 and is proceeding on course for 2018 as a whole.

In the first half of 2018, we were able to grow sales from continuing core business operations by 1.0%. Operating EBITDA were € 0.8 million and have, therefore, also increased slightly. The consolidated net loss for the period at June 30, 2018 was in contrast € –1.5 million higher than in the same period of the previous year which is essentially due to higher special costs with an impact on EBITDA of € –1.0 million and to special costs recognized in the net financial result of € –0.2 million. Working capital, the working capital ratio and cash flow from operating activities saw positive development. These figures were significantly improved in the first half of 2018.

While new orders from continuing operations of the euromicron Group were –4.2% below the comparative figure for the previous year, new orders from continuing operations rose by 3.5% to € 139.1 million at June 30, 2018.

There is a great need for our customers to invest in digitized network infrastructures. Companies must digitize their business models in all areas to keep pace with very rapid technological changes. We are prepared for this and continue to invest in the training and further training of our employees and in the strategic development of our Group. We are working intensively to pool our expertise in the Group and develop holistic solutions. In so doing, we address the needs of our customers individually.

One example: we are now supporting the technology group Rohde & Schwarz in the servicing and maintenance of the R&S QPS200 high-tech security scanners which are used for checkpoint screening operations at German airports. With our expertise, we help to ensure smooth processes for passengers and ensure the shortest possible response times should a breakdown occur.

At the General Meeting this year, the new members of the Supervisory Board, Dr. Martina Sanfleber and Mr. Klaus Peter Frohmüller, introduced themselves in person. Through further constructive cooperation with the Supervisory Board, we wish to continue the implementation of our IoT strategy consistently and further strengthen our good positioning in Germany as integrated solution provider for digital network infrastructures in our target markets.

We look forward to continuing this journey with you, our shareholders, and to the continued trust you place in us.

Frankfurt/Main, August 2018

**Bettina Meyer**

Spokeswoman  
of the Executive Board

**Jörn Trierweiler**

Member  
of the Executive Board

# Interim Management Report

of the euromicron Group from January 1 to June 30, 2018

## Fundamentals of the Group

### Profile

The euromicron Group unites medium-sized technology companies that operate in the markets of “Digital Buildings”, “Smart Industry” and “Critical Infrastructures”. As German specialists for digital infrastructures, the companies in the euromicron Group enable their customers to network business and production processes and so successfully move to a digital future. Underpinned by its extensive experience and forward-looking technologies, euromicron’s solutions dovetail seamlessly into the innovative concepts for the Internet of Things.

From design and implementation, operation, to intelligent services – euromicron provides its customers with a one-stop shop for tailored IoT solutions, ranging from infrastructure to service.

Backed by a combination of technology, system integration and smart services, euromicron enables existing infrastructures to be migrated gradually to the digital age. Thanks to this expertise, the euromicron Group helps its customers increase their own company’s agility and efficiency as well as develop new business models that lay the foundation for commercial success moving ahead.

Under its strategic alignment, the euromicron Group focuses on the three main segments of “Smart Buildings”, “Critical Infrastructures” and “Distribution”.

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

Smart, digital buildings are an integral part of the Internet of Things. A digital building describes the automation and central operation of the technical equipment of office, commercial and industrial properties, such as train stations, airports or shopping malls. This interplay between all the disciplines creates an intelligent whole that enhances efficiency, security and convenience.

Services relating to building or process automation, access control, video surveillance, fire prevention or support services as part of efficient energy and building management are integrated in unified, highly available overall systems. Examples of that are intelligent access control or optimizing energy efficiency in running buildings so as to slash operating costs.

For “Digital Buildings”, euromicron delivers cross-industry, all-round solutions in the fields of innovative building, network and security technology, as well as complementary services. Application examples of that are the intelligent, energy-efficient room and lighting systems from MICROSENS (“Smart Office” and “Smart Lighting”).

This area also includes equipping data centers with high-performance cabling systems that have been developed by our technology companies and can also be installed by euromicron Deutschland GmbH.

The focus in “Smart Industry” is on digitizing and networking development, production and service processes in the SME sector. The euromicron Group develops holistic Smart Industry approaches for and with its customers and implements them in a forward-looking way that protects investments. Apart from intelligent data management, a highly available, fault-tolerant network infrastructure is a crucial success factor here.

In networking and automating digital business processes, the euromicron Group also sets store by comprehensive risk analysis. It offers integrated cybersecurity solutions that are compatible with “Smart Industry” so that production can be networked securely and with a high level of performance.

With its Smart Industry concept, ELABO GmbH offers a gradual introduction to digitized production. ELABO’s Information Management System (EIM) is suitable as a big data solution, in particular to optimize small-series production where there is a large variety of variants.

The “**Critical Infrastructures**” segment caters for operators of such infrastructures with highly available and secure solutions. Critical infrastructures (KRITIS) are vital business infrastructures whose failure is highly problematic for a company and also for large sections of the public. That may be the digital mobile radio system at an airport or the communications network of Deutsche Bahn or a power utility, for example. Operators of critical infrastructures are also leveraging the technological possibilities now offered by automation and networking, as well as the opportunities the Internet of Things opens up, to optimize their processes, increase productivity and enhance customer loyalty.

Special availability, integrity and confidentiality requirements are demanded of these networks. They relate to security standards and the ability to repel attacks, as well as system solutions that are sufficiently fault-tolerant. The euromicron Group has intimate knowledge of the requirements, guidelines and standards to meet those demands and offers a legally secure overall package for operators of critical infrastructures.

telent GmbH is the nationally oriented system integrator within the euromicron Group here, boasting a broad customer base in the segments telecommunications, energy and transportation. telent has extensive practical experience as a specialist for planning, creating and operating secure networks and systems in the Critical Infrastructure arena. KORAMIS GmbH additionally contributes specialized expertise for holistic solutions relating to cybersecurity, automation, process control systems and power system control technology.

In addition, the technology manufacturing companies in this segment round out the product portfolio in this target market with their professional video, audio and special technology solutions for sensitive security restricted areas.

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

## Net assets, financial position and results of operations

### General statement on the performance of the euromicron Group in the first half of 2018

The key figures for the euromicron Group developed as follows at June 30, 2018, compared to the previous year:

- Reported sales in the first half of 2018 were € 150.6 million and, therefore, slightly lower by € –3.0 million than the level for the previous half year 2017 (€ 153.6 million). After adjustment for sales effects from divisions that have been discontinued or sold in the meantime (€ 4.5 million), sales from continuing core business operations increased by € 1.5 million or around 1.0% in the first half of 2018.
- Operating EBITDA in the first half of 2018 was € 0.8 million and, therefore, improved slightly compared to the figure at June 30, 2017 (€ 0.7 million).
- The consolidated net loss for the period at June 30, 2018, was € –6.9 million. Compared to June 30, 2017 (€ –5.4 million), this was an increase of € –1.5 million. This effect is mainly due to higher special costs with an impact on EBITDA of € –1.0 million and to special costs recognized in the net financial result of € –0.2 million.
- New orders from the euromicron Group's continuing operations were € 159.8 million in the first half of fiscal year 2018, € –7.0 million or –4.2% below the comparative figure for the previous year (€ 166.8 million). Order books from continuing core business operations in contrast were € 139.1 million, an increase of € 4.7 million or 3.5% over the previous year's figure of € 134.4 million.
- The Group's working capital (before factoring) decreased markedly by € –5.4 million from € 74.2 million at June 30, 2017 to € 68.8 million; as a result, the Group's working capital ratio improved by 1.1 percentage points from 21.9% to 20.8%. Since there was a higher factoring volume, working capital (after factoring) at June 30, 2018 was € 41.4 million and, therefore, more markedly below the level of the previous year (€ 49.9 million) by € –8.5 million. The working capital ratio (after factoring) was likewise reduced by 2.1 percentage points from 14.7% to 12.6%.



- The Group's cash flow from operating activities after adjustment for the effects of factoring was € –3.2 million in the first half of 2018 (previous year: € –11.1 million) and, therefore, improved markedly by € 7.9 million. € 5.7 million of this is largely attributable to positive effects from the reduction in working capital.
- The euromicron Group's net debt (the total of long- and short-term liabilities to banks and liabilities from finance leases less cash and cash equivalents) at June 30, 2018, was € –100.9 million, a slight rise of € –2.3 million compared to the figure at June 30, 2017 (€ –98.6 million). Free liquidity (free credit lines plus cash) developed correspondingly and at June 30, 2018, was € 13.9 million and, therefore, € –2.3 million below the comparative figure at June 30, 2017 (€ 16.2 million).

## Sales and income

### Key sales and income figures at June 30, 2018

	2018	2017
	€ THOU.	€ THOU.
Sales	150,649	153,643
EBITDA (operating)*	764	654
EBITDA margin (operating)*, in % (relative to sales at the reporting date)	0.5%	0.4%
EBITDA	–1,691	–878
EBITDA margin in % (relative to sales at the reporting date)	–1.1%	–0.6%
EBIT (operating)*	–4,048	–3,545
EBIT	–6,504	–5,077
Income before taxes	–9,593	–7,387
Net loss for the period (attributable to euromicron AG shareholders)	–7,132	–5,476
Earnings per share in € (undiluted)	–0.99	–0.76

\* Adjusted for special costs (previous year: special effects of the reorganization)  
(unaudited acc. to IFRS)

The euromicron Group's sales in the first half of fiscal year 2018 were € 150.6 million and, therefore, € –3.0 million below the level of the previous year (€ 153.6 million). However, it should be noted here that the sales of the "Telecommunications" division of euromicron Deutschland GmbH (approx. € 4 million), disposed of effective April 30, 2017, were still included in the first half of the previous year which no longer had an effect in the first half of 2018. In addition, the figure for the first half of the previous year included external sales from discontinued operations totaling € 0.6 million, while these only amounted to € 0.1 million in the current fiscal year. After adjustment for these sales effects, which totaled around € 4.5 million, sales from continuing core business operations increased by € 1.5 million or around 1.0% in the first half of 2018.

Sales of € 127.6 million (previous year: € 126.5 million) – or around 84.7% (previous year: 82.4%) of total sales – were generated in the German market. Foreign sales were € 23.0 million (previous year: € 27.1 million) and accounted for 15.3% of total sales (previous year: 17.6%).

Operating EBITDA were € 0.8 million at June 30, 2018 and, therefore, slightly above the level of June 30, 2017 (€ 0.7 million).

Special costs affecting EBITDA amounted to € –2.5 million in the first half of 2018 (previous year: € –1.5 million) and, therefore, increased by € –1.0 million compared with the previous year. They were incurred – to an amount of € –1.7 million (previous year: € –0.9 million) – in the "Central Services" segment and mainly comprise costs of financial advice, other consulting costs, legal consulting costs and costs for interim managers and personnel measures.

In addition, special costs of € –0.7 million (previous year: € –0.5 million) were incurred in the "Smart Buildings" segment in connection with further measures aimed at optimizing the personnel structure. The special costs of € –0.1 million (previous year: € –0.1 million) in the "Non-strategic Business Areas" are the result of follow-up costs from the closures.

After allowing for the special costs, reported EBITDA is € –1.7 million (previous year: € –0.9 million). Depending on the pace of implementation of diverse measures to transform the business processes, we anticipate further special costs which can impact on the result.

The performance of the Group's individual segments in the first half of fiscal year 2018 was as follows:

External sales in the "Smart Buildings" segment fell by € -7.7 million to € 80.9 million. € -4.0 million of that is attributable to the previously described effect on sales of the disposal of the "Telecommunications" division of euromicron Deutschland GmbH effective April 30, 2017. The remaining decline in sales of € -3.7 million is essentially due to lower sales in system integration business of this segment which is also attributable to project postponements. The segment reported operating EBITDA of € -0.9 million, after operating EBITDA of € 0.5 million were realized in the first half year of the previous year. The main reason for this was lower contribution margins due to the fact that sales were down year on year in system integration business.

External sales in the "Critical Infrastructures" segment increased by € 3.6 million to € 56.7 million, in particular due to the positive performance of system integration business in this segment. Operating EBITDA increased to € 1.1 million, after this segment reported operating EBITDA of € 0.8 million in the first half of the previous year. The only moderate improvement in earnings compared with the increase in sales is due mainly to the planned hiring of staff with higher qualifications so that new business areas in the field of digitization can be tapped.

External sales in the "Distribution" segment were € 12.9 million, a marked increase of € 1.6 million over the comparative figure for the first half of 2017 (€ 11.3 million). Operating EBITDA increased by € 0.8 million to € 2.6 million, which was attributable to the improvement in the gross profit margin for the product mix sold.

As planned there were no significant external sales in the "Non-strategic Business Areas" in the first half of 2018 (€ 0.1 million; previous year € 0.6 million); as in the previous year this segment broke even in terms of operating EBITDA.

Negative operating EBITDA of the "Central Services" area (holding costs) was € -2.1 million and improved as a result of cost savings by € 0.3 million compared to the first half of 2017 (€ -2.4 million).

## Income statement (operational)

of the euromicron Group for the period January 1 to June 30, 2018 (IFRS)

### Income statement (operational)

	6-month report					
	Jan. 1, 2018 – Jun. 30, 2018 incl. special costs	Special costs	Jan. 1, 2018 – Jun. 30, 2018 operational	Jan. 1, 2017 – Jun. 30, 2017 incl. special effects of reorgani- zation	Special effects of reorgani- zation	Jan. 1, 2017 – Jun. 30, 2017 operational
	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.
<b>Sales</b>	<b>150,649</b>	<b>-79</b>	<b>150,570</b>	<b>153,643</b>	<b>0</b>	<b>153,643</b>
Inventory changes	-529	0	-529	422	0	422
Own work capitalized	1,584	0	1,584	1,316	0	1,316
Other operating income	807	0	807	1,031	0	1,031
Cost of materials	-77,354	74	-77,280	-81,614	25	-81,589
Personnel costs	-56,295	918	-55,377	-55,068	314	-54,754
Other operating expenses	-20,553	1,542	-19,011	-20,608	1,193	-19,415
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	<b>-1,691</b>	<b>2,455</b>	<b>764</b>	<b>-878</b>	<b>1,532</b>	<b>654</b>
Depreciation/ Amortization	-4,813	1	-4,812	-4,199	0	-4,199
<b>Earnings before inter- est and taxes (EBIT)</b>	<b>-6,504</b>	<b>2,456</b>	<b>-4,048</b>	<b>-5,077</b>	<b>1,532</b>	<b>-3,545</b>
Interest income	11	0	11	74	0	74
Interest expenses	-3,100	200	-2,900	-2,384	0	-2,384
<b>Income before income taxes</b>	<b>-9,593</b>	<b>2,656</b>	<b>-6,937</b>	<b>-7,387</b>	<b>1,532</b>	<b>-5,855</b>
Income taxes	2,646	0	2,646	2,002	0	2,002
<b>Consolidated net loss for the period</b>	<b>-6,947</b>	<b>2,656</b>	<b>-4,291</b>	<b>-5,385</b>	<b>1,532</b>	<b>-3,853</b>
Thereof attributable to euromicron AG shareholders	-7,132	2,656	-4,476	-5,476	1,532	-3,944
Thereof attributable to non-controlling interests	185	0	185	91	0	91
<b>(Un)diluted earnings per share in €</b>	<b>-0.99</b>	<b>0.36</b>	<b>-0.62</b>	<b>-0.76</b>	<b>0.21</b>	<b>-0.55</b>

(unaudited acc. to IFRS)

# Income statement (operational)

of the euromicron Group for the period from April 1 to June 30, 2018 (IFRS)

## Income statement (operational)

	3-month report					
	Apr. 1, 2018 – Jun. 30, 2018 incl. special costs	Special costs	Apr. 1, 2018 – Jun. 30, 2018 operational	Apr. 1, 2017 – Jun. 30, 2017 incl. special effects of reorgani- zation	Special effects of reorgani- zation	Apr. 1, 2017 – Jun. 30, 2017 operational
	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.
<b>Sales</b>	<b>75,564</b>	<b>-61</b>	<b>75,503</b>	<b>78,118</b>	<b>0</b>	<b>78,118</b>
Inventory changes	-335	0	-335	475	0	475
Own work capitalized	850	0	850	646	0	646
Other operating income	377	0	377	596	1	597
Cost of materials	-37,987	59	-37,928	-42,084	0	-42,084
Personnel costs	-28,877	677	-28,200	-27,510	213	-27,297
Other operating expenses	-10,250	505	-9,745	-10,317	405	-9,912
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	<b>-658</b>	<b>1,180</b>	<b>522</b>	<b>-76</b>	<b>619</b>	<b>543</b>
Depreciation/ Amortization	-2,493	1	-2,492	-2,082	0	-2,082
<b>Earnings before inter- est and taxes (EBIT)</b>	<b>-3,151</b>	<b>1,181</b>	<b>-1,970</b>	<b>-2,158</b>	<b>619</b>	<b>-1,539</b>
Interest income	2	0	2	37	0	37
Interest expenses	-1,637	0	-1,637	-1,368	0	-1,368
<b>Income before income taxes</b>	<b>-4,786</b>	<b>1,181</b>	<b>-3,605</b>	<b>-3,489</b>	<b>619</b>	<b>-2,870</b>
Income taxes	1,332	0	1,332	821	0	821
<b>Consolidated net loss for the period</b>	<b>-3,454</b>	<b>1,181</b>	<b>-2,273</b>	<b>-2,668</b>	<b>619</b>	<b>-2,049</b>
Thereof attributable to euromicron AG shareholders	-3,535	1,181	-2,354	-2,713	619	-2,094
Thereof attributable to non-controlling interests	81	0	81	45	0	45
<b>(Un)diluted earnings per share in €</b>	<b>-0.49</b>	<b>0.16</b>	<b>-0.32</b>	<b>-0.37</b>	<b>0.08</b>	<b>-0.29</b>

(unaudited acc. to IFRS)

Gross profit, defined as total operating performance (sales and inventory changes) minus cost of materials, improved slightly by € 0.3 million in the first half of 2018. This is due in the amount of € 2.2 million to the material usage ratio of 51.5% which improved by 1.5 percentage points (previous year: 53.0%). That was offset by the volume-related effect of € -1.9 million due to overall performance below the previous year.

Personnel costs (adjusted for special costs) were € -55.4 million and, therefore, € -0,6 million resp. 1.1% above the level of the previous year (€ -54.8 million). This increase is attributable in particular to the slight increase in the headcount to 1,875 employees (previous year: 1,816 employees).

Other operating expenses (adjusted for special costs) totaled € -19.0 million and, therefore, decreased slightly by € 0.4 million compared with the previous year (€ -19.4 million).

Amortization and depreciation were € -4.8 million, an increase of € -0.6 million over the previous year (€ -4.2 million) as a result of capital investments.

Interest expenses in the first half of 2018 include special costs of € -0.2 million, incurred in connection with follow-up financing for the Group. Interest expenses after adjustment for special costs were € -2.9 million, € -0.6 million above the level of the previous year (€ -2.3 million), which is due on the one hand to the higher-than-average utilization of the credit lines in the first half of 2018 and on the other hand to adjusted interest terms.

The tax ratio in the first six months of the fiscal year 2018 was 27.6% and so only slightly below the anticipated tax ratio for the Group of 30.0%.

The consolidated net loss for the period (adjusted for special costs) at June 30, 2018, was € -4.3 million compared with € -3.9 million in the previous year. Undiluted earnings per share (adjusted for special costs) for the first half of 2018 were € -0.62 compared to € -0.55 in the same period of the previous year.

## New orders and order books

of the euromicron Group at June 30, 2018

### New orders/order books

	2018 <sup>1)</sup>	2018 <sup>2)</sup>	2017 <sup>1)</sup>	2017 <sup>2)</sup>
	€ THOU.	€ THOU.	€ THOU.	€ THOU.
Consolidated new orders	159,751	159,781	166,785	173,277
Consolidated order books	139,127	139,680	134,442	135,281

<sup>1)</sup> Continuing core business operations (excluding divisions that have since been closed or sold in the meantime)

<sup>2)</sup> Total (including divisions that have since been closed or sold in the meantime)  
(unaudited acc. to IFRS)

New orders at the euromicron Group in the first half of 2018 were € 159.8 million (previous year: € 173.3 million), a decline of € -13.5 million or -7.8%. Order books at June 30, 2018, were € 139.7 million, € 4.4 million or 3.3% above the previous year's figure of € 135.3 million.

It should be noted in this regard that the above figures both at June 30, 2018 and the comparative figures still include new orders and order books from the divisions that have been discontinued or sold in the meantime.

New orders from continuing core business operations totaled € 159.8 million (previous year: € 166.8 million), a reduction of € -7.0 million or -4.2%. This reduction is attributable in particular to lower new orders at present in system integration business which is also due to project postponements.

Order books from continuing core business operations totaled € 139.1 million (previous year: € 134.4 million), an increase of € 4.7 million or 3.5% and, therefore, a good springboard for the further course of business.

## Net assets

Total assets of the euromicron Group at June 30, 2018, were € 245.6 million, a fall of € –6.6 million or –2.6% compared to December 31, 2017.

Noncurrent assets were € 147.1 million, slightly above the level of December 31, 2017 (€ 146.8 million) by € 0.3 million. € 0.9 million of this increase is attributable to higher deferred taxes; that was offset by the decline in fixed assets by € –0.6 million. Noncurrent assets accounted for 59.9% of total assets and so were slightly above the level at December 31, 2017 (58.2%). The ratio of equity and long-term liabilities to noncurrent assets at June 30, 2018 was 79.6%.

Current assets declined by € –6.8 million to € 98.5 million. They accounted for 40.1% of total assets, compared with 41.8% at December 31, 2017.

Introduction of the new standard IFRS 15 (see also the comments in the Section “IFRS 15 – Revenue from Contracts with Customers” in the notes), means that the previous balance sheet item “Gross amount due from customers for contract work” has been replaced by the new balance sheet item “Contract assets”. Since introduction of the new standard IFRS 15 has also resulted in changes in recognition, the balance sheet items “Trade accounts receivables” and “Contract assets” (or “Gross amount due from customers for contract work”) are treated as a total for purposes of comparison with the previous year. These fell in total by € –6.9 million to € 54.6 million which is the main reason for the decline in current assets. This decline is due in particular to customer payments and the associated reduction in up-front financing for projects.

Other effects within current assets almost offset each other: while inventories increased slightly by € 0.5 million to € 32.0 million, claims for income tax refunds fell by € –0,6 million due to tax refunds.



Cash and cash equivalents at € 5.1 million were slightly higher by € 0.1 million than at December 31, 2017 (€ 5.0 million). We refer in this regard to the explanations on the financial position and cash flow.

Equity at June 30, 2018 was € 70.7 million, € -7.8 million below the level at December 31, 2017. This decline is due in an amount of € -6.9 million to the consolidated net loss for the first six months of the fiscal year 2018. In addition, there were conversion effects totaling € -0.7 million that had to be charged directly to equity as a result of introduction of the new standards IFRS 9 and IFRS 15. In addition, dividends from subsidiaries that were adopted in the first half of 2018 and to which non-controlling shareholders were entitled on a pro-rata basis had to be transferred from equity to liabilities (effect: € -0.1 million). The equity ratio was 28.8% following 31.1% at December 31, 2017.

Noncurrent liabilities in particular contain the long-term components of the Group's outside financing and deferred tax liabilities. The increase of € 15.7 million from € 30.7 million to € 46.4 million is due in an amount of € 18.5 million to higher long-term liabilities to banks. These are the result of reclassification of loan obligations from short-term liabilities to banks in connection with the follow-up financing that was agreed in March 2018 and has a maturity until March 31, 2021. On the other hand, there was in particular a reduction in deferred tax liabilities of € -2.6 million. Noncurrent liabilities were 18.9% of total assets compared with 12.2% at December 31, 2017.

Current liabilities at June 30, 2018, fell by € -14.4 million from € 142.9 million to € 128.5 million and were 52.3% (at December 31, 2017: 56.7%) of total assets.

€ –5.3 million of this reduction is due to the sharp reduction in trade accounts payable. In addition, short-term liabilities to banks fell by € –4.5 million. This reduction is due in an amount of € –18.5 million to the previously described reclassification of loan obligations as long-term liabilities to banks. On the other hand, there was essentially a higher utilization of short-term overdraft lines.

There were also reductions in personnel obligations (€ –2.4 million), mainly due to payments of variable remuneration. Other tax liabilities also reduced by € –1.3 million due to lower wage tax and value-added tax liabilities. In addition, other liabilities reduced by € –1.4 million. € –1.0 million of this is due in particular to the reclassification of prepayments received in the balance sheet item “Contract liabilities” which was carried out in the course of implementing the new IFRS 15 accounting standard.

### Financial position

The euromicron Group’s net debt (the total of long- and short-term liabilities to banks and liabilities from finance leases less cash and cash equivalents) at June 30, 2018 was € –100.9 million, a rise of € –2.3 million compared to the figure at June 30, 2017 (€ –98.6 million). This is mainly attributable to net cash used for investments (€ –11.4 million), which exceeded the cash flows from operating activities after adjustment for factoring effects (€ 8.2 million) by € –3.2 million. In addition, there was a non-cash increase in liabilities from finance leases of € –0.5 million due to additions to fixed assets. On the other hand, there were positive effects of € 1.4 million from the Group’s factoring program.

At June 30, 2018, the euromicron Group has free liquidity (free credit lines plus cash) of € 13.9 million for up-front financing of project business and to further finance the company’s planned development. Free liquidity fell by € –2.3 million compared with the figure at June 30, 2017 (€ 16.2 million), in line with net debt.

euromicron AG will continue to fund its Group companies directly or through its cash pool model.

Follow-up financing with a maturity until March 31, 2021, was agreed with the financing partners in March 2018. The agreement specifies that the company must fulfil specific key ratios (covenants), which had to be tested quarterly, for the first time as of June 30, 2018. They include the gearing ratio and key indicators relating to earnings and liquidity. In addition, the agreement specifies contractually stipulated repayments of € 2.5 million effective March 31, 2019, and € 25.0 million effective January 31, 2020. The lenders also have an extraordinary right to terminate the agreement if 30% or more of the shares and/or voting rights are taken over.

At June 30, 2018, the euromicron Group has liabilities to banks totaling € 104.6 million, of which € 38.5 million is long-term and € 66.1 million is short-term loan liabilities. Liabilities to banks at June 30, 2017, totaled € 102.5 million, of which € 19.9 million was long-term and € 82.6 million short-term loan liabilities.

### Notes on the cash flow

The reported net cash used in operating activities at June 30, 2018, was € -8.8 million (June 30, 2017: € -20.1million). However, the reported cash flow figures from operating activities are substantially impacted by effects resulting from the Group's factoring program. In order to calculate comparative cash flow figures, adjustment is carried out for the following effects:

- Change in the volume of factoring used at the balance sheet date
- Change in the liability from customers' monies to be passed on
- Change in the blocked amount withheld by the factoring company or factoring amounts that have not yet been paid out (other financial asset)

We refer you to the 2017 Annual Report of the euromicron Group for a detailed explanation of the effects stated here.

All in all, reconciliation of these three factors affecting liquidity results in cash flow from operating activities after adjustment for factoring effects as summarized in the table below:

#### Calculation of the adjusted cash flow from operating activities

	<u>Jan. 1, 2018– June 30, 2018</u>	<u>Jan. 1, 2017– June 30, 2017</u>
	€ THOU.	€ THOU.
Cash flow from operating activities acc. to statement of cash flows	–8,821	–20,078
Effects from factoring and customers' monies to be passed on included in the above	5,576	8,982
Adjusted cash flow from operating activities	–3,245	–11,096

(Unaudited acc. to IFRS)

Consequently, the net cash used in operating activities (after adjustment for factoring effects) for the first half of the fiscal year 2018 was € –3.2 million, a marked increase of € 7.9 million over the figure for the comparative period in 2017 (€ –11.1 million).

The reason for this improvement is the higher positive cash flow effect of € 5.7 million from the change in working capital. In addition, positive cash flow effects of € 3.7 million resulted from lower value-added tax payments. On the other hand, there was a reduction of € –0.8 million in the reported EBITDA (mainly due to higher special costs) with the € –0.3 million increase in interest and tax payments and with € –0.4 million cash flow effects from the change in other balance sheet items.

Net cash used in investing activities in the first six months of the fiscal year 2018 was € -4.5 million, € 2.1 million lower than the figure for the comparative period in 2017 (€ -6.6 million). € 2.0 million of this change results in particular from lower purchase price payments for company acquisitions and lower payments from the disposal of sold operations. In addition, the level of investments in intangible assets and property, plant and equipment of € 0.1 million was slightly lower than the previous year.

The net cash provided by financing activities was € 13.5 million compared with € 25.2 million in the first six months of the previous year. The net proceeds are mainly due to raised loans which exceed the net cash used to repay loans.

Cash funds of the euromicron Group at June 30, 2018, were thus € 5.1 million compared with € 5.4 million at June 30, 2017.

## Risk report

The reports from the risk management system at December 31, 2017, have been continuously examined and updated as part of the Group's interim report at June 30, 2018. At June 30, 2018, there were no significant material changes in the risks of the euromicron Group compared with those stated and described in detail in the management report in the 2017 Annual Report.

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

# Income statement

of the euromicron Group for the period January 1 to June 30, 2018 (IFRS)

## Income statement

	3-month report		6-month report	
	Apr. 1, 2018– Jun. 30, 2018	Apr. 1, 2017– Jun. 30, 2017	Jan. 1, 2018– Jun. 30, 2018	Jan. 1, 2017– Jun. 30, 2017
	€ THOU.	€ THOU.	€ THOU.	€ THOU.
<b>Sales</b>	<b>75,564</b>	<b>78,118</b>	<b>150,649</b>	<b>153,643</b>
Inventory changes	-335	475	-529	422
Own work capitalized	850	646	1,584	1,316
Other operating income	377	596	807	1,031
Cost of materials	-37,987	-42,084	-77,354	-81,614
Personnel costs	-28,877	-27,510	-56,295	-55,068
Other operating expenses	-10,250	-10,317	-20,553	-20,608
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	<b>-658</b>	<b>-76</b>	<b>-1,691</b>	<b>-878</b>
Depreciation/Amortization	-2,493	-2,082	-4,813	-4,199
<b>Earnings before interest and taxes (EBIT)</b>	<b>-3,151</b>	<b>-2,158</b>	<b>-6,504</b>	<b>-5,077</b>
Interest income	2	37	11	74
Interest expenses	-1,637	-1,368	-3,100	-2,384
<b>Income before income taxes</b>	<b>-4,786</b>	<b>-3,489</b>	<b>-9,593</b>	<b>-7,387</b>
Income taxes	1,332	821	2,646	2,002
<b>Consolidated net loss for the period</b>	<b>-3,454</b>	<b>-2,668</b>	<b>-6,947</b>	<b>-5,385</b>
Thereof attributable to euromicron AG shareholders	-3,535	-2,713	-7,132	-5,476
Thereof attributable to non-controlling interests	81	45	185	91
<b>(Un)diluted earnings per share in €</b>	<b>-0.49</b>	<b>-0.37</b>	<b>-0.99</b>	<b>-0.76</b>

(unaudited acc. to IFRS)

## Reconciliation of the quarterly results with the statement of comprehensive income

of the euromicron Group for the period January 1 to June 30, 2018 (IFRS)

### Statement of comprehensive income

	3-month report		6-month report	
	Apr. 1, 2018– Jun. 30, 2018	Apr. 1, 2017– Jun. 30, 2017	Jan. 1, 2018– Jun. 30, 2018	Jan. 1, 2017– Jun. 30, 2017
	€ THOU.	€ THOU.	€ THOU.	€ THOU.
<b>Consolidated net loss for the period</b>	<b>-3,454</b>	<b>-2,668</b>	<b>-6,947</b>	<b>-5,385</b>
Currency translation differences (may have to be reclassified to the income statement in future)	-6	0	-8	5
<b>Other comprehensive income</b>	<b>-6</b>	<b>0</b>	<b>-8</b>	<b>5</b>
<b>Total comprehensive income</b>	<b>-3,460</b>	<b>-2,668</b>	<b>-6,955</b>	<b>-5,380</b>
Thereof attributable to euromicron AG shareholders	-3,541	-2,713	-7,140	-5,471
Thereof attributable to non-controlling interests	81	45	185	91

(unaudited acc. to IFRS)

# Consolidated balance sheet

## Assets

of the euromicron Group as of June 30, 2018 (IFRS)

### Assets

	<b>Jun. 30, 2018</b>	<b>Dec. 31, 2017</b>
	€ THOU.	€ THOU.
<b>Noncurrent assets</b>		
Goodwill	110,629	110,629
Intangible assets	16,081	16,557
Property, plant and equipment	19,005	19,139
Other financial assets	209	232
Other assets	4	4
Deferred tax assets	1,157	255
<b>Total noncurrent assets</b>	<b>147,085</b>	<b>146,816</b>
<b>Current assets</b>		
Inventories	32,024	31,486
Trade accounts receivable	9,788	8,994
Gross amount due from customers for contract work	N/A	52,518
Contract assets	44,797	N/A
Claims for income tax refunds	290	928
Other financial assets	3,948	3,898
Other assets	2,577	2,566
Cash and cash equivalents	5,097	4,954
<b>Total current assets</b>	<b>98,521</b>	<b>105,344</b>
<b>Total assets</b>	<b>245,606</b>	<b>252,160</b>

(unaudited acc. to IFRS)



# Consolidated balance sheet

## Equity and liabilities

of the euromicron Group as of June 30, 2018 (IFRS)

### Equity and liabilities

	<u>30.06.2018</u>	<u>31.12.2017</u>
	€ THOU.	€ THOU.
<b>Equity</b>		
Subscribed capital	18,348	18,348
Capital reserves	94,298	94,298
Currency translation differences	-4	4
Consolidated retained earnings	-42,579	-34,708
Stockholders' equity	70,063	77,942
Non-controlling interests	659	599
<b>Total equity</b>	<b>70,722</b>	<b>78,541</b>
<b>Noncurrent liabilities</b>		
Provisions for pensions	1,424	1,424
Other provisions	1,760	1,751
Liabilities to banks	38,510	19,993
Liabilities from finance leases	951	1,143
Other financial liabilities	603	610
Other liabilities	143	170
Deferred tax liabilities	2,979	5,598
<b>Total noncurrent liabilities</b>	<b>46,370</b>	<b>30,689</b>
<b>Current liabilities</b>		
Other provisions	1,720	1,955
Trade accounts payable	41,673	46,996
Gross amount due to customers for contract work	N/A	2,014
Contract liabilities	3,498	N/A
Liabilities from current income taxes	1,020	1,385
Liabilities to banks	66,100	70,556
Liabilities from finance leases	432	521
Other tax liabilities	3,433	4,777
Personnel obligations	7,375	9,795
Other financial liabilities	1,278	1,562
Other liabilities	1,985	3,369
<b>Total current liabilities</b>	<b>128,514</b>	<b>142,930</b>
<b>Total equity and liabilities</b>	<b>245,606</b>	<b>252,160</b>

(unaudited acc. to IFRS)

## Statement of changes in equity

of the euromicron Group for the period January 1 to June 30, 2018 (IFRS)

### Statement of changes in equity

	Subscribed capital	Capital reserves	Consolidated-retained earnings
	€ THOU.	€ THOU.	€ THOU.
<b>December 31, 2016</b>	<b>18,348</b>	<b>94,298</b>	<b>-30,743</b>
<b>Net loss for the first half of 2017</b>	<b>0</b>	<b>0</b>	<b>-5,476</b>
<b>Other comprehensive income</b>			
Currency translation differences	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-5,476</b>
<b>Transactions with owners</b>			
Changes in shares as a result of first-time consolidation	0	0	0
Distributions to/Drawings by minority interests	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>
<b>June 30, 2017</b>	<b>18,348</b>	<b>94,298</b>	<b>-36,219</b>
<b>December 31, 2017</b>	<b>18,348</b>	<b>94,298</b>	<b>-34,708</b>
Adjustments from first-time application of IFRS 9 and IFRS 15 in acc. with IAS 8	0	0	-739
<b>January 1, 2018 (adjusted)</b>	<b>18,348</b>	<b>94,298</b>	<b>-35,447</b>
<b>Net loss for the first half of 2018</b>	<b>0</b>	<b>0</b>	<b>-7,132</b>
<b>Other comprehensive income</b>			
Currency translation differences	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-7,132</b>
<b>Transactions with owners</b>			
Distributions to/Drawings by minority interests	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>
<b>June 30, 2018</b>	<b>18,348</b>	<b>94,298</b>	<b>-42,579</b>

(unaudited acc. to IFRS)

	Currency translation difference	Equity attributable to the shareholders of euromicron AG	Non-controlling interests	Total equity
	€ THOU.	€ THOU.	€ THOU.	€ THOU.
	-5	81,898	461	82,359
	0	-5,476	91	-5,385
	5	5	0	5
	5	5	0	5
	5	-5,471	91	-5,380
	0	0	-26	-26
	0	0	-125	-125
	0	0	-151	-151
	0	76,427	401	76,828
	4	77,942	599	78,541
	0	-739	0	-739
	4	77,203	599	77,802
	0	-7,132	185	-6,947
	-8	-8	0	-8
	-8	-8	0	-8
	-8	-7,140	185	-6,955
	0	0	-125	-125
	0	0	-125	-125
	-4	70,063	659	70,722

# Statement of cash flows

for the period January 1 to June 30, 2018 (IFRS)

## Statement of cash flows

	Jan. 1, 2018 – Jun. 30, 2018	Jan. 1, 2017 – Jun. 30, 2017
	€ THOU.	€ THOU.
Income before income taxes	-9,593	-7,387
Net interest income/loss	3,089	2,310
Depreciation and amortization of fixed assets	4,813	4,199
Disposal of assets, net	-3	-51
Depreciation/Amortization of other noncurrent and current assets	0	238
Allowances for inventories, doubtful accounts and contract assets	326	152
Changes in provisions	-550	-296
Changes in current and noncurrent assets and liabilities:		
– Inventories	-632	-4,994
– Trade accounts receivable and contract assets*	5,669	-2,039
– Trade accounts payable and contract liabilities*	-4,793	-3,462
– Other operating assets	-229	1,139
– Other operating liabilities	-3,811	-7,114
– Income tax paid	-1,006	-1,493
– Income tax received	717	684
– Interest paid	-3,020	-2,074
– Interest received	202	110
<b>Net cash used in operating activities</b>	<b>-8,821</b>	<b>-20,078</b>
Proceeds from		
– retirement/disposal of intangible assets	0	0
– retirement/disposal of property, plant and equipment	20	56
Payments due to the		
– acquisition of intangible assets	-1,750	-1,986
– acquisition of property, plant and equipment	-2,307	-2,184
– acquisition of subsidiaries	-500	-1,798
– disposal of sold operations	0	-686
<b>Net cash used in investing activities</b>	<b>-4,537</b>	<b>-6,598</b>
Proceeds from raising of financial loans	24,540	26,548
Cash repayments of financial loans	-10,718	-823
Cash repayments of liabilities from finance leases	-281	-280
Distributions to/Withdrawals by non-controlling interests and profit shares of minority interests	-40	-245
<b>Net cash provided by financing activities</b>	<b>13,501</b>	<b>25,200</b>
Net change in cash funds	143	-1,476
Cash funds at start of period	4,954	6,844
<b>Cash funds at end of period</b>	<b>5,097</b>	<b>5,368</b>

\*Gross amounts due from and to customers for contract work were carried here in the previous year. (unaudited acc. to IFRS)

## Disclosure in accordance with Section 37w (5) Sentence 6 of the German Securities Trading Act (WpHG)

The condensed set of financial statements and the interim management report at June 30, 2018, have not been audited or inspected by an auditor in accordance with Section 317 of the German Commercial Code (HGB).

## Notes

### Preamble

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

euromicron AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable on the balance sheet date and with their interpretations by the International Financial Reporting Interpretations Committee (IFRIC). The interim report as of June 30, 2018, was prepared in compliance with the regulations of the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and with the requirements of standard no. 16 “Interim Financial Reporting” of the DRSC (Deutsches Rechnungslegungs Standards Committee e. V.). The previous year’s figures were determined using the same principles.

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

The results in the interim financial statements as of June 30, 2018, do not necessarily permit forecasts for the further course of business.

### Accounting and measurement policies

The same reporting and measurement methods were used in the abridged presentation of the consolidated financial statements as of June 30, 2018, as for preparing the consolidated financial statements at December 31, 2017, unless changes are explicitly specified.

A detailed description of these methods is published in the 2017 Annual Report and is available on the company's homepage. The consolidated financial statements of euromicron AG as of December 31, 2017, were prepared on the basis of Section 315a of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards, as are applicable in the European Union.

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

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

There are changes to the reporting and measurement policies as a result of the changes presented below to the following standards, interpretations and amendments by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee (IFRS-IC). These changes are mandatory for the first time in fiscal year 2018:

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

	Standard/Interpretation	Mandatory application in the EU	Adoption by the EU Commission
IAS 40	Investment Property: Transfers of Investment Property (amendment)	01.01.2018	Yes
IFRS 2	Share-based Payment: Classification and Measurement of Share-based Payment Transactions (amendment)	01.01.2018	Yes
IFRS 4	Insurance Contracts (amendment)	01.01.2018	Yes
IFRS 9	Financial instruments	01.01.2018	Yes
IFRS 15	Revenue from Contracts with Customers	01.01.2018	Yes
IFRS 15	Revenue from Contracts with Customers (clarifications)	01.01.2018	Yes
IFRIC 22	Foreign Currency Transactions and Advance Consideration	01.01.2018	Yes
AIP	Annual improvements to the IFRSs, cycle 2014–2016	01.01.2017 / 01.01.2018	Yes

There are no effects on the consolidated financial statements from first-time application of the amendments to IAS 40 “Investment Property: Transfers of Investment Property”, IFRS 2 “Share-based Payment: Classification and Measurement of Share-based Payment Transactions” and IFRS 4 “Insurance Contracts”, from first-time application of the new interpretation IFRIC 22 “Foreign Currency Transactions and Advance Consideration”, and from first-time application of the regulations in the collection “Annual improvements to the IFRSs, 2014-2016 cycle”, which have to be applied for the first time as of 2018.

The following describes the new standards to be applied and whose first-time application will have significant effects on the consolidated financial statements.

### **IFRS 9 “Financial Instruments”**

The IASB adopted the final version of IFRS 9 “Financial Instruments” on July 24, 2014. Adoption of the IFRS 9 means that its previous versions (Classification and Measurement: Financial Assets and Liabilities; Hedge Accounting) and its predecessor standard IAS 39 “Financial Instruments: Recognition and Measurement” are superseded.

When first carried, financial assets are in future to be categorized as measured at “fair value through profit or loss” or, respectively, at “fair value through other comprehensive income” or, at “amortized cost”.

There is the irrevocable possibility of applying a “fair value through other comprehensive income” option for equity instruments provided the respective instruments are not held for trading. Otherwise they are measured at “fair value through profit or loss”. The shares in the listed company Track Group Inc., Utah, U.S., carried by the euromicron Group under “Other financial assets” were assigned to the category “available for sale” under IAS 39 and measured at fair value (carrying amount at December 31, 2017: € 55 thousand; no measurement effects contained in OCI). According to IFRS 9, these are equity instruments and are assigned to the category “fair value through profit or loss” when the standard is applied for the first time; the “fair value through other comprehensive income” option is not applied.

The classification of debt instruments is dependent on the company's business model and the contractual terms of the financial asset. For example, financial assets whose business model is based on the collection of contractual cash flows ("Hold" business model) and whose cash flows relate solely to repayments and interest on the unpaid principal must be assigned to the category "amortized cost". That is true of most of the euromicron Group's financial assets.

The regulations of IFRS 9 have an appreciable impact on trade accounts receivable, which the euromicron Group sells to a significant extent under a factoring agreement. As part of that, receivables from certain trade debtors are sold to a factoring company within defined factoring volumes. These receivables thus meet the requirements for the business model "collection of cash flows from sale" ("Sell" business model). The trade accounts receivable sold at the balance sheet date result in a partial disposal with booking of a low continuing involvement. If receivables tendered under the factoring agreement remain on the balance sheet at the reporting date (for example because the factoring volume of the respective Group company or the trade debtor is already used up), they must likewise be assigned to the "Sell" business model and so to the measurement category "fair value through profit or loss". Trade accounts receivable not sold or tendered under the factoring agreement are assigned to the measurement category "amortized cost".

The classification of financial liabilities has not changed compared with IAS 39. Only the regulations in the event of a change to the own credit risk have changed for financial liabilities measured to date at "fair value through profit or loss". This change in value now has to be carried in the "Other profit/loss". The changes to IFRS 9 do not have any impact on financial liabilities at the euromicron Group.



The new regulations in IFRS 9 on recognition of impairments are based on the premise of providing for anticipated losses (expected loss model), a change from the previous model of losses that had already occurred (incurred loss model). Unlike the incurred loss model, the expected loss model takes into account anticipated losses if there are no concrete loss indicators. Consequently, a risk provision for expected payment losses must now be formed in principle in accordance with IFRS 9.

In order to determine the extent of provisions for risks, there is a three-tier model under which in principle expected losses for twelve months are to be carried as of first-time recognition and, in the event of a significant deterioration in the credit risk, the anticipated total losses are to be recognized. An exception to the general impairment model is the simplified impairment model for trade receivables, lease receivables and contract assets in accordance with IFRS 15. Under the simplified impairment model, a risk provision must be carried for all instruments (regardless of the quality of the credit) to the amount of the anticipated losses over their remaining term.

Application of the expected loss model on trade accounts receivable and contract assets in accordance with IFRS 15 resulted upon first-time application of IFRS 9 in an increase in impairments of € 153 thousand, which was recognized directly in equity and allocated to the consolidated retained earnings.

IFRS 9 contains regulations on hedge accounting that create a stronger connection between hedge accounting on the balance sheet and the risk management practiced as part of operational activities. There are no effects from the changes to hedge accounting, since the euromicron Group does not apply hedge accounting.

In principle, first-time adoption of IFRS 9 must be retrospective; however, various simplification options are granted. No adjustment is made to the comparative figures for the previous year.

The table below presents a reconciliation of the financial assets and liabilities from the measurement categories of IAS 39 with the measurement categories in accordance with IFRS 9 at December 31, 2017 / January 1, 2018 (before adjustments to recognition and measurement):

### Reconciliation of financial instrument by measurement categories (IAS 39/IFRS 9)

	Measurement category acc. to IAS 39	Carrying value	Measurement category acc. to IFRS 9	Carrying value
		€ THOU.		€ THOU.
<b>Assets</b>				
Cash and cash equivalents	LaR <sup>1)</sup>	4,954	AC <sup>5)</sup>	4,954
Trade accounts receivable	LaR <sup>1)</sup>	8,994	AC <sup>5)</sup> FVPL <sup>6)</sup>	7,797 1,197
	AFS <sup>3)</sup>	55	FVPL <sup>6)</sup>	55
	LaR <sup>1)</sup>	3,609	AC <sup>5)</sup>	3,609
	FVtPoL <sup>4)</sup>	3	FVPL <sup>6)</sup>	3
	IAS 17	162	IAS 17	162
Other financial assets	N/A *	301	N/A *	301
<b>Equity and liabilities</b>				
Trade accounts payable	FLAC <sup>2)</sup>	46,996	AC <sup>5)</sup>	46,996
Liabilities to banks	FLAC <sup>2)</sup>	90,549	AC <sup>5)</sup>	90,549
	FLAC <sup>2)</sup>	1,494	AC <sup>5)</sup>	1,494
Other financial liabilities	FVtPoL <sup>4)</sup>	678	FVPL <sup>6)</sup>	678
Financial personnel obligations	FLAC <sup>2)</sup>	5,676	AC <sup>5)</sup>	5,676
Liabilities from finance leases	IAS 17	1,664	IAS 17	1,664

<sup>1)</sup> LaR = Loans and Receivables

<sup>2)</sup> FLAC = Financial Liabilities Measured at Amortised Cost

<sup>3)</sup> AFS = Available for Sale

<sup>4)</sup> FVtPoL = At Fair Value through Profit or Loss

<sup>5)</sup> AC = Amortised Cost

<sup>6)</sup> FVPL = At Fair Value through Profit or Loss

\* The continuing involvement carried in the other financial assets is not assigned to any of the listed categories in accordance with IAS 39 and IFRS 9, since separate measurement rules apply as part of the stipulations on retirement of financial assets.

The table below presents a reconciliation of the financial assets by measurement categories at January 1, 2018:

#### Reconciliation by measurement categories<sup>1</sup>

	Financial assets			Total
	FVPL (FVtPoL 2017)	FVOCI (AfS 2017)	AC (LaR 2017)	
	€ THOU.	€ THOU.	€ THOU.	
<b>Closing balance sheet value at Dec. 31, 2017 (IAS 39)</b>	<b>3</b>	<b>55</b>	<b>17,557</b>	<b>17,615</b>
Reclassification of receivables tendered as part of factoring from the measurement category "Loans and Receivables" to the measurement category "Fair Value through Profit or Loss"	1,197	0	-1,197	0
Reclassification of other financial assets (shares in Track Group Inc.) from the measurement category "Available for Sale" to the measurement category "Fair Value through Profit or Loss"	55	-55	0	0
<b>Opening balance sheet value at Jan. 1, 2018 (IFRS 9) before remeasurement effects</b>	<b>1,255</b>	<b>0</b>	<b>16,360</b>	<b>17,615</b>
Remeasurement effects <sup>2)</sup>	0	0	-99	-99
<b>Opening balance sheet value at Jan. 1, 2018 (IFRS 9)</b>	<b>1,255</b>	<b>0</b>	<b>16,261</b>	<b>17,516</b>

<sup>1)</sup> In deviation from the assets stated as LaR in the Annual Report at December 31, 2017, the reconciliation presented here does not include the gross amount due from customers for contract work (€ 52,518 thousand) and the continuing involvement carried in the other financial assets (€ 301 thousand), since these are not to be assigned to the category LaR. As regards the liabilities stated as FLAC in the Annual Report at December 31, 2017, the gross amount due to customers for contract work (€ 2,014 thousand) are not to be assigned to the category FLAC, since different measurement rules apply to them. These assets and liabilities likewise do not fall under the scope of IFRS 9 and so are not included in the disclosures in the notes on first-time application of IFRS 9.

<sup>2)</sup> The adjustment from retrospective application of the expected loss model is carried under the remeasurement effects.

There were no reconciliation items regarding financial liabilities.

The table below presents a reconciliation between the value adjustments at January 1, 2018, and their changes at March 31, 2018:

#### Reconciliation of value adjustments

	Value adjustment acc. to IAS 39 Dec. 31, 2017	Remeasurement	Value adjustment acc. to IFRS 9 Jan. 1, 2018	Change in value adjustment 2018	Value adjustment acc. to IFRS 9 Jun. 30, 2018
	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.
Trade accounts receivable	2,387	99	2,486	-478	2,008
Contract assets	0	54	54	-5	49
<b>Total</b>	<b>2,387</b>	<b>153</b>	<b>2,540</b>	<b>-483</b>	<b>2,057</b>

The assets assigned to the category “Loans and Receivables” under IAS 39 or to the category “Amortized Cost” under IFRS 9 comprise trade accounts receivable, cash and cash equivalents and other financial assets. No value adjustments were carried for cash and cash equivalents and other financial assets for reasons of materiality. The contract assets are not assigned to any measurement category in accordance with IFRS 9.

#### Disclosures on financial instruments

Impairment losses (including reversals of impairment losses) carried in the first half of 2018 in accordance with IFRS 9 Section 5.5 are € -28 thousand. For reasons of materiality these were not carried in a separate item in the consolidated income statement, but in the item “Other operating expenses”.

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

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

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

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

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

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

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

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

The liabilities from the earn-out clauses under the agreement to purchase the business operations of Elektroanlagen GmbH Dollenchen & Co. KG were measured on the basis of level 3. The liabilities are carried under the other noncurrent or other current financial liabilities.

In the first six months of fiscal year 2018, there were no changes to the fair value of assets or liabilities assigned to level 3 of the fair value hierarchy.

### Comparison of carrying amounts and fair values

	Dec. 31, 2017		Jun. 30, 2018	
	Carrying amount	Fair value with DVA	Carrying amount	Fair value with DVA
	€ THOU.	€ THOU.	€ THOU.	€ THOU.
<b>Assets</b>				
Trade accounts receivable	8,994	– <sup>1)</sup>	9,788	– <sup>1)</sup>
Gross amount due from customers for contract work	52,518	– <sup>1)</sup>	N/A	N/A
Contract assets	N/A	N/A	44,797	– <sup>1)</sup>
Other financial assets	4,130	– <sup>1)</sup>	4,157	– <sup>1)</sup>
Cash and cash equivalents	4,954	– <sup>1)</sup>	5,097	– <sup>1)</sup>
<b>Equity and liabilities</b>				
Liabilities to banks	90,549	90,600	104,610	107.200
Liabilities from finance leases	1,664	– <sup>1)</sup>	1,383	– <sup>1)</sup>
Trade accounts payable	46,996	– <sup>1)</sup>	41,673	– <sup>1)</sup>
Gross amount due to customers for contract work	2,014	– <sup>1)</sup>	N/A	N/A
Contract liabilities	N/A	N/A	3,498	– <sup>1)</sup>
Personnel obligations	9,795	– <sup>1)</sup>	7,375	– <sup>1)</sup>
Other financial liabilities	2,172	2,171	1,881	– <sup>1)</sup>

<sup>1)</sup>The carrying amount corresponds approximately to the fair value.

The changes in fair value for the financial liabilities assigned to level 3 are shown in the table below:

#### Changes in fair value for level 3 financial liabilities

	Earn-out liabilities (asset deal Elektro- anlagen GmbH Dollenchen & Co. KG)	Liabilities from the put option for KORAMIS GmbH	Total
	€ THOU.	€ THOU.	€ THOU.
<b>Balance at January 1, 2018</b>	<b>155</b>	<b>523</b>	<b>678</b>
Additions/Disposals	0	0	0
Change in fair value	0	0	0
<b>Balance at June 30, 2018</b>	<b>155</b>	<b>523</b>	<b>678</b>

There were no transfers between the levels in the first six months of the fiscal year.

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

#### IFRS 15 “Revenue from Contracts with Customers”

The IASB published the standard IFRS 15 “Revenue from Contracts with Customers” in May 2014. The standard provides a single, principles-based five-step model for determining and recognizing revenue that is to be applied to all contracts with customers and contains the core principle that revenue must be recognized at the time control over goods and services passes to the customer. In particular, it supersedes the standards IAS 11 and IAS 18 and the regulations in various interpretations.

As part of first-time application of IFRS 15, euromicron has used the modified retrospective method, i.e. any conversion effects were recognized cumulatively in the consolidated retained earnings at the start of the comparative period on January 1, 2018. euromicron made use of possible exemptions here. In this connection, contracts that began or were fulfilled before January 1, 2018, were not remeasured, in particular at January 1, 2018.

First-time application of IFRS 15 has the following significant impacts on the presentation of the consolidated financial statements:

- If one of the parties has fulfilled its contractual obligation, IFRS 15 stipulates that the company must carry the contract as a contract asset or contract liability in the balance sheet. A contract asset is the right to receive a consideration in exchange for goods or services transferred to a customer. A contract liability is the obligation to transfer goods or services to a customer for which the company has received (or is to receive) a consideration from the customer. The new items “Contract assets” and “Contract liabilities” have been included in the balance sheet for that purpose. As a result, the previous items “Gross amount due from customers for contract work” and “Gross amount due to customers for contract work” have been dropped from the balance sheet.
- If euromicron fulfils its obligations under contracts with customers before the other party pays a consideration or the consideration becomes due, euromicron presents this contractual right (excluding all amounts carried as trade accounts receivable) as a contract asset.
- As of the fiscal year 2018, due payments on account not carried in the balance sheet in previous periods until they have been paid are recognized under “Trade accounts receivable” as of the time they become due. The value carried under “Contract liabilities” is reduced to a corresponding amount.
- If a customer pays a consideration or if euromicron has an unconditional right to a specific consideration (i.e. a receivable) before goods are transferred to or a service is performed for the customer, euromicron must recognize the contract as a contract liability when the payment is made or becomes due (whichever is earlier). As a result, euromicron will no longer carry prepayments in future under the balance sheet item “Other liabilities”, but instead under “Contract liabilities”.
- As of the fiscal year 2018, due invoices for prepayments not carried in the balance sheet in previous periods until they have been paid are recognized under “Trade accounts receivable” as of the time they become due. The corresponding performance obligation is presented under the “Contract liabilities”.



- Under the regulations in IAS 11.22 in conjunction with 11.34 and 11.36, an anticipated loss from construction contracts had to be recognized as an expense immediately. In accordance with IAS 37.69, an impairment loss on an asset first had to be recognized before a separate provision for an onerous contract was established. In accordance with IFRS 15.107, the impairment of a “contract asset” is assessed in accordance with the regulations of IFRS 9 as of fiscal year 2018. That means there is no impairment of a “contract asset” from onerous contracts for as long as no default on contractually agreed payments is anticipated. Provisions for anticipated losses from onerous contracts which are not attributable to default on contractually agreed payments must be set up to the amount of the anticipated unavoidable costs in accordance with IAS 37.68. As a result, the contract assets and other provisions increased by € 167 thousand at January 1, 2018.

There are also the following significant adjustments to measurements:

- In construction-related project business/system integration business, there were impacts on the recognition of effects from contract modifications (e.g. from supplements or claims) on the balance sheet. These relate in particular to their measurement, i.e. the amount at which they are to be included in the order total in order to determine the revenue recognized over time. IFRS 15 demands here a higher degree of certainty than was the case under the previous regulations of IAS 11. In accordance with IFRS 15.56, such a consideration may be included fully or partly in the transaction price if it is highly likely that there is no significant cancellation as regards the recognized cumulated revenues as soon as the uncertainty in connection with the consideration no longer exists. The necessary adjustments resulted at January 1, 2018, in a reduction of € –759 thousand in “contract assets”, which was recognized directly in equity and allocated to the consolidated retained earnings.
- In the remaining project business, revenue is recognized at a later point in time in individual areas – for construction contracts carried up to now using the percentage of completion method in accordance with IAS 11 –, since the requirements for revenue recognition over time in accordance with IFRS 15 are not fulfilled. This adjustment resulted at January 1, 2018, in a reduction in contract assets (€ –297 thousand) and a corresponding increase in work in progress (€ 157 thousand). The effect of that adjustment (€ –140 thousand) was presented as a reduction in the consolidated retained earnings.

The following overview presents the effects of IFRS 15 on the relevant balance sheet items at January 1, 2018:

### Adjustments from first-time application of IFRS 15

	Dec. 31, 2017 (before adjustment)	Change in presentation construction contracts/contract assets	Change in recognition of due payments on account
	€ THOU.	€ THOU.	€ THOU.
<b>Assets</b>			
Inventories	31,486		
Trade accounts receivable	8,994		1,424
Gross amount due from customers for contract work	52,518	-52,518	
Contract assets	0	52,518	-1,424
	Dec. 31, 2017 (before adjustment)	Change in presentation construction contracts/contract assets	Change in recognition of due payments on account
	€ THOU.	€ THOU.	€ THOU.
<b>Equity and liabilities</b>			
Consolidated retained earnings	-34,708		
Other provisions	3,706		
Gross amount due to customers for contract work	2,014	-2,014	
Contract liabilities	0	2,014	
Other liabilities	3,369		

	Change in recognition of prepayments	Change in recognition of onerous contracts	Switch from PoC method to revenue recognition at a point in time	Other measurement adjustments	Jan. 1, 2018 (after adjustment)
	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.
			157		31,643
	24				10,442
					N/A
		167	-297	-759	50,205
					N/A
			-140	-759	-35,607
		167			3,873
					N/A
	1,033				3,047
	-1,009				2,360

The table below presents a summary of the effects from first-time application of IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” on assets, liabilities and equity at January 1, 2018:

**Adjustments from first-time application of IFRS 9 and IFRS 15 in acc. with IAS 8**

	Adjustments from first-time application of				Jan. 1, 2018 (after adjustment)
	Dec. 31, 2017 (before adjustment)	IFRS 15 (excl. deferred tax effects)	IFRS 9 (excl. deferred tax effects)	Effects on deferred taxes	
	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.
<b>Assets</b>					
<b>Noncurrent and current assets</b>					
Inventories	31,486	157	0	0	31,643
Trade accounts receivable	8,994	1,448	-99	0	10,343
Gross amount due from customers for contract work	52,518	-52,518	0	0	N/A
Contract assets	N/A	50,205	-54	0	50,151
Deferred tax assets	255	0	0	2	257
Other noncurrent and current assets	158,907	0	0	0	158,907
<b>Total noncurrent and current assets</b>	<b>252,160</b>	<b>-708</b>	<b>-153</b>	<b>2</b>	<b>251,301</b>

### Adjustments from first-time application of IFRS 9 and IFRS 15 in acc. with IAS 8

	Adjustments from first-time application of				Jan. 1, 2018 (after adjustment)
	Dec. 31, 2017 (before adjustment)	IFRS 15 (excl. deferred tax effects)	IFRS 9 (excl. deferred tax effects)	Effects on deferred taxes	
	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.
<b>Equity and liabilities</b>					
<b>Equity</b>					
Consolidated retained earnings	-34,708	-899	-153	312	-35,448
Other equity (including non-controlling interests)	113,249	0	0	0	113,249
<b>Total equity</b>	<b>78,541</b>	<b>-899</b>	<b>-153</b>	<b>312</b>	<b>77,801</b>
<b>Noncurrent and current liabilities</b>					
Other provisions	3,706	167	0	0	3,873
Gross amount due to customers for contract work	2,014	-2,014	0	0	N/A
Contract liabilities	N/A	3,047	0	0	3,047
Deferred tax liabilities	5,598	0	0	-310	5,288
Other liabilities	3,539	-1,009	0	0	2,530
Other noncurrent and current liabilities	158,762	0	0	0	158,762
<b>Total noncurrent and current liabilities</b>	<b>173,619</b>	<b>191</b>	<b>0</b>	<b>-310</b>	<b>173,500</b>
<b>Total equity and liabilities</b>	<b>252,160</b>	<b>-708</b>	<b>-153</b>	<b>2</b>	<b>251,301</b>

The tables below present a summary of the differences in recognition and measurement on the balance sheet and income statement at June 30, 2018, that would have resulted if the IFRS standards applicable at December 31, 2017 (in particular IAS 11 “Construction Contracts”, IAS 18 “Revenue” and IAS 39 “Financial Instruments: Recognition and Measurement”) would have had to still be applied:

#### Reconciliation of the adjustment effects from IFRS 9 and IFRS 15 at June 30, 2018

	Adjustments from first-time application of				Jun. 30, 2018 (after adjustment)
	Jun. 30, 2018 (before adjustment)*	IFRS 15 (excl. deferred tax effects)	IFRS 9 (excl. deferred tax effects)	Effects on deferred taxes	
	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.
<b>Assets</b>					
<b>Noncurrent and current assets</b>					
Inventories	31,796	228	0	0	32,024
Trade accounts receivable	7,665	2,254	-132	0	9,788
Gross amount due from customers for contract work	47,699	-47,699	0	0	N/A
Contract assets	N/A	44,846	-49	0	44,797
Deferred tax assets	980	0	0	177	1,157
Other noncurrent and current assets	157,840	0	0	0	157,840
<b>Total noncurrent and current assets</b>	<b>245,980</b>	<b>-370</b>	<b>-181</b>	<b>177</b>	<b>245,606</b>

\* Recognition and measurement in accordance with the IFRS standards applicable at December 31, 2017 (in particular IAS 11 “Construction Contracts”, IAS 18 “Revenue” and IAS 39 “Financial Instruments: Recognition and Measurement”).

### Reconciliation of the adjustment effects from IFRS 9 and IFRS 15 at June 30, 2018

	Adjustments from first-time application of			Effects on deferred taxes	Jun. 30, 2018 (after adjustment)
	Jun. 30, 2018 (before adjustment)*	IFRS 15 (excl. deferred tax effects)	IFRS 9 (excl. deferred tax effects)		
	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.
<b>Equity and liabilities</b>					
<b>Equity</b>					
Consolidated retained earnings	-41,788	-942	-181	331	-42,579
Other equity (including non-controlling interests)	113,301	0	0	0	113,301
<b>Total equity</b>	<b>71,513</b>	<b>-942</b>	<b>-181</b>	<b>331</b>	<b>70,722</b>
<b>Noncurrent and current liabilities</b>					
Other provisions	3,381	99	0	0	3,480
Gross amount due to customers for contract work	1,983	-1,983	0	0	N/A
Contract liabilities	0	3,498	0	0	3,498
Deferred taxes	3,133	0	0	-154	2,979
Other liabilities	3,170	-1,042	0	0	2,128
Other noncurrent and current liabilities	162,799	0	0	0	162,799
<b>Total noncurrent and current liabilities</b>	<b>174,467</b>	<b>572</b>	<b>0</b>	<b>-154</b>	<b>174,884</b>
<b>Total equity and liabilities</b>	<b>245,980</b>	<b>-370</b>	<b>-181</b>	<b>177</b>	<b>245,606</b>

\* Recognition and measurement in accordance with the IFRS standards applicable at December 31, 2017 (in particular IAS 11 "Construction Contracts", IAS 18 "Revenue" and IAS 39 "Financial Instruments: Recognition and Measurement").

**Reconciliation of the adjustment effects from IFRS 9 and IFRS 15 at June 30, 2018**

	Adjustments from first-time application of				Effects on deferred taxes € THOU.	June 30, 2018 (after adjustment) € THOU.
	Jun. 30, 2018 (before adjustment)* € THOU.	IFRS 15 (excl. deferred tax effects) € THOU.	IFRS 9 (excl. deferred tax effects) € THOU.			
Sales	150,917	-268	0	0	150,649	
Inventory changes	-758	228	0	0	-530	
Cost of materials	-77,351	-3	0	0	-77,354	
Other operating expenses	-20,525	0	-28	0	-20,553	
Other expense and income items (incl. amortization/ depreciation and the net financial result)	-61,805	0	0	0	-61,805	
Income taxes	2,627	0	0	19	2,646	
<b>Consolidated net loss for the period</b>	<b>-6,895</b>	<b>-43</b>	<b>-28</b>	<b>19</b>	<b>-6,947</b>	
Thereof attributable to euromicron AG shareholders	-7,080	-43	-28	19	-7,132	
Thereof attributable to non-controlling interests	185	0	0	0	185	
<b>(Un)diluted earnings per share in €</b>	<b>-0.98</b>	<b>-0.01</b>	<b>0.00</b>	<b>0.00</b>	<b>-0.99</b>	

\* Recognition and measurement in accordance with the IFRS standards applicable at December 31, 2017 (in particular IAS 11 "Construction Contracts", IAS 18 "Revenue" and IAS 39 "Financial Instruments: Recognition and Measurement")

**Consolidated companies**

Apart from euromicron AG, the interim consolidated financial statements at June 30, 2018, include 23 (December 31, 2017: 23) companies, which euromicron AG controls directly or indirectly.



## Significant business events

Follow-up financing with a maturity until March 31, 2021, was agreed with the financing partners in March 2018. The agreement specifies that the company must fulfil specific key ratios (covenants), which must be tested quarterly, for the first time as of June 30, 2018. They include the gearing ratio and key indicators relating to earnings and liquidity. In addition, the agreement specifies contractually stipulated repayments of € 2.5 million effective March 31, 2019, and € 25.0 million effective January 31, 2020. The lenders also have an extraordinary right to terminate the agreement if 30% or more of the shares and/or voting rights are taken over.

## Treasury shares

At June 30, 2018, euromicron does not hold any treasury shares that might be offset against equity in accordance with IAS 31.33.

## Non-controlling interests

Under IFRS 3 (2008), non-controlling interests are disclosed as part of equity in accordance with the entity point of view.

The minority interests in equity reported at June 30, 2018 (€ 659 thousand) relate exclusively to Qubix S.p.A., Padua, Italy (10%).

## Segment information

The Executive Board is the main decision-maker in the Group. The business segments were identified on the basis of the internal reporting the Executive Board uses to allocate resources and assess earnings strength.

Under its strategic alignment, the euromicron Group focuses on the three main business areas of “Smart Buildings”, “Critical Infrastructures” and “Distribution”. Controlling and the reporting structure are in line with the orientation toward the target markets and the underlying value chain within the Group.

## Segment informationen

of the euromicron Group for the period January 1 to June 30, 2018 (IFRS)

### Segment information

	Smart Buildings		Critical Infrastructures		Distribution		Total for all operating segments that must be reported	
	30.06. 2018	30.06. 2017	30.06. 2018	30.06. 2017	30.06. 2018	30.06. 2017	30.06. 2018	30.06. 2017
	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.
External sales	80,947	88,622	56,711	53,075	12,914	11,326	150,572	153,023
Sales within the Group	494	757	585	712	585	596	1,664	2,065
<b>Total sales</b>	<b>81,441</b>	<b>89,379</b>	<b>57,296</b>	<b>53,787</b>	<b>13,499</b>	<b>11,922</b>	<b>152,236</b>	<b>155,088</b>
EBITDA	-1,583	-28	1,130	755	2,633	1,822	2,180	2,549
EBITDA margin	-1.9%	0.0%	2.0%	1.4%	19.5%	15.3%	1.4%	1.6%
Thereof special costs (previous year: reorganization costs)	654	511	0	0	0	0	654	511
<b>Operating EBITDA</b>	<b>-929</b>	<b>483</b>	<b>1,130</b>	<b>755</b>	<b>2,633</b>	<b>1,822</b>	<b>2,834</b>	<b>3,060</b>
<b>Operating EBITDA margin</b>	<b>-1.1%</b>	<b>0.5%</b>	<b>2.0%</b>	<b>1.4%</b>	<b>19.5%</b>	<b>15.3%</b>	<b>1.9%</b>	<b>2.0%</b>
Amortization and depreciation as scheduled	-3,033	-2,716	-1,541	-1,195	-88	-148	-4,662	-4,059
EBIT	-4,616	-2,744	-411	-440	2,545	1,674	-2,482	-1,510
Thereof special costs (previous year: reorganization costs)	654	511	0	0	0	0	654	511
Operating EBIT	-3,962	-2,233	-411	-440	2,545	1,674	-1,828	-999
Order books	83,546	81,666	53,089	51,280	2,737	1,880	139,372	134,826
Working capital	48,514	52,874	9,243	13,335	4,836	4,491	62,593	70,700
<b>Working capital ratio</b>	<b>26.4%</b>	<b>26.2%</b>	<b>7.4%</b>	<b>11.4%</b>	<b>19.2%</b>	<b>19.5%</b>	<b>18.8%</b>	<b>20.7%</b>

All other segments		Central Services		Total for the segments		Reconciliation		Group	
Non-strategic Business Areas									
30.06. 2018	30.06. 2017	30.06. 2018	30.06. 2017	30.06. 2018	30.06. 2017	30.06. 2018	30.06. 2017	30.06. 2018	30.06. 2017
€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.	€ THOU.
77	620	0	0	150,649	153,643	0	0	150,649	153,643
2	78	0	0	1,666	2,143	-1,666	-2,143	0	0
79	698	0	0	152,315	155,786	-1,666	-2,143	150,649	153,643
-98	-181	-3,773	-3,246	-1,691	-878	0	0	-1,691	-878
-124.1%	-25.9%			-1.1%	-0.6%			-1.1%	-0.6%
98	150	1,703	871	2,455	1,532	0	0	2,455	1,532
0	-31	-2,070	-2,375	764	654	0	0	764	654
0.0%	-4.4%			0.5%	0.4%			0.5%	0.4%
-1	-1	-150	-139	-4,813	-4,199	0	0	-4,813	-4,199
-99	-182	-3,923	-3,385	-6,504	-5,077	0	0	-6,504	-5,077
99	150	1,703	871	2,456	1,532	0	0	2,456	1,532
0	-32	-2,220	-2,514	-4,048	-3,545	0	0	-4,048	-3,545
553	839	0	0	139,925	135,665	-245	-384	139,680	135,281
-213	-305	-1,320	-1,099	61,060	69,296	-19,622	-19,379	41,438	49,917
				18.3%	20.2%			12.6%	14.7%

The table below presents a breakdown of the revenue from contracts with customers in accordance with IFRS 15 “Revenue from Contracts with Customers”:

### Breakdown of revenue with customers

	Operating segments that must be reported			Total for all operating segments that must be reported	All other business areas and reconcilia- tion	Group
	Smart Buildings	Critical Infra structures	Distribution			
	€ THOU.	€ THOU.	€ THOU.			
<b>Sales of the segment</b>	<b>81,441</b>	<b>57,296</b>	<b>13,499</b>	<b>152,236</b>	<b>79</b>	<b>152,315</b>
Type of business						
Revenue from project business	44,777	29,322	0	<b>74,099</b>	79	<b>74,178</b>
Revenue from the sale of goods	27,083	12,026	13,499	<b>52,608</b>	0	<b>52,608</b>
Revenue from the provision of services	9,581	15,948	0	<b>25,529</b>	0	<b>25,529</b>
Fulfilment of the performance obligation and recognition of the sales						
Recognition at a specific point in time	27,629	12,026	13,499	<b>53,154</b>	0	<b>53,154</b>
Recognition over time	53,812	45,270	0	<b>99,082</b>	79	<b>99,161</b>

### **Business transactions with related parties**

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

There are no transactions with related parties that require disclosure.

### **Contingencies**

There were no significant changes in contingencies, contingent liabilities and other financial obligations compared with the consolidated financial statements at December 31, 2017.

## Declaration by the legal representatives

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

Frankfurt/Main, August 9, 2018

The Executive Board

**Bettina Meyer**

Spokeswoman

of the Executive Board

**Jörn Trierweiler**

Member

of the Executive Board

## Financial Calendar 2018

March 28, 2018	Publication of the 2017 Annual Report
May 9, 2018	Publication of the business figures for the Q1/2018
June 13, 2018	General Meeting, Frankfurt/Main
August 9, 2018	Publication of the business figures for the Q2/2018
November 8, 2018	Publication of the business figures for the Q3/2018

This quarterly report is available in German and English.

Both versions can also be downloaded from the Internet at **[www.euromicron.de](http://www.euromicron.de)**.

In cases of doubt, the German version is authoritative.

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### DISCLAIMER ON PREDICTIVE STATEMENTS

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

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