Innovative Technologies

Annual Report 2017
of the SINGULUS TECHNOLOGIES AG

SINGULUS TECHNOLOGIES

INNOVATIONS FOR NEW TECHNOLOGIES

SINGULUS TECHNOLGOIES builds innovative machines and systems for efficient and resource-friendly production processes. SINGULUS TECHNOLOGIES' strategy is to take advantage of its existing core competencies and to expand these further.

The core competencies include vacuum coating, surface processing, wet-chemical and thermal production processes. The company offers machines, which are used worldwide in the solar, semiconductor, medical technology, consumer goods and optical disc sectors. For all of the machines, processes and applications SINGULUS TECHNOLOGIES harnesses its automation and process technology expertise.

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TO THE SHAREHOLDERS

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COMBINED MANAGEMENT REPORT OF THE SINGULUS TECHNOLOGIES GROUP AND SINGULUS TECHNOLOGIES AG

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ADDITIONAL INFORMATION

91.2	**88.0**	**106.7**	**-1.2**
SALES	ORDER INTAKE	ORDER BACKLOG DEC. 31	EBIT
-2.8	**-3.2**	**-14.1**	**20.2**
EARNINGS BEFORE TAXES	NET PROFIT/LOSS	OPERATING CASH FLOW	SHAREHOLDERS' EQUITY
87.9	**8.6**	**315**	**-0.39 €**
BALANCE SHEET TOTAL	RESEARCH AND DEVELOPMENT EXPENDITURES	EMPLOYEES DEC. 31	NUMBER OF SHARES OUTSTANDING

8,896,527 Shares

2017

AT A GLANCE

CONSOLIDATED KEY FIGURES 2017-2016 (IN EURO MILLION)

68.8	152.1	109.9	-17.4
SALES	ORDER INTAKE	ORDER BACKLOG DEC. 31	EBIT
20.4	20.2	14.1	13,3
EARNINGS BEFORE TAXES	NET PROFIT/LOSS	OPERATING CASH FLOW	SHAREHOLDERS' EQUITY
95.1	12.3	318	5.48 €
BALANCE SHEET TOTAL	RESEARCH AND DEVELOPMENT EXPENDITURES	EMPLOYEES DEC. 31	EARNINGS PER SHARES, BASIC

8,087,752 Shares

2016

Q1

1ST QUARTER – 2017

- The Supervisory Board appoints Dr.-Ing. Stefan Rinck to the Executive Board of the company for another tenure of five years
- Important contract for the delivery of vacuum cathode sputtering machines as well as process machines for wet-chemical coating machines is signed
- On March 29, 2017, the successful commissioning of the process machines SILEX II at HEVEL SOLAR for the production of heterojunction solar cells is concluded
- SINGULUS TECHNOLOGIES reports consolidated financial statements 2016 on March 30, 2017
- Fairs/exhibitions in the 1st quarter:
  - CPITC 2017, China PV Technology International Conference 2017, Xi'an, China

Q2

2ND QUARTER – 2017

- SINGULUS TECHNOLOGIES presents new cathode sputtering machine for the production of heterojunction solar cells as well as the inline machine LINEX for wet-chemical processing on the occasion of the trade fair SNEC in Shanghai, China
- Report for the 1st quarter 2017 published on May 12, 2017
- SINGULUS TECHNOLOGIES presents new production solutions at the FIP 2017, Lyon, France
- SINGULUS TECHNOLOGIES receives prepayment for the delivery of CIGS production machines
- The Annual General Meeting of the company takes place on June 20, 2017
- Fairs/exhibitions in the 2nd quarter:
  - Medtec Europe, Stuttgart, Germany
  - SNEC PV POWER EXPO, conference and fair, Shanghai, China
  - MEDIA-TECH Conference Europe, Hamburg, Germany
  - Shanghai International Vacuum Coating Technology & Equipment Exhibition, The 9th Advanced Material Fair, Shanghai, China
  - FIP Solution Plastique, Lyon, France
  - Cosmetic Business, Munich, Germany
  - IEEE PVSC, Washington D.C., US

REVIEW 2017

SINGULUS TECHNOLOGIES

Q3

3RD QUARTER – 2017

- Order intake for several sputtering machines with horizontal substrate transport for the manufacturing of CIGS solar modules booked
- Complete dismissal of action of the lawsuit by Alster & Elbe Inkasso GmbH on July 26, 2017
- Financial key figures for the first half 2017 reported on August 11, 2017
- On September 21, 2017 SINGULUS TECHNOLOGIES reports the loss more than half of the nominal share capital
- SINGULUS TECHNOLOGIES reduces the sales forecast for the current year on September 26, 2017
- Fairs/exhibitions in the 3rd quarter:
  - INTERSOLAR North America, San Francisco, US
  - Semicon West, San Francisco, US
  - INTERSOLAR South America, São Paulo, Brazil
  - Renewable Energy India Expo, Greater Noida, India
  - EU PVSEC, Amsterdam, Netherlands

Q4

4TH QUARTER – 2017

- SINGULUS TECHNOLOGIES and MPO International announce a strategic cooperation in the cosmetics sector on October 2, 2017
- First order intake for a vacuum coating machine for the finishing of three-dimensional parts, order for a second machine in November received
- SINGULUS TECHNOLOGIES receives additional orders for production machines for high-performance solar cells
- Strategically important entry in medical sector implemented, order intake of more than € 10 million recorded
- Key financial figures for the first nine months 2017 published on November 9, 2017
- Extraordinary General Meeting takes place on November 29, 2017
- SINGULUS TECHNOLOGIES successfully implements a capital increase of 10 % of the nominal capital
- New contract with an order volume exceeding € 30 million for the delivery of five additional selenization machines signed on December 21,
- Fairs/exhibitions in the 4th quarter:
  - MMM 2017, Pittsburgh, US
  - COMPAMED, Dusseldorf, Germany

VACUUM INLINE SPUTTERING SYSTEM FOR LARGE GLASS SURFACES

MODULAR PRODUCTION SYSTEM FOR APPLICATIONS IN THE SOLAR INDUSTRY (THIN-FILM SOLAR MODULES) AS WELL AS FOR DISPLAY AND ARCHITECTURAL GLASS.

01 VISTARIS

THIN-FILM TECHNOLOGY

REPORT OF THE SUPERVISORY BOARD

TO THE SHAREHOLDERS OF SINGULUS TECHNOLOGIES AG

Dear shareholders,

The 2017 fiscal year was a challenging year for our Company, but one in which we managed to secure the financial headroom we need for SINGULUS TECHNOLOGIES AG and strengthen our leading position on the international competitive landscape in key areas.

SINGULUS TECHNOLOGIES AG is a provider of machinery and production facilities in the areas of vacuum thin-film deposition and plasma deposition, wet-chemical processes and thermal process technologies.

We were very successful in the Solar segment in the 2017 fiscal year. We have now established ourselves as the leading provider of the various machines used to manufacture thin-film solar modules based on CIGS technology. We are also gradually working towards a leading competitive position in the international market for high-efficiency crystalline solar cells. We use our experience in the fields of vacuum coating, plasma technology, wet-chemical and thermal process technologies to develop clear competitive advantages for our systems and offer these advantages to our customers. We believe that this will provide considerable growth potential for our Company in the medium term in an energy market which is experiencing growth across the globe and is focusing increasingly on photovoltaics as the energy resource of the future.

The strategy pursued by SINGULUS TECHNOLOGIES aims to exploit our core competences in process technology and engineering in order to tap into further markets by developing innovative machinery and system concepts.

From left to right:
Christine Kreidl, Deputy Chairperson of the Supervisory Board, Dr.-Ing. Wolfhard Leichnitz, Chairman of the Supervisory Board, Dr. rer. nat. Rolf Blessing, Member of the Supervisory Board

We will be making targeted use of our core competences in surface modification and improvement in production facilities for the semiconductor industry, consumer goods, e.g. cosmetics, and the medical technology sector. We have developed solutions, are launching them on the markets and will be developing further innovative concepts and systems. Initial successes confirm that we are on the right track with our strategy and approach. This will increasingly translate into a competitive edge for us over the next few years, ensuring our success in the long term.

You will find further details on our Company's development in the management report.

The report of the Supervisory Board provides you with information on the focal points of the Supervisory Board's work over the last fiscal year.

In the 2017 fiscal year, the Supervisory Board performed all of the duties for which it is responsible by law and in accordance with the Articles of Association and complied with the requirements set out in the rules of procedure for the Supervisory Board. The Supervisory Board provided regular advice to the Executive Board regarding the management of SINGULUS TECHNOLOGIES AG and monitored the work performed by the Executive Board on an ongoing basis. The Executive Board of SINGULUS TECHNOLOGIES AG involved the Supervisory Board in all key decisions and processes early on and informed if of all relevant transactions.

The Supervisory Board did not raise any objections regarding the management of the Company by the Executive Board of SINGULUS TECHNOLOGIES AG in the 2017 fiscal year at any time.

There were no changes in the composition of the Supervisory Board in the 2017 fiscal year.

SUPERVISORY BOARD MEETINGS IN 2017

A total of ten meetings of the Supervisory Board were held in the 2017 fiscal year: five face-to-face meetings and five conference calls. All members of the Supervisory Board participated in the following meetings.

- Meeting on January 26, 2017
- Conference call on March 6, 2017
- Meeting on March 14, 2017
- Conference call on May 10, 2017
- Meeting on June 19, 2017
- Conference call on August 8, 2017
- Meeting on September 28, 2017
- Conference call on November 6, 2017
- Meeting on November 29, 2017
- Conference call on December 6, 2017

ADVICE TO AND SUPERVISION OF THE EXECUTIVE BOARD BY THE SUPERVISORY BOARD

At its meetings, the Supervisory Board took a close look at business developments within SINGULUS TECHNOLOGIES AG in the 2017 fiscal year. The reports submitted by the Executive Board were based on key indicators showing developments in order intake, revenue and earnings. A particular emphasis was placed on ongoing reporting on the liquidity situation and equity development. Actual business developments in 2017 were compared against the Company's budget targets. All deviations were documented and any measures required to make corrections were discussed with the Executive Board. Further written and oral reports provided by the Executive Board, other employees, the Company's auditors and external consultants rounded off the reporting process.

The Executive Board and the Supervisory Board coordinated the further development of the Company's strategic orientation and discussed the implementation of this strategy at regular intervals. The necessary investment plans were analyzed and approved within the context of the strategy that had been adopted.

The Supervisory Board verified that the transactions discussed were lawful, expedient and proper, giving particular consideration to the Company's economic situation.

The Executive Board sent the Supervisory Board all interim reports, as well as the half-yearly financial report for the 2017 fiscal year in a timely manner prior to their publication. The Executive Board explained the reports and presented all key indicators and statements in detail. In particular, the Supervisory Board asked for detailed explanatory information on the income statement, the liquidity situation and the development of equity, as well as on other selected balance sheet items. The suggestions made by the Supervisory Board on the individual interim reports and the half-yearly financial report were implemented by the Executive Board.

Over the last fiscal year, the Supervisory Board was provided with regular information on the course of business and the Group's economic situation. The Supervisory Board received monthly reports from the Executive Board on current business developments in the individual segments, including developments in the market environment, as well as the order intake, order backlog and key financial indicators. The development in the equity of the SINGULUS TECHNOLOGIES Group and SINGULUS TECHNOLOGIES Aktiengesellschaft was addressed at all Supervisory Board meetings. The Company's liquidity was documented and monitored on an ongoing basis throughout the year. The Chairman of the Supervisory Board also discussed the Company's position and its further development at regular individual meetings held with the Executive Board. He then reported back to the other members of the Supervisory Board.

The Supervisory Board discussed and reviewed all transactions that were subject to its consent, as well as any transactions that required its involvement in the interests of the Company. These also included, in particular, new projects that involved expanding the Company's existing range of services. The Supervisory Board was directly involved in all decisions that were of material importance to the Company.

NOTIFICATION OF LOSS CORRESPONDING TO HALF OF THE SHARE CAPITAL OF SINGULUS TECHNOLOGIES AKTIENGESELLSCHAFT PURSUANT TO § 92 (1) AKTG

The Executive Board informed the Supervisory Board that a notification of loss pursuant to § 92 (1) of the German Stock Corporation Act (Aktiengesetz, AktG) had been made on September 21, 2017. In the interim financial statements prepared in accordance with the German Commercial Code (Handelsgesetzbuch, HGB) as of August 31, 2017, SINGULUS TECHNOLOGIES Aktiengesellschaft had reported a loss of EUR 16.7 million in the current fiscal year, which had eroded more than half of its share capital. Equity pursuant to the German Commercial Code amounted to EUR 3.7 million as of August 31, 2017, compared to EUR 20.4 million as of December 31, 2016. The loss was mainly the result of the delayed recognition of revenue under the German Commercial Code. Based on the principles set out in the German Commercial Code, revenue cannot be recognized until the final acceptance of the systems supplied. This was primarily due to the still outstanding acceptance of the systems for the first new factory in Bengbu, Province Anhui, for CIGS thin-film solar cells in China.

The Executive Board of SINGULUS TECHNOLOGIES Aktiengesellschaft then promptly convened an extraordinary general meeting to be held on November 29, 2017. The invitation to the extraordinary general meeting was published in the Federal Gazette (Bundesanzeiger) on October 2, 2017. At the extraordinary general meeting, the Executive Board explained the loss corresponding to half of the share capital, as well as the Company's position.

ECONOMIC SITUATION OF THE COMPANY

The Company was able to complete its operational and financial reorganization in the 2017 fiscal year.

At all of the meetings held in the 2017 fiscal year, the Executive Board provided the Supervisory Board with the latest analyses and data on the SINGULUS TECHNOLOGIES segments and made extensive information available on the various market segments.

The recovery in the solar market that had already been predicted in the 2016 fiscal year was confirmed in the 2017 fiscal year. All stages involved in the development and execution of the major order received in mid-2016 for production facilities for CIGS solar cells were discussed within the Supervisory Board, and the Executive Board informed the Supervisory Board of the ongoing talks with the customer. Construction of the systems for the first factory in Bengbu, Province Anhui, of the state-owned China National Building Materials, Beijing, China (CNBM) was largely completed in the current fiscal year, and work has now started on the test phase and the final acceptance of the machinery. The Executive Board is monitoring the project in detail at regular project management meetings. The Supervisory Board received reports on the project developments at all of its meetings.

The Executive Board also kept the Supervisory Board informed of the ongoing talks with the representatives of the customer CNBM. Given the delayed first prepayment for the second location in Meishan, Province Sichuan , the Executive Board received confirmation from CNBM, at a meeting involving the Executive Board and the customer in September 2017, that the funds for the outstanding prepayment were already available to the customer but had not yet been approved with definitive effect. Assurance was also given that construction of the factory in Meishan, Province Sichuan, would start shortly. The delayed prepayment, the associated delay in construction of the factory and the resulting delay in the planned revenue contributions meant that the forecast for the 2017 fiscal year had to be corrected. This correction was made in the ad hoc disclosure dated September 26, 2017.

CNBM has since started construction work on four production sites for CIGS thin-film solar modules in China, which are each to have a production capacity of 300 MW in the first phase of expansion. While the production buildings are currently still being constructed in three of these locations, the systems for the future production of the CIGS thin-film solar modules are already being commissioned on schedule in the first location in Bengbu, Province Anhui, CNBM had already commissioned the systems for one of the locations that is currently still under construction, in Meishan, Province Sichuan in the previous year as part of the ongoing major order. SINGULUS TECHNOLOGIES has received the first part of the next prepayment for this order at the end of February 2018. SINGULUS TECHNOLOGIES expects the orders for the two remaining locations that are under construction to be awarded in the near to medium term.

Within the context of the further expansion of its joint business activities with SINGULUS TECHNOLOGIES AG, CNBM is aiming to acquire a minority stake in SINGULUS TECHNOLOGIES AG. On January 2, 2018, CNBM informed our Company that it had signed purchase agreements on the acquisition of up to around 18% of the shares in SINGULUS TECHNOLOGIES AG. Ownership of the shares is scheduled to be transferred from the previous shareholders to CNBM (Closing) after the necessary approval has been obtained from the responsible antitrust authorities and the responsible Chinese government authorities. The Supervisory Board and the Executive Board see this as a positive development, because this major customer, as a corporation with global operations, will provide the Company with further stability and can help to promote growth in interesting markets.

In addition, the Executive Board provided the Supervisory Board with information on all other major solar projects and their status. Developments on the market for high-efficiency crystalline solar cells based on heterojunction technology (HJT) were a particular focal point. The Chinese government is promoting the local establishment of production capacities in photovoltaics for HJT. SINGULUS TECHNOLOGIES offers the market's leading wet-chemical system for the production of these HJT cells, SILEX II, and has placed the second key production step on the market with GENERIS PVD. In the 2018 fiscal year, the Company plans to offer the third key production step for HJT with its PECVD system. Looking ahead to the future, the market for these high-efficiency cells is estimated to account for a volume of more than 20 GW a year. China is aiming to achieve a leading position in the global photovoltaics market in order to also use renewable energy sources to cover the rising levels of energy consumption both at home and abroad. At the same time, China is aiming to establish domestic development capacities for photovoltaics and promote mechanical and plant engineering in China. As a result, the plans for the establishment of a joint venture with the two Chinese firms, Golden Concord Holdings Limited (GCL) and China Intellectual Electric Power Technology Co., Ltd. (CIE), were discussed with the Supervisory Board. The Supervisory Board approved these plans, and on October 13, 2017, SINGULUS TECHNOLOGIES announced that an agreement on the establishment of a joint venture with the Chinese companies GCL and CIE had been signed. GCL is one of the world's largest solar energy companies; CIE has focused on the development of high-efficiency HJT solar cells. The joint venture aims to develop, optimize, build and distribute entire production lines for the manufacture of high-efficiency solar cells based on HJT. CIE and GCL will be further developing the process technology in the joint venture and aim to produce the high-efficiency solar cells themselves. SINGULUS TECHNOLOGIES will be acquiring a minority share in the joint venture, which will have its headquarters in China, and will be responsible for its mechanical engineering expertise. The plans for the establishment of SINGULUS TECHNOLOGIES' own distribution and service organization in China were also discussed and approved by the Supervisory Board.

The low production volumes for optical discs in the 2017 fiscal year give rise to expectations of a weak market for new Blu-ray disc production systems in the future as well. The slow introduction of the new Blu-ray disc format – Ultra HD Blu-ray – will not provide any impetus to speak of for new investments in the current fiscal year. Nevertheless, the ongoing service and replacement parts business for the systems sold in this segment in the past is still relatively stable.

The Supervisory Board was also provided with information on the challenges in the Semiconductor segment and discussed the further development of this segment with the Executive Board. The Executive Board demonstrated that there is growing interest in the SINGULUS TECHNOLOGIES' system technology in Asia, particularly in China. Further orders for ROTARIS chip development systems, in particular, were placed from the U.S. as well.

The Supervisory Board held in-depth discussions with the Executive Board on the need for structural transformation within the Company and discussed the strategic focus of the business activities of SINGULUS TECHNOLOGIES on new applications and business areas. The Executive Board presented the new fields of application, cosmetics and medical technology, to the Supervisory Board, providing information on the relevant technologies. In particular, the entry into the medical technology market was discussed in detail.

The medical sector, which is often referred to as part of the life sciences sector, is one of the most important growth markets of the future, not least in light of demographic change, the rising number of medical innovations, the establishment of healthcare systems in emerging markets and the increase in lifestyle-related diseases.

At the beginning of November 2017, SINGULUS TECHNOLOGIES announced that the Company had made a key strategic move into the fast-growing medical technology market, and it has already been awarded its first contract, worth more than EUR 10 million, for the sale of process equipment used to process contact lenses. The company has focused its processes on the high demands of the medical technology sector in terms of properties and functionality, meaning that it is focusing on product quality and the necessary manufacturing and processing procedures. This means that SINGULUS TECHNOLOGIES is already a globally reliable partner for international customers from the pharmaceuticals and healthcare industries.

SUPERVISORY BOARD MATTERS

No Supervisory Board elections were held in 2017.

The Supervisory Board again opted not to establish an audit, nomination or other Supervisory Board committee in the 2017 fiscal year, as the size of the Supervisory Board, which has three members, allows these duties to be performed in an appropriate manner during plenary Supervisory Board sessions. In this case, committees would not serve to boost efficiency, improve the manner in which complex matters are addressed or allow the Supervisory Board to better perform its duties in matters relating to accounting, risk management or the audit of the annual financial statements.

At its meeting held on September 28, 2017, the Supervisory Board performed its own efficiency review, which allowed it to identify and pass resolutions on corresponding improvements. The Supervisory Board also sought information and clarification on new legal provisions.

One focal point included information on the changes resulting from the Market Abuse Regulation, which came into force on 2016, in the areas of insider trading, ad hoc disclosures and directors' dealings. The Market Abuse Regulation creates uniform European regulations on capital market law that are also to be applied in a uniform manner. Regulations and guidelines published by ESMA (European Securities Market Association) are intended to ensure uniform application.

As a result of the financial market crisis, the EU adopted Directive 2014/56/EU amending the "Statutory Audit Directive" (Directive 2006/43/EC) and Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities (and repealing Commission Decision 2005/909/EC). In order to implement Directive 2014/56/EU at national level, the German Auditor Oversight Reform Act (Abschlussprüferaufsichtsreformgesetz, "APAReG") and the German Audit Reform Act (Abschlussprüfungsreformgesetz, "AReG"), which also contains provisions on the implementation of the directly applicable Regulation (EU) No 537/2014, came into force on June 17, 2016.

The above-mentioned provisions will have an impact, in particular, on the prior approval of non-audit services performed by the auditors of the financial statements or auditing firms for the audited company itself or its affiliated companies. They contain more stringent requirements for Supervisory Board/audit committee members and set out regulations governing aspects including the selection procedure and the requirements for appointing auditors of the financial statements or auditing firms, as well as for the performance of the audit itself.

The Supervisory Board discussed the consequences for SINGULUS TECHNOLOGIES AG and passed a resolution on amendments to the rules of procedure of the Supervisory Board and the Executive Board. At its meeting held on January 26, 2017, the Supervisory Board also adopted guidelines based on which certain types of non-audit services are generally approved and set up a central clearing department tasked with approving non-audit services before they are commissioned to ensure Group-wide adherence to the guidelines.

CONFLICTS OF INTEREST

In the past fiscal year, no members of the Executive Board or the Supervisory Board had any conflicts of interest requiring prompt disclosure to the Supervisory Board and notification to the Annual General Meeting.

SHAREHOLDINGS OF SUPERVISORY BOARD MEMBERS

Information on the shareholdings of Supervisory Board members is published both in the Annual Report and online (detailed information can be found on page 37 of the 2017 Annual Report).

CORPORATE GOVERNANCE

SINGULUS TECHNOLOGIES AG and its Supervisory Board are committed to the principles of proper and responsible corporate governance. The Executive Board and the Supervisory Board have published a declaration of conformity pursuant § 161 AktG and section 3.10 of the German Corporate Governance Code (the "Code"), according to which the Company adheres to the recommendations of the German Corporate Governance Code with the exception of the deviations set out and substantiated in the declaration. The declaration of conformity was published on the Company's website in January 2018. Detailed information as part of the Corporate Governance Report and the current declaration of conformity can be found on page 26 of the 2017 Annual Report.

EXECUTIVE BOARD MATTERS

At its meeting held on January 26, 2017, the Supervisory Board discussed and adopted target agreements for the 2017 fiscal year together with the Executive Board. The target agreements form the basis for the calculation of the variable salary components paid to the Executive Board members. At its meeting held on March 20, 2018, the Supervisory Board passed a resolution on the target achievement levels for both Executive Board members based on the annual figures. This involved the Supervisory Board evaluating all targets for each individual member and checking the corresponding target achievement levels. The Supervisory Board evaluated the performance of the Executive Board as a whole and expressed a positive view of the Executive Board's dedication, commitment and the quality of its results. At its meeting on January 26, 2017, the Supervisory Board of SINGULUS TECHNOLOGIES AG appointed the Company's Chief Executive Officer, Dr.-Ing. Stefan Rinck, to the Executive Board for a further five years and reappointed him as Chief Executive Officer. Dr.-Ing. Stefan Rinck accepted the appointment and will continue as the Company's Chief Executive Officer in the future.

RISK MANAGEMENT

SINGULUS TECHNOLOGIES AG is subject to the special requirements that an internal risk management system has to meet in accordance with the relevant provisions set out in the German Stock Corporation Act and the German Commercial Code. The corresponding monitoring system is adjusted to reflect the latest developments. The Supervisory Board considers the monitoring system of SINGULUS TECHNOLOGIES AG to be expedient and adequate and agrees with the Executive Board on all aspects of the risk assessment (the Risk Report can be found on page 80 of the 2017 Annual Report).

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT REPORT

The audited annual financial statements of SINGULUS TECHNOLOGIES AG, the audited consolidated financial statements and the combined management report as of December 31, 2017 were addressed at the Supervisory Board meeting concerning the adoption of the annual financial statements, which was held on March 20, 2018. The Executive Board prepared the annual financial statements and the management report of SINGULUS TECHNOLOGIES AG for the 2017 fiscal year in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The consolidated financial statements were supplemented by a corresponding Group management report, which was combined with the management report on the separate financial statements in accordance with § 315 (5) in conjunction with § 298 (2) sentence 1 HGB. KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Frankfurt am Main, audited the annual financial statements and the consolidated financial statements, as well as the combined management report, including the accounts and issued an unqualified audit opinion.

The members of the Supervisory Board were provided with the audited financial statements, the combined management report and the audit reports prepared by KPMG in a timely manner so that they could perform a review. The meeting held on March 20, 2018 was also attended by the responsible auditors, who explained the results of the audit and answered any questions posed by the Supervisory Board members in detail.

The Supervisory Board discussed the annual financial statements, the consolidated financial statements, the combined management report and the audit results of the auditors further and did not find any grounds for objection. It also discussed the assumptions on which the forecast for the Company's continued existence as a going concern are based, as well as the conclusions drawn from this forecast by the Executive Board and KPMG. The Executive Board and the auditors present replied to any queries raised by members of the Supervisory Board, providing the level of detail required.

The Supervisory Board did not raise any objections regarding the annual financial statements of SINGULUS TECHNOLOGIES AG, the consolidated financial statements or the combined management report as of December 31, 2017, or regarding KPMG's audit.

At its meeting held on March 20, 2018, the Supervisory Board approved the annual financial statements of SINGULUS TECHNOLOGIES AG, the consolidated financial statements and the combined management report prepared by the Executive Board. The annual financial statements have thus been adopted.

The Supervisory Board would like to thank the Executive Board and all employees for their considerable commitment in the 2017 fiscal year and wishes them every success for the 2018 fiscal year.

Kahl am Main, March 2018

Dr.-Ing. Wolfhard Leichnitz
Chairman of the Supervisory Board

LETTER TO SHAREHOLDERS

THE EXECUTIVE BOARD

Dear shareholders of the SINGULUS TECHNOLOGIES AG, dear Ladies and Gentlemen, in the 2017 fiscal year we were able to increase our revenue by more than 30 % and achieve a leading position on the international competitive landscape in key areas of the solar market. Even in the wake of a 2016 fiscal year that was characterized by financial restructuring and consolidation, we were able to grow the Company and further develop our business in all areas in 2017.

We placed particular emphasis on developing our position in the solar market. Over the last few years, SINGULUS TECHNOLOGIES has established itself as the leading provider of manufacturing technology for CIGS thin-film solar modules. Our strategic focus is on providing customized systems tailored to the requirements of the customer's individual manufacturing process. The aim is therefore to develop the optimal customized solution for a particular type of system to give our customers a key competitive edge and make our own systems unique in the process.

Our biggest customer in China, the state-owned China National Building Materials (CNBM), has since started construction work on four domestic production sites for CIGS thin-film solar modules. The planned output volume for each factory at the end of the first phase of expansion is around 300 MW. The plan is to complete further expansion phases over the next few years to increase the output volume at each location to around 1,500 MW, creating production capacity of 6,000 MW in China. All in all, SINGULUS TECHNOLOGIES is witnessing growing interest in CIGS technology across the globe - and particularly in China.

We are gradually working towards a leading competitive position in the international market for high-efficiency crystalline solar cells. We are integrating our experience in the fields of vacuum coating, plasma technology, wet-chemical and thermal process technologies to develop clear competitive advantages for our customers in this area of application, as well. With our wet-chemical process equipment, we have already achieved a leading market position in the production of high-efficiency solar cells, with a firm footing in all key regions. We are now leveraging this market position to expand our product offering to include our vacuum coating technology. SINGULUS TECHNOLOGIES is aiming to be able to offer the main production steps from a single source for high-efficiency crystalline solar cells as well.

Overall, the strategy pursued by SINGULUS TECHNOLOGIES aims to exploit our existing core competences in process technology and engineering in order to tap into further markets by developing innovative machinery and system concepts.

We will be making targeted use of our core competences in surface modification and improvement in production facilities for new applications, e.g. for the cosmetics industry or the medical technology sector. We have developed solutions for these industries, are launching them on the markets and will be developing further innovative concepts and systems for applications. Initial successes confirm that we are on the right track with our strategy and approach. Over the next few years, this will open up new competitive advantages for us, allow us to become less and less reliant on individual markets and, as a result, secure our economic success in the long run.

ECONOMIC SITUATION OF THE COMPANY AND TRENDS WITHIN INDIVIDUAL SEGMENTS

Solar

The Paris COP 21 climate deal sent a strong signal out to the global community. On December 12, 2015, 195 countries reached an agreement on the global community's binding pledge under international law to limit growth in global warming to below two degrees Celsius. The corresponding agreements were ratified and have entered into force. The next COP 22 climate summit, which was held in Morocco at the end of 2016, focused on the implementation of the targets agreed in Paris. One of the targets set in Morocco was that by 2030, up to 52% of electricity should be generated by renewable sources. The global demand for energy in the energy sector is set to double, rising to around 48,800 TWh by 2050. According to a study unveiled at the last COP 23 climate summit in 2017, an electricity supply based on renewable energies, such as photovoltaics and wind power, is a viable prospect. The study suggests that photovoltaics could potentially account for a 69% share of the global electricity mix, with wind power accounting for 18%, hydropower for 8% and bioenergy for 2%.

Our Company has an excellent position on the fast-growing photovoltaics market. If the positive market development for new cell concepts such as CIGS and heterojunction continues, which appears likely at present, then we will be able to further strengthen our position in the Solar segment and report continued positive performance in business volume over the coming periods.

The signing of the major order in May 2016, comprising six agreements on the supply of systems for the production of CIGS solar modules for two different factory sites in China, was an initial major success story for our Company in this regard, and saw us take a major step towards being able to tackle, and successfully complete, further projects thanks to our sound operational base. This is something we managed to achieve in the field of CIGS solar technology in the 2017 fiscal year, securing orders from two other major CIGS manufacturers.

In the market for crystalline cell technologies, we are focusing clearly on the new high-efficiency cells: heterojunction solar cells. With our wet-chemical SILEX II etching and cleaning machine, we are involved in numerous international investment projects and have established ourselves as the market leaders in this segment. We are currently using this position to launch our new vacuum coating machines in this submarket. The response from our customers and the initial successes achieved in 2017 reinforce us in our commitment to systematically pursuing this approach in 2018 as well.

Optical Disc

In our former core Optical Disc segment, the production volume for Blu-ray discs is stagnating, and the launch of the new Blu-ray disc format "Ultra HD Blu-ray" has so far failed to provide any significant impetus for additional investments in production machines. The large number of our systems that are installed globally means that we are generating satisfactory income from the service and replacement parts business in this market. We are, however, witnessing a drop in the global production volume for CDs, DVDs and Blu-ray discs overall, and are also facing increasing competition from local providers in the service business. Nevertheless, SINGULUS TECHNOLOGIES remains the market leader and will be exploiting the remaining business opportunities over the next few years in order to be able to invest the income generated in this segment in new fields of activity.

Semiconductor

In recent years, SINGULUS TECHNOLOGIES has supplied a number of systems to research institutes and the development departments of major semiconductor manufacturers, allowing us to accumulate a wealth of experience and a strong reputation. The TIMARIS and ROTARIS vacuum coating machines operate based on the principle of cathode sputtering (physical vapor deposition (PVD)). The machines can be used for customer applications in a range of product segments, such as in sensor technology, for example for use in medical technology and the automotive industry, in microelectromechanical systems (MEMS), in magnetoresistive random access memory (MRAM) and in applications for the "Internet of Things". Although this segment is still the Company's smallest by business activity and financial key performance indicators, we believe that it offers good potential for allowing us to hold our own against the big-name competitors from the U.S. and Asia in attractive niche markets using our existing technology, and to achieve profitable growth that is independent of other markets.

New business areas

In 2017, SINGULUS TECHNOLOGIES worked intensively on launching its processes and systems in new market areas. Vacuum coating machines for surface improvement were one focal point. In general, our Company is witnessing a growing interest in new, environmentally-friendly and cost-effective surface improvement solutions in this market. In the 2017 fiscal year, we were successful with the sale of two POLYCOATER coating machines and an entire DECOLINE II production line, and we expect to see further orders being placed for these products in 2018. The systems are used in very diverse fields of application ranging from consumer goods to automotive construction and areas of the packaging industry.

In the fourth quarter of 2017, SINGULUS TECHNOLOGIES reached its first contract, worth more than EUR 10 million, for the sale of process equipment used to process contact lenses. The customer is one of the global market leaders in the medical sector and uses our systems to produce daily disposable contact lenses. The Company believes that its move into the market for medical technology represents a strategically important addition to its portfolio with a view to the future. In order to achieve this, SINGULUS TECHNOLOGIES has focused its processes on the high demands in terms of properties, functionality and, as a result, product quality, as well as on the necessary manufacturing and processing procedures within this market.

The future of our Company

The core competences of SINGULUS TECHNOLOGIES lie in the areas of vacuum coating technology, wet-chemical processes, surface technology and thermal process technologies. We combine the corresponding process technology with innovative solutions for production facilities. The Company's strategy is to use this expertise to increase our market share in existing markets and to transfer our expertise to additional markets and acquire new customers.

One of the clear aims for the near future is to make further inroads into the solar market and exploit the potential offered by the renewable energy sector worldwide. By integrating our various process technologies and experience in the various cell technologies, we can offer efficient and cost-effective production processes for the new solar cell concepts. This means that SINGULUS TECHNOLOGIES has the technological foundation and the skills needed to play a key role as a global technology provider for the photovoltaics sector in the future.

We will continue to use and expand our core competences in the aforementioned surface treatment technologies in the Semiconductor segment, and also apply them to production facilities for consumer goods and, in particular, for the medical technology sector in a targeted manner in the future. The Company is working on testing further applications for these two new fields of activity so that it can exploit the market opportunities available in the best way possible.

Dr.-Ing. Stefan Rinck

With effect from September 1, 2009 Dr.-Ing. Stefan Rinck was appointed as member of the Executive Board of the SINGULUS TECHNOLOGIES AG. Since April 1, 2010 he has been Chief Executive Officer and is responsible for the departments Production, Marketing & Sales, Technology, Research & Development as well as Strategy and International Activities. In addition, Dr.-Ing. Stefan Rinck is a member of the Main Executive Board of the VDMA and Chairman of the Committee for Research and Innovation.

Dr.-Ing. Stefan Rinck (born 1958) studied Engineering with a Major in Production Technology at the Rheinisch-Westfaelischen Technischen Hochschule (RWTH) in Aachen where he received a PhD.

Dipl.-Oec. Markus Ehret

Dipl.-Oec. Markus Ehret was appointed Chief Financial Officer of the SINGULUS TECHNOLOGIES AG as of April 19, 2010. He heads the departments Finance, Controlling, Investor Relations, Human Resources, Procurement and IT.

Markus Ehret (born 1967) studied at the University Hohenheim, Stuttgart and at the University of Massachusetts, US, from 1988 until 1994 and received a graduate degree as Diplom-Ökonom (Graduate Economist).

Dear ladies and gentlemen,

We have been able to successfully complete our financial restructuring and consolidation measures and were already able to return to a stable position over the last fiscal year, reporting substantial revenue growth. We aim to continue on this successful growth path in the coming 2018 fiscal year as well.

SINGULUS TECHNOLOGIES is once again planning to achieve a marked year-on-year increase in revenue for the Group in accordance with the IFRS (International Financial Reporting Standards) in the 2018 fiscal year. We started the year with an order backlog of EUR 106.7 million. In addition, there are signed orders with a volume of over € 30 million, for which we expect the agreed down payments in the short term and which then further increase the order backlog. Even based on a conservative estimate, we continue to expect the Group's revenue to increase considerably year on year and will be in the low three-digit million range. This should come hand-in-hand with a disproportionately pronounced increase in earnings before interest and taxes (EBIT) for the Group. We aim to close the year with positive earnings in the mid single-digit range based on EBIT. The main revenue and earnings impetus is expected to come from the Solar segment and, in particular, from a small number of major project orders for investments in production lines for CIGS thin-film solar modules. If the ongoing and future projects in this area progress faster than planned, then we expect to see a further improvement in our key financial indicators.

Our forecast for the 2018 annual targets is based primarily on the assumption that the supply agreements already in the order backlog can be executed largely as planned in the course of the 2018 fiscal year. This forecast is also based on the timely receipt of the outstanding prepayments.

With our committed and highly motivated employees, as well as with you, our shareholders, and thanks to the trust you have placed in us, we will turn SINGULUS TECHNOLOGIES into a growing and profitable technology company over the next few years.

Kahl am Main, March 2018

Sincerely,
SINGULUS TECHNOLOGIES AG

Dr.-Ing. Stefan Rinck
Chief Executive Officer, CEO

Dipl.-Oec. Markus Ehret
Chief Financial Officer, CFO

CORPORATE GOVERNANCE REPORT

The SINGULUS TECHNOLOGIES AG highly values proper and responsible corporate governance within the context of the guidelines of the corporate governance.

For the Executive and Supervisory Boards this means leadership and management of the company aligned for the long-term success. Corporate governance aims to safeguard a targeted and efficient cooperation between Executive Board and Supervisory Board, the respect for the interests of our shareholders and employees, the suitable handling of risks and transparency as well as a responsibility for all corporate decisions. The Executive and Supervisory Boards regard corporate governance as a process integrated into the company's development, which is constantly progressed.

There is a close connection with regards to content between the Corporate Governance Report pursuant to Art. 3.10 of the German Corporate Governance Code in its currently amended version as of February 7, 2017 (the Code) and the Declaration of Corporate Governance pursuant to Art. 289f of the German Commercial Code (HGB). For this reason, the Executive and the Supervisory Board of the SINGULUS TECHNOLOGIES AG together make the declaration in this connection.

CORPORATE GOVERNANCE DECLARATION PURSUANT ART. 289F HGB

The Corporate Governance Declaration pursuant to Art. 289f HGB includes the declaration of conformity pursuant to Art. 161 of the Germany Stock Corporation Act (AktG) (see 1.), relevant information about the corporate governance practices exceeding legal requirements (see 2.), a description of the composition and work processes of Executive and Supervisory Board (see 3.), the declaration pursuant to Art. 76 Para 4 and Art. 111 Para. 5 AktG and the information, whether determined targets were achieved or not as well as the respective reasons (see 4.) and a description of the diversity concept followed with respect to the composition of the representing boards and the Supervisory Board as well as the goals of the diversity concept, the manner of its implementation and the results achieved during the course of the year (see 5.).

The corporate governance declaration pursuant to Art. 289f HGB is part of the status report. Pursuant to Art. 317 Para. 2 Sent. 6 HBG the audit of the information according to Art. 289f HGB is limited to the disclosure of information.

1. 2018 Declaration of Conformity to the German Corporate Governance Code

The last declaration of conformity was issued in January 2017 on the basis of the German Corporate Governance Code (the Code) in the version dated May 5, 2015. Since submitting that declaration, SINGULUS TECHNOLOGIES AG (the Company) has complied with the recommendations of the Code in that version, with the exceptions stated in the declaration. An amended version of the Code was approved on February 7, 2017. With the following exceptions, the Company likewise complied and complies with the amended version of the Code:

1. As long as the Supervisory Board is comprised of only three members, no committees were or will be formed (regarding Articles 5.3.1, 5.3.2 and 5.3.3 of the Code), since the tasks of the Supervisory Board can be properly fulfilled in a plenary meeting of the three-person Supervisory Board. In this case, committees do not offer the prospect of either improved efficiency or improved treatment of complex matters, nor of more efficient or better performance of the tasks of the Supervisory Board with regard to issues of financial reporting, risk management or auditing. Moreover, regulations according to stock corporation law would require decision-making Supervisory Board committees to be comprised of three Supervisory Board members. For this reason, the delegating of tasks is not appropriate.

2. The Supervisory Board does not specify a standard limit to length of service on the Supervisory Board (regarding Article 5.4.1 Para. 2 of the Code). The Supervisory Board does not consider such a limit to be appropriate. The members of the Supervisory Board are to be selected exclusively on the strength of their expertise and qualifications. Their task is to advise and supervise the Executive Board competently and efficiently. The Company can thus also have access to the expertise of experienced, proven Supervisory Board members. A standard limit to the length of service would inordinately restrict flexibility in human resources decisions and the pool of potential candidates.

With the exception of the above departures, SINGULUS TECHNOLOGIES AG complies with the recommendations of the German Corporate Governance Code in the version dated February 7, 2017 and will also comply with it in the future.

Kahl am Main, January 2018

Dr.-Ing. Wolfhard Leichnitz
Chairman of the Supervisory Board

Christine Kreidl
Deputy Chairwoman of the Supervisory Board

Dr. rer. nat. Rolf Blessing
Member of the Supervisory Board

Dr.-Ing. Stefan Rinck
Chief Executive Officer, CEO

Dipl.-Oec. Markus Ehret
Member of the Executive Board Finance, CFO

2. Relevant information with regards to corporate governance

Management structure

The SINGULUS TECHNOLOGIES AG as a German corporation is subject to German Corporate Law and is thus comprised of a two-tiered management and monitoring structure consisting of Executive Board and Supervisory Board. The Executive Board manages the company and is responsible for the company's strategy, accounting, finances and development. It is advised and monitored by the Supervisory Board.

On the basis of the reports by the Executive Board the Supervisory Board discusses the business trends and planning, the corporate strategy and its implementation. Significant decisions by the Executive Board such as major acquisitions and financing measures are subject to the Supervisory Board's approval according to the bylaws for the Executive Board. It issues the audit mandate for the auditor elected at the Annual General Meeting and is informed about the audit. After its own review the Supervisory Board adopts the annual reports and the consolidated financial statements.

Against the background of the Directive 2014/56/EC with regards of the amendment of the "Auditor Directive" (Directive 2006/43/EC) as well as the Regulation (EC) No. 537/2014 with regards to the specific requirements to the statutory audit of public-interest entities, the Supervisory Board has resolved a respective amendment of the bylaws for the Supervisory and Executive Boards as of January 1, 2017. The legal changes include (i) the prior approval by the Supervisory Board of non-auditing services, which are to be provided by the auditor, (ii) the requirements with regards to the qualification of members of the Supervisory Board and (iii) the selection process of auditors to be appointed in the future. On January 26, 2017 the Supervisory Board resolved guidelines, according to which certain kinds of non-auditing services in general are approved and the Board resolved the set-up of a clearing position monitoring the adherence to the guidelines. In addition, the appointment of an auditor for non-auditing services, which are not generally approved by the guidelines in advance, is subject to the approval by the Supervisory Board.

The Executive Board currently consists of two members, the Supervisory Board of three members. The SINGULUS TECHNOLOGIES AG is not subject to the Co-Determination Act. Due to the company's size and to ensure efficient work, both boards currently only meet the legally required minimum in terms of members.

Compliance Management

For the Executive Board and the Supervisory Board of the SINGULUS TECHNOLOGIES AG, the adherence to extensive compliance is an essential prerequisite for a sustainable economic success.

In addition to the recommendations of the Code, which the SINGULUS TECHNOLOGIES AG to a large extent follows, the Ethics Code of the SINGULUS TECHNOLOGIES Group is another relevant, company-wide applied corporate governance principle. The Ethics Code was adopted by the Executive and Supervisory Boards in spring 2014 and since then has been implemented group-wide in several steps. In regular intervals, the contents were disseminated to various groups of employees partly in the course of electronic training programs. The relations within the company, but also with external business partners, shareholders and the public are subject of the Ethics Code. It includes binding internal rules, which are subject to high ethical and legal standards. In this context the Ethics Code focuses on integrity in the conduct with business partners, employees, shareholders and the public.

The goal of the Ethics Code is to inform the employees of the SINGULUS TECHNOLOGIES Group about the key compliance issues (competition regulations, corruption, handling of conflicts of interest, money laundering, embargo and trade restriction rules, data security, media and public affairs, workplace safety). This Ethics Code is supported by action guidelines to the Ethics Code, which amongst others includes rules regarding the granting and acceptance of gifts, and action guidelines for whistle-blower, which governs specifics with regards to reporting of misdemeanor and illegal, immoral or inappropriate activities within the SINGULUS TECHNOLOGIES Group. In case of actual or presumed compliance breaches, employees can contact their superiors, the compliance manager or the ombudsman of SINGULUS TECHNOLOGIES and, if preferred, can also do this anonymously. The compliance management system of the company is part of the risk management system. In this connection, quarterly reports are presented to the Chief Financial Officer and annually to the Supervisory Board. In addition, in case of extraordinary events immediate reports are submitted to the Chief Financial Officer.

In the second half the business year 2017, the members of the Executive and Supervisory Boards participated in training for the topic of market abuse regulation (MAR) in the areas of insider trading, ad-hoc publications and directors' dealings.

3. Composition and work processes of Executive and Supervisory Boards

Close cooperation of Executive and Supervisory Boards

Executive and Supervisory Boards work closely together for the benefit of the company. The Executive Board reports regularly, timely and in detail to the Supervisory Board about the relevant issues of corporate planning, the strategic development, the course of business activities and the overall situation of the Group. This holds particularly in light of the economically challenging business situation, which the SINGULUS TECHNOLOGIES Group was subject to in the past five years and which has just been left behind. The major order for production machines for CIGS solar cells in China in 2016 will mainly only be finally accepted at the beginning of the business year 2018. Although the machines for the new factory already contribute to sales and earnings of the SINGULUS TECHNOLOGIES Group pursuant to the International Financial Reporting Standards (IFRS), the SINGULUS TECHNOLOGIES AG has to draw up its financial accounts pursuant to HGB principles. According to HGB accounting, the major order can only make positive contributions to the company's results after the final acceptance. This diverging treatment pursuant to HGB results in commercial-law losses at the individual financial accounts level of the company and due to the loss of more than half of the nominal capital pursuant to HGB led to an Extraordinary General Meeting pursuant to Art. 92 Para. 1 AktG, which was conducted on November 29, 2017. In the course of a capital increase, the nominal capital of the company was increased in December of the business year. In particular against this background, the cooperation between Executive and Supervisory Board was very close.

The basis of the information and monitoring activities of the Supervisory Board is the detailed monthly reporting. Additional, written and oral reports of the Executive Board, by other employees, the auditors as well as by external consultants supplement the reporting. Furthermore, the Chairman of the Supervisory Board regularly discusses the situation and the future development of the company during individual talks with the Executive Board and subsequently informs the other members of the Supervisory Board about these discussions. The reports are reviewed and discussed within the Supervisory Board and also jointly with the Executive Board. According to the bylaws of the Executive Board, significant business decisions are subject to the approval by the Supervisory Board. Overall, there were ten Supervisory Board meetings in the business year 2017, of which five were meetings in present.

Members and work of the Executive Board

The Executive Board of the SINGULUS TECHNOLOGIES AG is currently comprised of two members. It is the management body of the company. In managing the company, the Executive Board is solely obligated to the interests of the company and follows the goal of a sustainable increase in the enterprise value as well as the interests of the shareholders and of the employees.

The current members of the Executive Board are Mr. Dr.-Ing. Stefan Rinck and Mr. Markus Ehret. Since April 1, 2010 Mr. Dr.-Ing. Stefan Rinck is the Chief Executive Officer, Mr. Markus Ehret is a member of the Executive Board of the SINGULUS TECHNOLOGIES AG since April 19, 2010. The employment contract with Mr. Dr.-Ing. Stefan Rinck expired on August 31, 2017 and was already extended in January 2017 for an additional period of five years. On January 26, 2017, the Supervisory Board resolved the appointment of Mr. Dr.-Ing. Stefan Rinck as member of the Executive Board for additional five years and appointed him as Chief Executive Officer once again. The employment contract with Mr. Markus Ehret expires on December 31, 2019.

As Chief Executive Officer Mr. Dr.-Ing. Stefan Rinck is responsible for the departments Production, Marketing & Sales, Technology, Research & Development as well as Strategy and International Operations. Mr. Markus Ehret is responsible for the areas Finance, Controlling, Investor Relations, Human Resources, Procurement and IT.

Members and work of the Supervisory Board

The Supervisory Board of the SINGULUS TECHNOLOGIES AG is comprised of three members. No employee representative is a member of the Supervisory Board. The cooperation of the Supervisory Board was characterized by efficiency, professional competence and trust.

The Supervisory Board is currently comprised of Dr.-Ing. Wolfhard Leichnitz, Ms. Christine Kreidl WP/StB and Dr. rer. nat. Rolf Blessing. There were no elections to the Supervisory Board scheduled for the business year 2017. The Supervisory Board continued to refrain from forming an audit committee or other committees in the fiscal year 2017, because according to its assessment there is neither an increase in efficiency to be expected nor an improved handling of complex issues nor a more efficient or improved execution of tasks of the Supervisory Board in connection with issues about accounting principles, risk management or the audit. In addition, corporate law provides that decision-making Supervisory Board committees have to have at least three Supervisory Board members. For this reason, a delegation of tasks is not reasonable, either.

It is still possible to appoint a member of the Supervisory Board for a shorter tenure than after the completion of the ordinary Annual General Meeting, which resolves the discharge for the fourth business year after the commencement of the tenure and is still part of the articles of association of the company. The Supervisory Board met in ten meetings in the business year 2017. The Supervisory Board regularly reviews the efficiency of its work. On September 28, 2017, the Supervisory Board resolved to review in October 2018, whether the improvement proposals to enhance the efficiency of the Supervisory Board presented on September 28, 2017 will have been implemented. In particular, this concerns proposals with respect to the flow of information between Executive and Supervisory Board, the execution of the monitoring tasks as well as the preparation and organization of the meetings. For detailed information about the work of the Supervisory Board in the business year 2017 please refer to the Report of the Supervisory Board on pages 10 to 19 of the Annual Report.

There were no advisory or other services and work contracts in place between the members of the Supervisory Board and the company in the past business year.

All three members of the Supervisory Board are independent in the meaning of the Code. No conflicts of interests of members of the Supervisory Board arose during the period under review.

4. Reporting pursuant to Art. 289f Para. 2 No. 4 HGB

As an exchange-listed and non-codetermination stock corporation, the SINGULUS TECHNOLOGIES AG is obligated to resolve specific targets for the company with regards to the so-called women's quota and publish these targets as part of the status report for the business year. The target for the Supervisory Board and the Executive Board has to be determined by the Supervisory Board pursuant to Art. 111 Para. 5 AktG and the targets for the management levels below these boards by the Executive Board pursuant to Art. 76 Para. 4 AktG. For the achievement of the targets the Supervisory and Executive Boards have set deadlines, which shall not be longer than five years. The targets had to be achieved by June 30, 2017 for the first time.

The Executive and Supervisory Boards have extensively deliberated the targets. At the time of the determination and also currently the Executive Board of the SINGULUS TECHNOLOGIES AG is comprised of two members with no female members. Against the background that the Supervisory Board did not intend any personnel changes in the composition of the Executive Board or an increase in the number of members of the Executive Board, the target for the women's quota for the Executive Board was set to zero percent until June 30, 2017. There are no changes with respect to this assessment and the target in the past business year and also for the future business years. Accordingly, the Supervisory Board of the SINGULUS TECHNOLOGIES AG has once again determined a target for the women's quota of the

Executive Board to zero percent for the subsequent period until December 31, 2019. At the time of the determination of the target and also currently the Supervisory Board of the SINGULUS TECHNOLOGIES AG is comprised of three members with one female member. There were no changes in the women's quota of 33 % in the Supervisory Board in the past business year and the new target for the women's quota in the Supervisory Board was once again set at 33 % for the subsequent period until December 31, 2019.

The Executive Board has already employed women in management positions for years, if they have the professional and personal qualifications. The Executive Board had set targets for the share of women at the first management level below the Executive Board to 33 % and to the second management level below the Executive Board to 20 % by June 30, 2017. The target with respect to the women's quota at the first management level below the Executive Board was achieved with two females of in total six executives up to this date. The target of 20 % with respect to the women's quota at the second management level was not achieved with approximately 17 %. This development was due to the economic situation of the company in the years 2015 and 2016, which prompted two female managers to leave the company. So far, both positions have not been filled again yet. For an additional to be filled position in the second management level during the implementation period, there were only male applicants and no females. The Executive Board continues to maintain former targets for the share of women at the first management level below the Executive Board to 33 % and to the second management level below the Executive Board to 20 % for the subsequent period until June 30, 2022 and has resolved a respective goal.

5. Competence profile and diversity concept

The Supervisory Board has fixed the competence profile and diversity concept of its composition with respect to aspects such as age, gender, educational and occupational background in its bylaws. Accordingly, the Supervisory Board should not recommend anyone for appointment to the Supervisory Board for a tenure exceeding the person's age of 70. Candidates recommended to the Annual General Meeting for appointment to the Supervisory Board should have the following expertise and experience (while not all criteria have to be met): (i) knowledge of the core business areas, in particular the competitive situation and the customers' requirements, (ii) professional expertise with respect to the technologic challenges tied to the development of new machines, (iii) experience with complex development project, (iv) international business experience, also outside of Europe, (v) experience with national and international sales and marketing organizations, (vi) expertise in the areas capital markets and investor relations and (vii) expertise in the area mergers & acquisitions. At least one member of the Supervisory has to have expertise in the areas of accounting or auditing. In its entirety the members have to be knowledgeable in the sector the company is operating in. Members should display personality, integrity, professionalism, willingness to perform and independence. Nationality should not play a role in the selection of a candidate. In addition, the Supervisory Board should have at least two independent members. The Supervisory Board still has a target for the women's quota of the Supervisory Board (cf. page 33).

The Supervisory Board is convinced that the described competence profile and diversity concept are already achieved with the appointment of one female and two male members and due to their age, educational and professional backgrounds. Furthermore, there were no appointments to the Supervisory Board scheduled for the business year 2017. Insofar, no additional measures were taken during the course of the business year.

Targets for the diversity concept with respect to the composition of the Executive Board are also fixed in the bylaws of the Supervisory Board. Accordingly, the Chairman of the Supervisory Board coordinates the long-term succession planning for the Executive Board, while an age limit of 65 years should be applied to the members of the Executive Board. In terms of the appointments to the Executive Board, the Supervisory Board should also consider diversity aspects. This is done on a case-by-case basis. The appointment of Dr.-Ing. Stefan Rinck, who has been a member of the Executive Board of the company since 2009, was extended by five years ahead of schedule during the business year 2017. With respect to expertise, industry know-how and long-time experience in the company, the Supervisory Board deems Dr.-Ing. Stefan Rinck as the optimum appointment as member and Chief Executive Office of the Executive Board. Since these criteria have the highest priority for the appointment to Executive Board, there were no alternative under diversity aspects.

6. Additional corporate governance information

Transparency and communications

The Executive Board publishes potentially share price-relevant information concerning the SINGULUS TECHNOLOGIES AG immediately unless the company is being exempt in individual cases. All of the announcements pursuant to Art. 17 Market Abuse Regulation (EU) 596/2014 ("MAR") published in 2017 are available on the company's website. In addition, the company keeps an insider register pursuant to Art. 18 MAR, which includes all people with access to insider information. These persons are regularly informed in detail about the resulting legal obligations.

The SINGULUS TECHNOLOGIES AG makes sure that the shareholders of the company are able to gain timely and extensive access about the situation of the company through the information provided on its internet website. The SINGULUS TECHNOLOGIES AG reports about its business trends and the financial and earnings situation to its shareholders four times during the business year. All of the financial reports, current company presentations, the corporate calendar as well as the announcements pursuant to Art. 17 MAR, the securities' transactions pursuant to Art. 19 MAR (Director's Dealings) and the voting rights announcements pursuant to Art. 21f. Wertpapierhandelsgesetz (WpHG) (and respectively after becoming effective the Second Act Amending Financial Market Regulations (2. FiMaNoG) on January 3, 2018 Art 33f. WpHG) are published under www.singulus.de in the Investor Relations section. To improve transparency and to support the stock price the SINGULUS TECHNOLOGIES AG held several analyst conferences and numerous one-on-one discussions with investors.

Also, all reports and documents concerning corporate governance including the declaration of conformity to the German Corporate Governance Code, an internet link to the full text of the code itself and the articles of the SINGULUS TECHNOLOGIES AG as well as the invitations to the Annual General Meetings and resolution results can be accessed through SINGULUS TECHNOLOGIES' website under "Investor Relations". The Annual General Meeting of the SINGULUS TECHNOLOGIES AG is usually held during the first half of the year. The ordinary Annual General Meeting of the SINGULUS TECHNOLOGIES AG in the business year 2017 took place on June 20, 2017. The deadline of eight months after the conclusion of the fiscal year for holding an annual general meeting pursuant to Art. 175 Para. 1 Sent. 2 AktG was thus complied with. Due to the loss of more than half of the nominal capital, pursuant to Art. 92 Para. 1 AktG an extraordinary shareholders' meeting was convened, which took place on November 29, 2017.

With the use of electronic forms of communication, in particular the internet and email, the Executive Board facilitates the shareholders' participation in the Annual General Meeting and enables them to exercise their voting rights by representatives. In addition, the Executive Board may allow the shareholders to exercise the voting rights in written form and through electronic media without having to participate in the Annual General Meeting in person. All reports, annual financial reports and other documents, which have to be provided to the Annual General Meeting, as well as the agenda of the Annual General Meeting and counter-motions, if applicable, can be downloaded via the internet.

Accounting principles and audit of financial accounts

The consolidated financial accounts and the interim reports of the SINGULUS TECHNOLOGIES Group are drawn up in accordance with IFRS as well as the applicable commercial-law regulations pursuant to Art. 315e Para. 1 HGB. The individual financial statements of the SINGULUS TECHNOLOGIES AG are drawn up according to HGB and AktG principles as well as supplementary requirements according to the bylaws. The annual financial statements and consolidated statements for the business year 2017 drawn up by the Executive Board were audited by the auditor KPMG AG, Frankfurt am Main. The Supervisory Board reviewed the statements and the audit and adopted them. Important aspects were discussed with the Supervisory Board and the reports were approved by the board before publication.

Interim reports are published within 45 days after the respective end of the quarter. The consolidated financial statements and the annual financial statements are made publicly accessible within 90 days after the end of the respective business year. Half-year and quarterly financial reports are not subject to an audit.

The Annual Report for the business year 2017 and the interim reports are published on SINGULUS TECHNOLOGIES AG's website.

Compensation of Executive and Supervisory Board members

Similar to the past years, SINGULUS TECHNOLOGIES individually reports the fixed and variable components of the compensation as well as the stock-based compensation components with long-term incentives for the members of the Executive Board. In addition, also the contributions to pensions, which are based on a defined contribution scheme, are disclosed individually. The details are set forth in the Compensation Report, which is part of the Status Report and supplements this Corporate Governance Report. The Compensation Report lays out the compensation and the compensation scheme for the Executive Board in detail and also explains the design of the compensation components with long-term incentives. In addition, the remuneration of the members of the Supervisory Board is stated individually. The Compensation Report can be found on pages 98 to 109 of this Annual Report.

SHAREHOLDINGS AS WELL AS REPORTABLE SECURITIES' DEALINGS OF EXECUTIVE AND SUPERVISORY BOARD MEMBERS

1. Shareholdings of Executive and Supervisory Board members

No member of the Executive or Supervisory Board holds directly or indirectly a share of the nominal capital of the company exceeding 1 %.

The following members of the Executive and Supervisory Board held directly or indirectly shares in the SINGULUS TECHNOLOGIES AG as of December 31, 2017:

Executive and Supervisory Board members	December 31, 2017	December 31, 2016
Supervisory Board		
Dr.-Ing. Wolfhard Leichnitz, Chairman of the Supervisory Board	245	245
Executive Board		
Dr.-Ing. Stefan Rinck, CEO	122	122
Dipl.-Oec. Markus Ehret, CFO	43	43

The sitting members of the Executive and Supervisory Boards did not hold subscription rights through stock options or convertible bonds as of December 31, 2017.

2. Directors‘ Dealings

Pursuant to Art. 19 MAR, the members of the Executive and Supervisory Boards or closely-related persons were obligated in the business 2017 to disclose transactions with shares or bonds of the company or related derivatives or other related financial instruments, if the total volume of the transactions made within a calendar year exceeds a total of € 5.000. The company was not notified of any relevant transactions for the business year 2017.

SINGULUS TECHNOLOGIES ON THE CAPITAL MARKET

GENERAL ENVIRONMENT

The global economic upswing continued in 2017. Both developed and emerging markets maintained their expansion path. In its fall forecast, for 2017 the European Commission projected the strongest economic growth for the Euro zone in the past ten years with a real GDP growth rate of 2.2 %. So far, no economic consequences of the planned Brexit were experienced.

In the US, the implementation of a fundamental tax reform was passed in December 2017. It is expected that this reform will have a strong impact on the domestic economy in the US and that it will trigger investments in the United States.

The US central bank has continued its interest hiking cycle. The central banks in Europe and Japan have left their key interest rates at still very low levels. For the time being, the bond purchases by the ECB have been extended until the end of the current year.

In this positive environment, stock markets were able to gain significantly. During the course of the year the S&P 500 posted numerous all-time highs and closed the year with a gain of nearly 20 % to 2,668 index points. The German DAX was also able to celebrate success and in November 2017 reached an all-time and year high of 13,525 index points. At the end of the year the DAX stood at 12,918, which corresponds to a gain of 12.5 %.

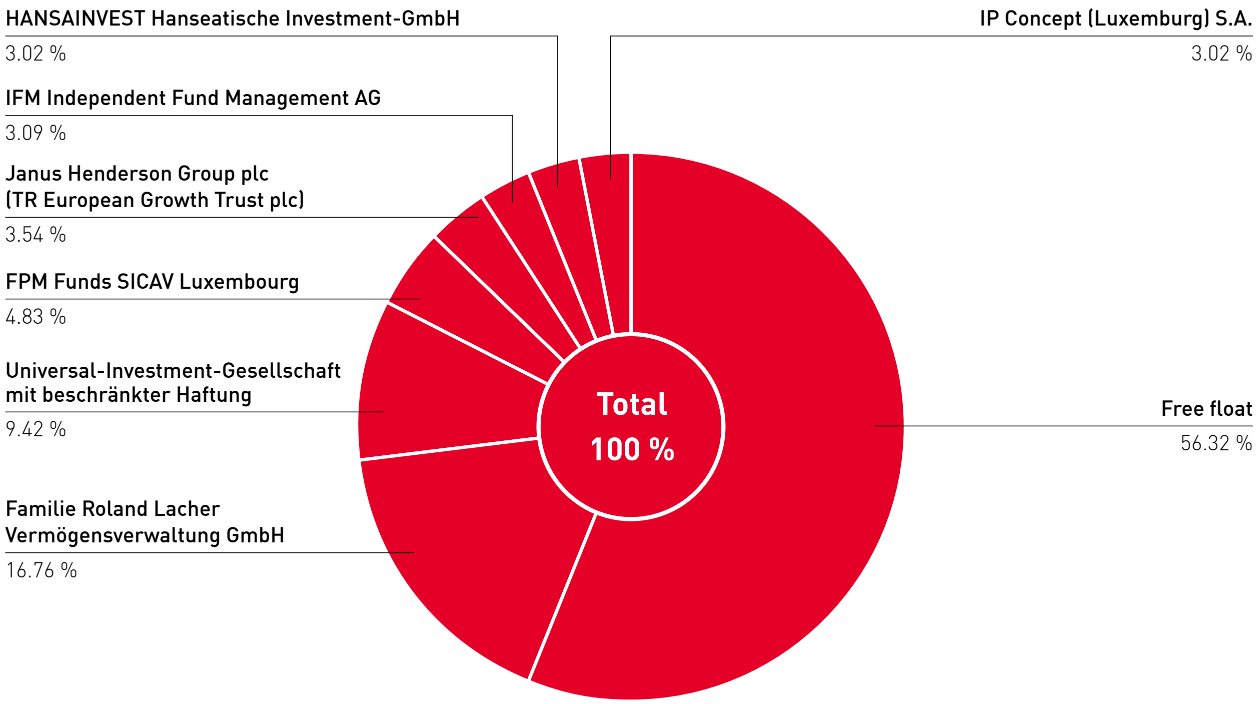
THE SINGULUS TECHNOLOGIES STOCK

F ollowing the extensive corporate actions in 2016, the year 2017 was characterized by a consolidation of the economic activities. On December 6, 2017 the Executive Board of the SINGULUS TECHNOLOGIES AG with approval of the Supervisory Board resolved the implementation of a capital increased from Authorized Capital pursuant to Art. 5.2 of the bylaws of the company with the exclusion of subscription rights of shareholders. The nominal capital was increased from € 8,087,772.00 to € 8,896,527.00 through the issuance of up to 808,775 new bearer shares with a nominal amount of € 1.00 each.

All of the new shares from the capital increase from Authorized Capital were placed with institutional investors in Germany and in Europe. In the course of the private placement with exclusion of subscription rights of shareholders, overall 808,775 new shares were issued with a price of € 13.00 each. The order book was more than twice oversubscribed. The gross issuance proceeds amounted to € 10.51 million. The new shares have the same statutory characteristics as the existing bearer shares, which are admitted to the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange under the ISIN DE000A1681X5. The new shares are entitled for profit participation from January 1, 2017.

At the end of 2017 the shares traded at € 14.89 on Xetra, which corresponds to a gain of 245 %. The shares were able to continue the positive trend at the beginning of 2018 and traded at € 14.14 on March 19, 2018.

Shareholder Structure as of March 19, 2018



China National Building Materials aspires to buy a minority stake in SINGULUS TECHNOLOGIES

On January 2, 2018 the China National Building Materials, Beijing, China, (CNBM) informed the SINGULUS TECHNOLOGIES AG, that has the intention to buy a minority stake of around 1.5 million shares (approx. 18 %) of the currently 8.9 million issued shares from independent shareholders. The respective legally binding purchasing contracts were signed. The transfer of ownership of the shares to CNBM will become effective in due time subject to the taking of effect of certain conditions precedent. In this respect, the acquisition of the shares is still subject to the authorization by Chinese government authorities and cartel commissions. The authorizations are expected to be received in the coming months.

Stock Key Figures as of December 31, 2017
Shares with a nominal value of € 1

Share outstanding	8,896,527
Nominal capital in €	8,896,527
ISIN	DE000A1681X5
WKN	A1681X
Exchange symbol	SNG / Reuters SNGG.DE / Bloomberg SNG.NM
Instrument	Bearer common share with nominal value of 1 € each
Prime Standard	Technology

The SINGULUS TECHNOLOGIES Stock
(Xetra close in €)

THE SINGULUS TECHNOLOGIES CORPORATE BOND

The issuance of new bonds in the course of the restructuring with a total nominal volume of € 12 million became effective on July 22, 2016. The quotation of the new bonds with WKN A2AA5H5 / ISIN DE00A2AA5H5 commenced on July 22, 2016 as well. Since then, the price of the bond with a step-up coupon increased steadily. At the beginning of 2017 the bond traded around 80 %. In the course of the year, the price of the bond further increased and closed the year with a price of around 100 %. This price trend is also a result of the improved assessment of the market with respect to the company's and bonds' intrinsic value. On March 19, 2018 the bond traded at 101 %.

Price of SINGULUS TECHNOLOGIES Corporate Bond
(Frankfurt Stock Exchange, %)

Information SINGULUS TECHNOLOGIES bond

Exchange identifier	WKN A2AA5H/ISIN DE000A2AA5H5
Total nominal value	EUR 12,000,000.00
Issue date/Interest from	July 22, 2016
Face value	120,000 bearer notes with a nominal value of € 100.00 each
Coupon	Subject to early repayment, from interest period (including) until July 22, 2017 (excluding) with an interest rate of 3.00 % annually; → thereafter until July 22, 2018 (excluding) with an interest rate of 6.00 % annually; → thereafter until July 22, 2019 (excluding) with an interest rate of 7.00 % annually; → thereafter until July 22, 2020 (excluding) with an interest rate of 8.00 % annually; → thereafter until maturity (excluding) with an interest rate of 10.00 % annually; The interest payments will be made semi-annually retroactively on January 22 and July 22 each year, while the first interest payment will be made on January 22, 2017 and the final interest payment on the maturity date of the note.
Maturity	Subject to early repayment, the notes will be redeemed on July 22, 2021.
Termination	The issuer is entitled to terminate all outstanding notes entirely, but not partially, at any time with a notice period of at least 60 days and to redeem the notes in case of a redemption within twelve months of the interest period at € 103.00 per note and at any time thereafter at the early redemption price in the amount of € 100.00 per note, plus the accrued interest. Such a notice of termination is irrevocable. The terms of the bonds provide for additional termination options of the notes.

CONTINUING DIALOGUE WITH THE CAPITAL MARKET

The dialogue with private and institutional investors was extensively maintained during the course of the past business year. The exchange with the various capital market members is of key importance to the company.

In addition to the Annual General Meeting, which was held on June 20, 2017 in Frankfurt am Main, SINGULUS TECHNOLOGIES held an extraordinary shareholders' meeting on November 29, 2017.

On September 21, 2017, the SINGULUS TECHNOLOGIES Aktiengesellschaft had reported a loss pursuant Art. 92 Para 1 AktG. In the interim report pursuant to HGB as of August 31, 2017 a loss in the amount of € 16.7 million had occurred for the SINGULUS TECHNOLOGIES Aktiengesellschaft, which resulted in a loss exceeding half of the nominal capital. The loss was mainly a result of delayed recognition of sales pursuant to HGB.

The participation in several investors' conferences, one-on-one meeting, roadshows as well as numerous publications are the key elements of the communication. SINGULUS TECHNOLOGIES also presented the company at the German Equity Forum in Frankfurt am Main in November 2017 and discussed the economic developments as well as the company's future goals with investors. During the year 2017 the SINGULUS TECHNOLOGIES AG was covered by four analysts, who followed the company regularly and published commentaries on current developments affecting the company.

In addition, all investors and interested parties are able to receive relevant information upon requests over the phone as well as through the Investor Relations and Credit Relations section of the website www.singulus.de. Amongst others, the company's current presentations are published and available for downloading. The Annual Report as well as all of the interim report are also available as online versions.

PRODUCTION SYSTEM FOR SURFACE TREATMENT OF 3-DIMENSIONAL PRODUCTS

TURN-KEY PRODUCTION LINE WITH INTEGRATED LACQUERING MODULE AND INLINE SPUTTERING SYSTEM FOR APPLICATIONS IN COSMETICS, MEDICAL TECHNOLOGY AS WELL AS AUTOMOTIVE.

02 DECOLINE II

SURFACE ENGINEERING

MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT OF THE SINGULUS TECHNOLOGIES GROUP AND SINGULUS TECHNOLOGIES AG

The Company has exercised the option in accordance with § 315 (3) of the German Commercial Code (Handelsgesetzbuch, "HGB") and published a combined management report for the SINGULUS TECHNOLOGIES Group and SINGULUS TECHNOLOGIES AG. The course of business, the Company's situation, and the risks and opportunities affecting the future development of SINGULUS TECHNOLOGIES AG and the SINGULUS TECHNOLOGIES Group broadly coincide, and, where not otherwise indicated, the following explanations, in particular the figures, refer to the SINGULUS TECHNOLOGIES Group.

BASIS OF THE GROUP

SINGULUS TECHNOLOGIES Group business model

The SINGULUS TECHNOLOGIES Group's business activities center on developing, manufacturing, and marketing machinery and equipment in the fields of vacuum coating technology, surface engineering, wet chemistry, and thermal processing technologies. The range of services includes all associated business areas and services – including the various forms of sales financing. The Company's primary focus is on the solar, optical disc, and semiconductor areas of application, with particular attention to consumer goods and medical technology in the future. Additional external factors for SINGULUS TECHNOLOGIES mainly relate to demand for new production equipment for these markets and for new applications.

The business activities in the area of consumer goods and medical technology are immaterial with regard to the Group's financial key performance indicators in the year under review. Therefore, the product's technical properties were used as a basis for segment allocation. Specifically, the activities in the consumer goods area were included in the Solar segment.

In the Solar segment, SINGULUS TECHNOLOGIES offers machinery for manufacturing crystalline solar cells and thin-film solar cells based on copper indium gallium diselenide (CIGS), and cadmium telluride (CdTe) vacuum deposition equipment and equipment for wet-chemical processing. The field of activity of crystalline solar cells includes production solutions for high-efficiency solar cell concepts such as HJT (heterojunction), IBC (interdigited back contact), PERC (passivated emitter rear cell), and PERT (high-efficiency passivated emitter, rear totally diffused cell) solar cells. SINGULUS TECHNOLOGIES also markets complete crystalline silicon solar cell production lines in this segment.

After previously reaching the strategic decision to enter the market for medical technology, SINGULUS TECHNOLOGIES successfully landed a first order for wet-chemical equipment with a renowned customer in November of the fiscal year 2017. In future, both wet-chemical processing equipment and vacuum deposition equipment will be offered in this industry.

Machinery to produce common optical disc formats (CD, DVD, dual-layer Blu-ray discs and Ultra HD Blu-ray Discs with a storage capacity of up to 100 GB) is offered in the Optical Disc segment. The range of equipment is complemented by the global replacement parts and service business.

In recent years, the DECOLINE II integrated production line and the POLYCOATER inline vacuum cathode sputtering system were developed for the consumer goods area.

In the Semiconductor segment, SINGULUS TECHNOLOGIES offers the TIMARIS and ROTARIS ultra-high-vacuum modular equipment platforms for the deposition of semiconductor wafers with complex functional coatings.

Group structure

Machinery and equipment is designed, constructed, and manufactured for all segments at the location in Kahl am Main. In addition, Group management, accounting, sales and all central functions are based here. SINGULUS TECHNOLOGIES also develops and constructs production equipment for wet-chemical processes at the Fürstenfeldbruck location.

SINGULUS TECHNOLOGIES has a sales and service network in all relevant global regions, enabling it to offer advisory and other services worldwide. Some subsidiaries in key regions are supplemented by a network of long-term tied agents.

Goals and strategies

Solar segment: continued growth strategy for the solar market

In 2017, SINGULUS TECHNOLOGIES continued to focus considerable resources on developing new production equipment for manufacturing new solar cell concepts for crystalline and thin-film solar technology.

The Company's objectives are focused on further expanding its current position in the CIGS solar market. SINGULUS TECHNOLOGIES' first priority for the coming years is to achieve a sufficiently large business volume in order to generate stable profit and increase the enterprise value.

The Company has also established a strong position in the market for systems to produce high-efficiency crystalline solar cells such as HJT solar cells with its SILEX II wet-chemical processing system, further strengthening this position in fiscal year 2017. A new coating system for HJT solar cells, the GENERIS PVD vacuum cathode sputtering system, was also launched in the market. The market launch for the process step PECVD, or plasma-enhanced chemical vapor deposition, is planned over the coming months.

SINGULUS TECHNOLOGIES' strategy is based on leveraging and expanding its existing core skills for production solutions in the area of photovoltaics. This includes vacuum coating technologies, surface engineering, wet chemistry, and thermal processing technologies.

Large solar installation with thin-film solar modules

Optical Disc segment: Ultra HD Blu-ray – a niche market

SINGULUS TECHNOLOGIES assumes that apart from limited investment in the replacement of CD, DVD, and Blu-ray systems, investments will be made in only a few BLULINE III production equipment for Ultra HD Blu-ray discs in the future. Although a growing number of Hollywood film studios are announcing the release of films on Ultra HD Blu-ray discs, SINGULUS TECHNOLOGIES believes that the market for the corresponding production equipment will remain a niche market. In the coming years, SINGULUS TECHNOLOGIES will continue to primarily focus its activities in this segment on the global replacement parts and service business for the existing equipment installed.

Semiconductors segment: high-tech production platforms

In the Semiconductor segment, SINGULUS TECHNOLOGIES established equipment platforms to apply extremely thin layers of coatings of less than one nanometer with the utmost precision. Among other things, this equipment is used in semiconductor technology for magnetic coatings like MRAM technology. SINGULUS TECHNOLOGIES therefore remains confident that the further development and significance of MRAM as the potential memory technology of the future is open.

There is a growing need for processes for achieving the thinnest layers in modern sensor technology such as in medical technology, the automotive industry, and the Internet of Things. SINGULUS TECHNOLOGIES offers the TIMARIS and ROTARIS platforms in this area and is working on testing additional applications, such as voltage regulation using semiconductors directly on the central processing unit (CPU), with key customers and offering the resulting new systems on the basis of existing platforms. Although this segment is still the Company's smallest by business activity and financial key performance indicators.

New fields of activity

The core skills of SINGULUS TECHNOLOGIES lie in the areas of vacuum coating technology, wet-chemical processes, surface technology and thermal process technologies. In each case, innovative process technology is combined with engineering. The Company's strategy is to transfer this expertise to further markets.

This includes, among other things, surface refinement of all types of consumer goods. With the integrated production line DECOLINE II and the inline vacuum coating system POLYCOATER, SINGULUS TECHNOLOGIES has launched two systems on the market.

In 2017, the option of entering the medical technology growth market was thoroughly reviewed and a corresponding strategic decision was made. This important step was realized in November 2017, with the award of an order for new processing equipment for processing contact lenses.

The Company is working on testing further applications for these two new fields of activity so that it can further expand the market opportunities available. The objective for the coming years is to launch further machinery in a variety of new markets in order to further diversify the market presence of the Company.

Corporate management system

The Group is divided into reporting segments for the purposes of corporate management. The Group is managed using financial key performance indicators. Group management uses revenue and EBIT (earnings before interest and taxes) by segment to facilitate decisions regarding the allocation of resources and to determine the segments' performance. Financing is monitored and managed at Group level.

Research, development, and design

At SINGULUS TECHNOLOGIES, the Research, Development, and Design department employed an average of 73 people in fiscal year 2017 (previous year: 75 employees).

The Group's non-capitalizable development costs amounted to EUR 6.9 million in 2017 (previous year: EUR 12.2 million). In addition, costs in the amount of EUR 1.7 million were capitalized (previous year: EUR 0.1 million), primarily for the development of modular components for system concepts in the Solar segment. The capitalization rate stood at 19.8 % in fiscal year 2017 (previous year: 0.8 %). Amortization of capitalized development costs amounted to EUR 0.9 million (previous year: EUR 2.0 million).

Key development areas in 2017

The focus in fiscal year 2017 was once again on the creation and development of processing equipment for the production of CIGS solar modules as well as high-efficiency crystalline solar cells.

SINGULUS TECHNOLOGIES developed a new version of the inline cathode sputtering system for use in CIGS thin-film solar technology. In this area, SINGULUS TECHNOLOGIES is also working with a customer on coating processes to further improve and optimize the back electrodes of CIGS thin-film modules. The cathode sputtering system is equipped with a horizontal substrate transport unit and is modular in design. The vacuum process chambers are equipped with high-performance, rotatable round cathodes. First and foremost, the platform of SINGULUS TECHNOLOGIES in this area seeks to meet the high demands of the solar industry for achieving productivity at low operating costs.

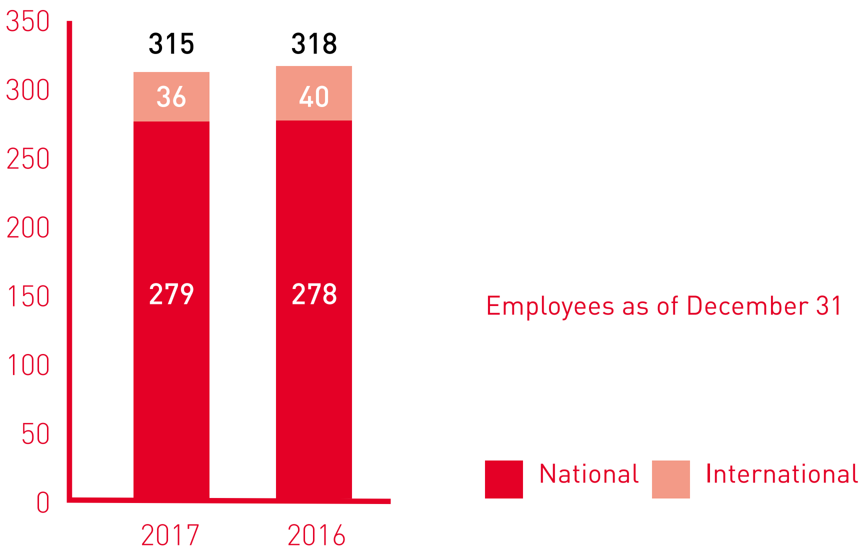
SINGULUS TECHNOLOGIES has already developed, manufactured, and delivered numerous vacuum deposition systems for use in the solar industry. With the GENERIS PVD cathode sputtering system, SINGULUS TECHNOLOGIES transfers the know-how of this coating machine to the field of HJT. In a fully automated system, solar cells are transported through the process chambers and coated on both sides. The GENERIS PVD guarantees a high degree of uniformity in the layer thickness and high reproducibility of the layer at high productivity and low operating costs. GENERIS PVD is designed especially for extremely thin substrates such as the wafer for HJT solar cells.

In the field of wet chemistry, the Company worked on optimizing the new LINEX inline processing equipment for cleaning and texturing wafers. With this, SINGULUS TECHNOLOGIES has developed to the production stage a new texturing process for processing multi-crystalline solar wafers. The Company also integrated a new process for diamond wire slicing of wafers in the LINEX inline system. In this way, the LINEX inline system can significantly reduce the costs and improve the performance of the cell.

Headcount

SINGULUS TECHNOLOGIES pursued a conservative human resource policy in fiscal year 2017 and held the number of employees in the Group at a stable level with the previous year. In 2017, HR policy focused particularly on employee training and qualification. However, specialists are being recruited for key roles in development and design in 2018.

The headcount in Germany as of the end of the year was 279 employees (previous year: 278 employees). Overall, the SINGULUS TECHNOLOGIES Group's global headcount declined slightly to 315 employees (previous year: 318 employees).



Employees as of December 31

REPORT ON ECONOMIC POSITION

Macroeconomic environment

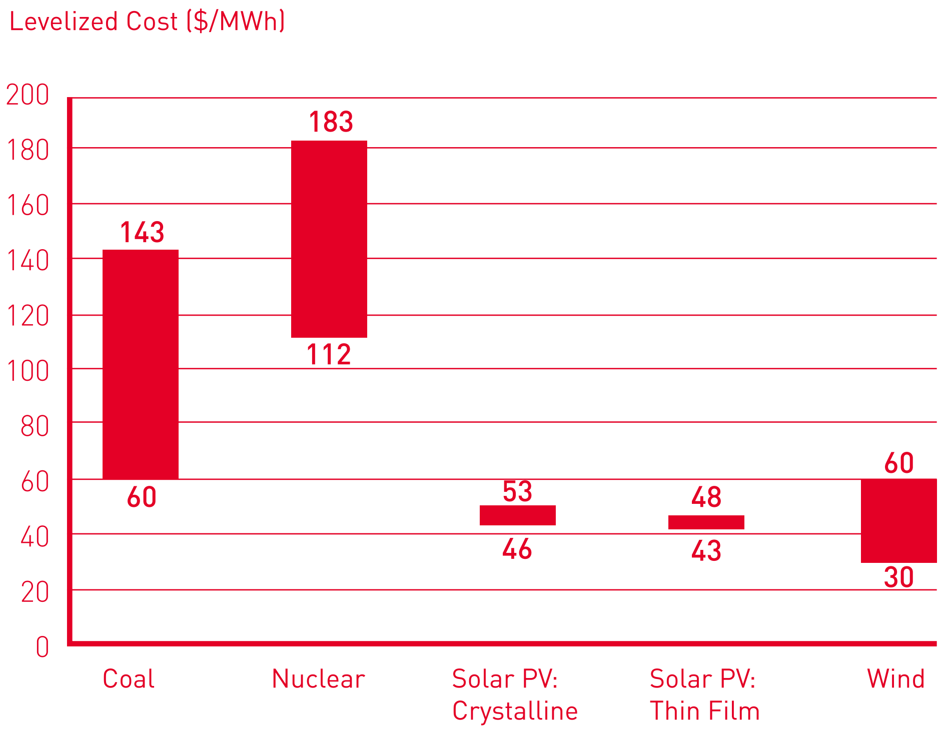
In its update published on January 22, 2018, the International Monetary Fund (IMF) raised its growth forecast slightly and predicts the global economic recovery will continue. According to the IMF, global output is estimated to have grown by 3.7 % in 2017. This corresponds to an increase of 0.1 % compared to each of the forecasts in April and in July 2017.

According to the IMF forecast, this adjustment is mainly attributable to the Eurozone, Japan, China and the eastern European and Russian countries. The IMF predicts the opposite effect in the framework data for the United States, the United Kingdom, and India.

Sector-specific environment

Market for solar cell production systems

In a large part of the world, photovoltaics is currently becoming established as an integral component of energy supply. In 2017, the cost trend of the energy generated by photovoltaics also supports the use of



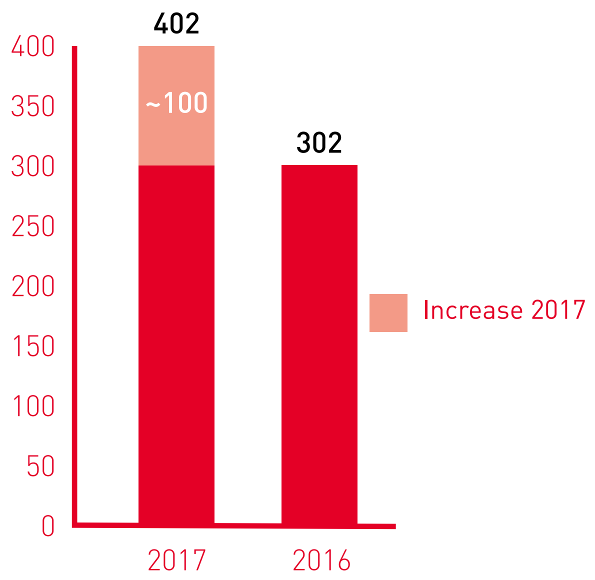
Unsubsidized levelized cost of alternative electricity compared to conventional energy sources
Source: Lazard's Levelized Cost of Energy, 2017

renewable energy sources. Lazard, a prominent international consulting firm from New York, USA, has published an updated study on the development of the levelized cost of energy (LCOE) in 2017. In this study, Lazard finds that other than wind energy, the energy generated by photovoltaics is the least expensive. The cost of energy from crystalline solar cells ranged from USD 46 to USD 53 per megawatt hour (MWh); the cost of energy from thin-film solar cells slightly ranged from USD 43 to USD 48. Thus, according to this study, the cost of energy from photovoltaics is significantly lower than the cost of fossil fuel technologies. The range for coal is from USD 60 to USD 143, while nuclear power ranges from USD 112 to USD 183.

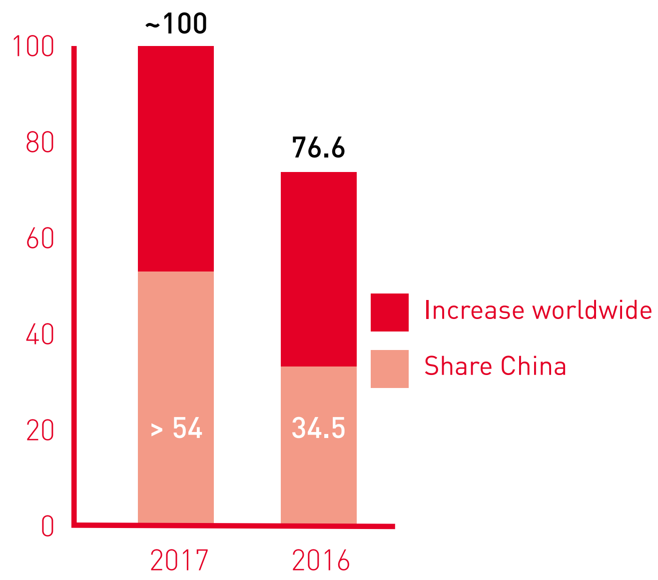
The global market continues to develop different types of solar cells and modules and produces monocrystalline, polycrystalline and thin-film modules. Today, in the field of crystalline solar cells, these are primarily HJT high efficiency cells and PERC (PERL/PERT), n-type and IBC cell formats. Thin-film solar technology is primarily broken down into CdTe and CIGS solar cells.

Solar energy is the most rapidly growing new energy source in the world. According to the international energy agency (IEA), there was at least 302 GW of solar capacity in operation at the end of 2016. This increased by another 100 GW in 2017. Solar energy still only covers less than 2 % of global demand for electricity. The IEA therefore expects growth in the solar energy market to continue through the decades to come.

Cummulated Solar Capacity, worldwide (GW)



Increase Solar Capacity (GW)



The leading solar countries are working jointly to use more renewable energy sources. The global demand for additional photovoltaic capacity reached the 100 GW level for the first time in 2017 – growth of around 30% over the level of 2016. The last record year for expansion in photovoltaics was 2016 at 76.6 GW. SolarPower Europe reached this conclusion on the basis of a recent market analysis.

For over a decade, China has been the driving power behind the solar industry. According to the data of SolarPower Europe, China alone installed around 42 GW of photovoltaic capacity in the first nine months of 2017. Accordingly, the most recent estimates put total expansion at over 54 GW by the end of the year. This accounts for half of global demand for new photovoltaic capacity. China had added 34.5 GW in 2016. According to the latest report of Asia Europe Clean Energy Advisory Co. Ltd. (AECEA), which confirms the total figures, the highest growth rates were seen in the market for smaller photovoltaic systems in 2017. This growth is mainly attributable to added incentives for such systems by the National Energy Authorities (NEA). Furthermore, numerous provinces and cities offered financial incentives for these systems.

According to a study published by the International Energy Agency (IEA), the solar market in India grew significantly in the year under review. The report states that around 10 GW were added in 2017, while around 9 GW were installed in 2016. India's capacity by the end of 2017 amounted to a total of around 53 GW. This puts India ahead of Germany and Japan in second place in the global market for solar capacity.

GTM Research anticipates an additional 12.6 GW of solar capacity in the United States for 2017. More industrial countries are integrating solar energy into their national energy mix, and its standing as a clean and now also inexpensive alternative is being promoted more heavily. For Europe, the latest analysis conducted by SolarPower Europe assumes that demand for new photovoltaic capacity was around 7.5 GW by the end of 2017 This would represent a slight improvement compared to 2016; the volume of the European market was around 6.7 GW in the previous year.

SINGULUS TECHNOLOGIES' position in the solar market

SINGULUS TECHNOLOGIES assumes a longer investment cycle, particularly for high-value CIGS thin-film solar cells. In addition to the site in Bengbu, Anhui province, the largest customer in China, the state-owned China National Building Materials (CNBM), has since started construction work on three additional domestic production sites for CIGS thin-film solar modules in China. The planned output volume for each factory at the end of the first phase of expansion is around 300 MW. The plan is to complete further expansion phases to increase the final output volume at each location to around 1,500 MW. The contracts for the machine systems to be delivered by SINGULUS TECHNOLOGIES for the first two production sites in Bengbu, and in Meishan, were signed in May 2016. The systems for the Bengbu factory have been delivered and will be available for production in 2018. For the second site, construction of the systems began after receipt of the agreed prepayment in February 2018 and is expected to be largely completed by the end of 2018.

All in all, SINGULUS TECHNOLOGIES is witnessing strong interest in CIGS technology – and particularly in China. To date, SINGULUS TECHNOLOGIES has been involved in the main new investments into the construction of production facilities for manufacturing CIGS thin-film solar modules. The orders for vacuum deposition equipment and wet-chemical coating deposition equipment received from other major companies in the CIGS market in 2017 confirm this. In the recent past, the Company also sees growing interest in other parts of the world for industrial manufacturing of thin-film solar modules based on CIGS.

SINGULUS TECHNOLOGIES has a good position in the market for the CIGS solar cell production equipment and can offer the majority of the process steps relevant to cell efficiency. Our strategic focus is on providing customized systems tailored to the manufacturing process of the respective customer. The aim is therefore to develop the optimal customized equipment for a particular type of system in order to give the respective customer a competitive edge specific to SINGULUS TECHNOLOGIES. There are frequently providers of individual types of systems that compete with our equipment. However, no single competitor can offer the expertise or even the scope of compatible equipment types as SINGULUS TECHNOLOGIES.

Modern office building with thin-film solar modules providing visual and heat protection

In the area of high-efficiency solar cells for heterojunction technologies, SINGULUS TECHNOLOGIES sold several SILEX II process systems within the reporting period. In doing so, SINGULUS TECHNOLOGIES has a good market position with this equipment in the production of high-efficiency solar cells in the major markets outside of China. With the SILEX II, the Company offers the solar market a machine with a high degree of modularity allowing the user to react flexibly to the different process requirements in production. Negotiations with customers for further projects are ongoing. Accordingly, additional production systems with vacuum coating technology should be delivered, complementing the SILEX II. SINGULUS TECHNOLOGIES seeks to be able to offer the main production steps from a single source for high-efficiency crystalline solar cells as well.

In order to proceed rapidly with market access in China, SINGULUS TECHNOLOGIES agreed to establish a joint venture with the companies Golden Concord Holdings Limited (GCL) and China Intellectual Electric Power Technology Co., Ltd. (CIE). While SINGULUS TECHNOLOGIES contributes its skills in mechanical engineering to the planned joint venture, CIE brings its production process for high-efficiency cells and GCL, one of the largest companies in the global solar market, contributes its material and marketing skills for distribution of the systems.

The market for conventional crystalline cell formats is complex. SINGULUS TECHNOLOGIES' wet-chemical products face high competitive price pressure. The Company is also subject to high competitive pressure both at a technical level and with respect to price for its range of vacuum deposition processes.

GENERIS PVD sputtering system for the deposition of Heterojunction high performance solar cells

One Chinese competitor has already become established with the respective production equipment in this widely used and standardized production method; SINGULUS TECHNOLOGIES does not seek to gain a price advantage in competing with these systems but rather continues to focus on innovative processes and production equipment.

Development in the Optical Disc segment

SINGULUS TECHNOLOGIES assumes that apart from very limited investment in the replacement of CD, DVD, and Blu-ray systems, investments will be made in only a few BLULINE III production equipment for Ultra HD Blu-ray discs. SINGULUS TECHNOLOGIES believes that the market for the corresponding production equipment will remain a niche market.

In its study 3-2017, British market research firm Futuresource Consulting, St. Albans, UK, assumes that the production of Blu-ray discs fell from 750 to 723 million discs from 2016 to 2017.

The production figures for the new HD Blu-ray disc format should increase from 10 million discs in 2016 to 17 million discs in 2017. Thus, the launch of the next generation of discs – Ultra HD Blu-ray with a storage capacity of up to 100 GB – is making slow progress. In 2017, the Digital Entertainment Group (DEG) reported that a total of 4.3 million players for the new Ultra Blu-ray disc format had been delivered to date.

However, still changing consumer behavior and the global growth in broadband access and thus also in online services is having a significant negative impact on demand for physical media. This also impacts the service and replacement parts business. In particular, the Company competes with local providers. Above all, the Company faces increasing local competition in this area.

Development of the market for semiconductor applications

In the last ten years, PCs and smartphones have driven growth in the semiconductor industry. Most recently, the number of new applications, mainly within the industrial, automotive, medical and consumer goods markets, has increased dramatically. In 2017 in particular, these new applications resulted in strong demand for semiconductors. As a result of this, the semiconductor market grew to over USD 400 billion for the first time in 2017 – a mere four years after reaching the 300-billion-dollar mark. The market for semiconductor manufacturing equipment continues to experience double-digit growth. The year-end forecast from SEMI (Semiconductor Equipment and Materials International), Milpitas, USA calls for investments in new semiconductor manufacturing machinery to increase by 37.5 % in 2017 to USD 45 billion.

In the semiconductor segment, however, SINGULUS TECHNOLOGIES addresses only a small niche of this market with its equipment. There is a growing need for processes for achieving the thinnest layers in modern sensor technology such as in medical technology, the automotive industry, and the Internet of Things. SINGULUS TECHNOLOGIES offers the TIMARIS and ROTARIS systems for such applications in this area and is working on testing additional applications and offering the resulting modified platforms on the basis of existing systems.

The equipment was originally developed for magnetic layers in MRAM technology. The further development and significance of MRAM as the potential memory technology of the future still remains open.

Within the semiconductor applications offered, the Company generally finds itself in an environment of high competitive pressure with several competitors.

Orientation toward new markets – decorative coatings

With its vacuum deposition equipment for surface refinement, SINGULUS TECHNOLOGIES addresses a variety of markets. Vacuum coating technology differs significantly from traditional coating processes, thus fulfilling all of the prerequisites to serve as a partial substitute for traditional product refinement of plastic, glass and metal components. The concept can be utilized for coating two- and three-dimensional components in a variety of different shapes in the packaging industry, the cosmetics industry, for household appliances, entertainment electronics, interior and exterior components in automobiles, and for the lighting industry, among other things.

POLYCOATER sputtering system for surface treatment of consumer goods, e. g. cosmetic articels

In general, the Company is witnessing a growing interest in new, environmentally-friendly and cost-effective surface improvement solutions in this market. SINGULUS TECHNOLOGIES created machines and vacuum sputtering turnkey solutions along with the paint and pretreatment steps, if needed, as into a single production process and automatically transport the parts.

Orientation toward new markets – medical technology

In early November 2017, SINGULUS TECHNOLOGIES signed the first contract, worth more than EUR 10 million, for the sale of processing equipment used to process contact lenses. The equipment is to be delivered to a globally operating company in the medical industry. The Company believes that its move into the market for medical technology applications represents a strategically important addition to its portfolio with a view to the future. SINGULUS TECHNOLOGIES has been working with this key customer on development projects for some time and in connection with this has developed new process equipment for producing contact lenses. The new processing system named MEDLINE Clean cleanses the contact lenses of material residue and then coats the lenses in an additional processing step.

SINGULUS TECHNOLOGIES has focused its processes on the high demands in terms of properties, functionality and, as a result, product quality, as well as on the necessary manufacturing and processing procedures within this market. This includes implementing the GMP guidelines (good manufacturing process) and the GAMP guidelines (good automated manufacturing process), which are applicable in regulated industries for validation of computer-based systems, and particularly the Code of Federal Regulations, Title 21, of the of the US Food and Drug Administration (FDA).

The Company considers the medical industry to be one of the most important growth markets of the future, not least in light of demographic change, a growing number of medical innovations, the establishment of sustainable healthcare systems in emerging markets and the significant increase in lifestyle-related diseases in recent years. One current study of the German Federal Ministry of Economics and Technology (Bundesministerium für Wirtschaft und Technologie, or BMWi) concludes that health is an international growth market. Based on the Company's core skills, SINGULUS TECHNOLOGIES views some partial markets as having potential, offering the Company long-term perspectives for the future for our equipment.

Course of business of the SINGULUS TECHNOLOGIES Group

In the past fiscal year 2017, SINGULUS TECHNOLOGIES reported revenue growth of 32.6 %. While revenue amounted to EUR 68.8 million in 2016, it reached EUR 91.2 million in 2017. At the same time, a slightly negative operating result (EBIT) was generated at EUR -1.2 million after the loss was significant in the previous year at EUR -17.4 million. Before depreciation, amortization and write-downs, EBITDA was slightly positive at EUR 0.7 million (previous year: EUR -14.1 million).

However, not all of the targets were reached in 2017. Therefore, the forecast for the 2017 reporting year was not met. In planning in accordance with IFRS, SINGULUS TECHNOLOGIES assumed at the beginning of 2017 that revenue would double in comparison with fiscal year 2016. The forecast for the 2017 fiscal year is based primarily on the assumption that the contracted supply agreements in the order backlog can be executed largely as planned. The most important condition for this was the timely receipt of the contractually agreed prepayments.

Although further orders were awarded during the year by a series of well-known customers, CNBM, the customer in the major project for CIGS production equipment, informed SINGULUS TECHNOLOGIES in the third quarter that the outstanding prepayment for the next machine would be delayed. As a result, this partial order could no longer contribute to revenue and earnings in the reporting year, contrary to planning. On September 26, 2017, SINGULUS TECHNOLOGIES then promptly announced that the published forecast in accordance with IFRS would be adjusted.

After this revision, revenue was forecast to range from EUR 90.0 million to EUR 100.0 million for the 2017 fiscal year. In accordance with this, the operating result (EBIT) was expected to be in a range between EUR -3.0 million and EUR +2.0 million. With revenue amounting to EUR 91.2 million and an operating result (EBIT) of EUR -1.2 million, the Company is within the respective ranges of the revised forecast from September 2017.

Within the Solar segment, revenue was expected to more than double compared to 2016. The operating result (EBIT) was expected to improve significantly compared with the previous year and close the year in the mid-single-digit million range. Ultimately, the forecasts for both revenue and operating result (EBIT) in the Solar segment fell well short of planning mainly due to the delayed prepayment for CNBM's second production site mentioned above. Sales in this segment amounted to EUR 64.8 million (previous year: EUR 40.5 million), while the operating result (EBIT) amounted to EUR 2.1 million (previous year: EUR -13.8 million).

In the Optical Disc segment, the Executive Board's planning for 2017 assumed a slight decrease in revenue compared with 2016. EBIT was expected to be a slightly negative figure. So far, there has been only minimal progress in talks on the new production technology for next-generation discs – Ultra HD Blu-ray with a storage capacity of up to 100 GB.

As a result of this, there was no significant demand for new production machines over the course of the year. Overall, the business activities in the Optical Disc segment remained slightly below expectations in terms of revenue. However, the operating result (EBIT) was in line with planning as a result of savings realized at subsidiaries. Revenue in this segment amounted to EUR 18.4 million (previous year: EUR 24.2 million), while the operating result (EBIT) amounted to EUR -3.0 million (previous year: EUR -3.3 million).

In the Semiconductor segment, the Company anticipated significantly higher revenue compared to 2016 resulting in positive EBIT. In fiscal year 2017, the planning targets for this segment were partly met. Specifically, revenue in the Semiconductor segment stood at EUR 8.0 million (previous year: EUR 4.1 million) and the resulting operating result (EBIT) was slightly negative at EUR -0.3 million (previous year: EUR -0.3 million).

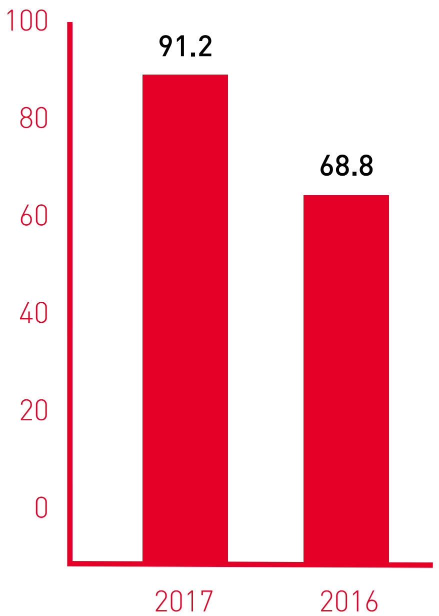
Net assets, financial position, and results of operations

The prior-year figures have been adjusted in some cases. Please refer to note 5 "Adjustment in accordance with IAS 8" in the notes to the consolidated financial statements.

Results of operations

Gross revenue of EUR 91.2 million was generated in fiscal year 2017, significantly above on the prior-year figure of EUR 68.8 million. This corresponds to a year-on-year increase of 32.6 %

Sales in EUR million



The Solar segment accounted for EUR 64.8 million (previous year: EUR 40.5 million) of gross revenue in 2017, Optical Disc for EUR 18.4 million (previous year: EUR 24.2 million), and Semiconductor for EUR 8.0 million (previous year: EUR 4.1 million).

The higher revenue in the Solar segment (EUR +24.3 million) mainly includes the processing of a major order from CNBM. The decrease in the Optical Disc segment (EUR -5.8 million) is primarily attributable to a contraction of the replacement parts and service business compared with the previous year. The Semiconductor segment was above the level of the previous year (EUR +3.9 million).

The percentage regional breakdown of revenue for fiscal year 2017 was as follows: Asia 61.6% (previous year: 37.9%), Europe 19.4% (previous year: 24.2%), North and South America 18.3% (previous year: 35.6%), and Africa and Australia 0.7% (previous year: 2.3%).

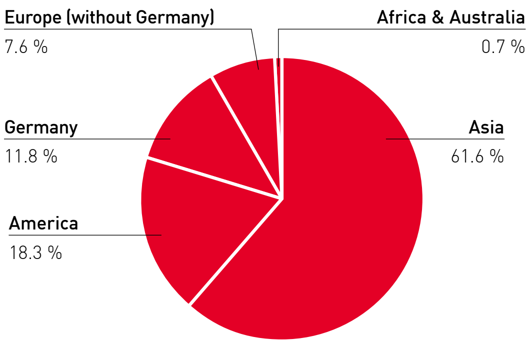
In the reporting year, the gross margin showed significant improvement of 9.3 percentage points compared to the previous year, amounting to 28.1% (previous year: 18.8%). Greater utilization, primarily in the Solar segment, contributed significantly to this trend.

Operating expenses amounted to EUR 26.5 million in fiscal year 2017 (previous year: EUR 30.1 million). This decline is primarily attributable to lower research and development expenses (EUR -3.1 million) and the increase in other operating income (EUR +1.4 million). Specifically, research and development expenses amounted to EUR 4.7 million (previous year: EUR 7.8 million). These expenses are primarily connected with development services for production solutions in the area of high-efficiency crystalline solar cells such as CIGS solar modules. Expenses for sales and customer service amounted to EUR 12.0 million (previous year: EUR 12.1 million) and general and administrative expenses totaled EUR 11.7 million (previous year: EUR 9.2 million). In the previous year 2016, restructuring items mainly included expenses in connection with the corporate actions in 2015.

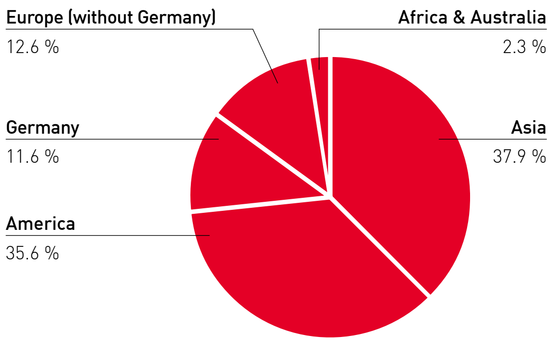
Earnings before interest and taxes (EBIT) amounted to EUR -1.2 million in the reporting period (previous year: EUR -17.4 million).

Specifically, the Solar segment achieved a positive EBIT of EUR 2.1 million (previous year: EUR -13.8 million). EBIT in the Optical Disc segment amounted to EUR -3.0 million (previous year: EUR -3.3 million). In the Semiconductor segment, EBIT was slightly negative at EUR -0.3 million (previous year: EUR -0.3 million).

Sales Split by Region (in %)



2017



2016

Key financial figures (EUR m)

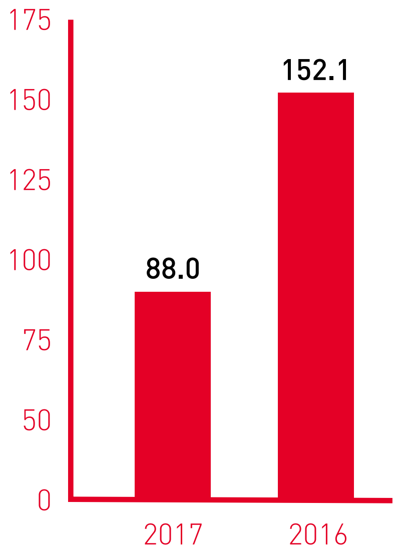
	2017	2016
EBIT	-1.2	-17.4
EBITDA	0.7	-14.1
Profit or loss for the period	-3.2	20.2
Financial income/expense	-1.6	37.8
Earnings per share in EUR	-0.39	5.48

* Prior-year figures adjusted (see note 5 in the notes to the consolidated financial statements)

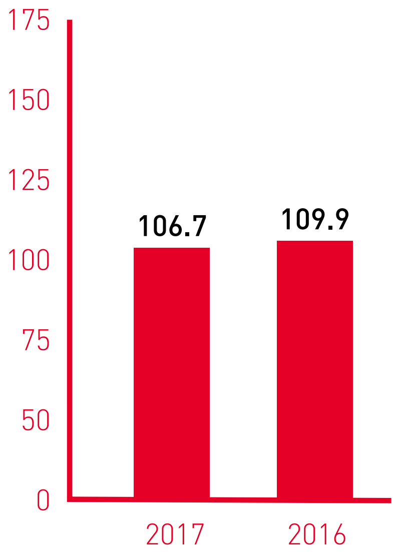
The financial result for fiscal year 2017 amounted to EUR -1.6 million (previous year: EUR 37.8 million). In the previous year, the financial result was mainly affected by the restructuring gain of EUR 41.2 million in connection with the restructuring of the bond from 2012. The tax expense for the year under review was EUR 0.4 million (previous year: EUR 0.2 million). The net loss for the period amounted to EUR -3.2 million in fiscal year 2017 (previous year: net profit of EUR 20.2 million).

Total order intake was down on the prior-year figure to EUR 88.0 million in the reporting period (previous year: EUR 152.1 million). In the previous year, the major order with state-owned CNBM in China resulted in an increase in order intake. The order backlog as of December 31, 2017, was EUR 106.7 million (previous year: EUR 109.9 million).

Order Intake in EUR million



Order Backlog in EUR million



Financial position

Principles and goals of financial management

SINGULUS TECHNOLOGIES uses centralized financial management to manage its liquidity. The goal of financial management is to ensure a sufficient liquidity position. Where possible, excess liquidity at subsidiaries is concentrated and monitored at the parent company. Derivative financial instruments are used to hedge against exchange rate risk, primarily forward exchange contracts. Their sole purpose is to hedge against currency risks arising from the Group's business activities. No derivatives are entered into without a corresponding hedged item. Credit insurance and bank guarantees are used where possible to hedge against credit risk from trade receivables. Further information about the management of individual financial risks can be found in note 37 to the consolidated financial statements.

Liquidity management

The Company implemented a capital increase on December 6, 2017, to further strengthen liquidity. In relation to this, 808,775 new bearer shares were issued. With this measure, the company made payments in the amount of EUR 10.2 million with this measure. At the end of the reporting year, cash and cash equivalents came to a total of EUR 27.2 million.

In addition, the Group had bank guarantee lines in the amount of EUR 20.8 million as of December 31, 2017. EUR 5.6 million of these had been drawn down as of the end of the fiscal year. Most of these loan commitments were 100 % secured by cash deposits as of the reporting date. In January 2018, prepayment guarantees totaling EUR 12.0 million were extended in connection with the expansion of the customer CNBM's Bengbu site. These loan commitments will be transferred to another financing partner in the coming weeks. In this connection, cash and cash equivalents of up to EUR 12.0 million would have been released from the collateral deposits. In addition, further guarantee lines will be drawn down in the second half of the year, reducing cash deposits. These will be needed for further prepayments from various projects. The Solar segment in particular may require additional financing arrangements depending on project-specific requirements.

In March 2017, the Company extended a secured loan for EUR 4.0 million with an original term of twelve months to November 2018 in order to secure short-term liquidity. In February 2018, the Company received the first prepayment of EUR 11.2 million for production equipment ordered for the site located in the city of Meishan. This prepayment is available to the Company to use for project financing.

SINGULUS TECHNOLOGIES invests its excess liquidity exclusively in overnight and time deposits. Foreign currency risks from operations abroad are assessed as part of a risk analysis. Some sales of the SINGULUS TECHNOLOGIES Group are subject to the US dollar (USD) currency risk. For this reason, derivative financial instruments are used to hedge against USD exchange rate risks. Where material, risks from foreign currencies are continually assessed as part the risk management system.

The Group generated a negative operating cash flow in fiscal year 2017 of EUR -14.1 (previous year: positive operating cash flow of EUR 14.1 million). This is mainly attributable to the processing of production orders from major projects in the Solar segment.

The cash flow from investing activities amounted to EUR -2.2 million (previous year: EUR -0.5 million). This included payments for investments in development projects in the amount of EUR -1.7 million in 2017 (previous year: EUR -0.1 million). Payments for investments in other intangible assets and property, plant and equipment amounted to EUR 0.5 million (previous year: EUR 0.4 million).

Overall, the cash flow from financing activities amounted to EUR 25.5 million (previous year: EUR -14.1 million), chiefly as a result of cash received from capital increases amounting to EUR 10.2 million (previous year: EUR 5.7 million) and the change in the financial assets subject to restrictions on disposal amounting to EUR 12.2 million (previous year: EUR -17.7 million).

Overall, cash and cash equivalents increased in the reporting period by EUR 8.7 million, amounting to EUR 27.2 million as of December 31, 2017. There were unused commitments under guarantees in the amount of EUR 15.2 million as of the end of fiscal year 2017.

Cash flows (EUR m)

	2017	2016
Cash flows from operating activities	-14.1	14.1
Cash flows from investing activities	-2.2	-0.5
Cash flows from financing activities	25.5	-14.1
Increase/decrease in cash and cash equivalents	9.2	-0.5
Cash and cash equivalents at the beginning of the fiscal year	18.5	19.0
Changes due to exchange rates	-0.5	0.0
Cash and cash equivalents at the end of the fiscal year	27.2	18.5

Net assets

Compared to the previous year, net assets decreased slightly to EUR 87.9 million as of December 31, 2017 (previous year: EUR 95.1 million).

Non-current assets amounted to EUR 15.5 million as of the end of the reporting period, on a level with the prior-year figure (EUR 15.0 million). Deferred tax assets decreased slightly by EUR -0.3 million. By contrast, capitalized development costs were EUR 0.7 million over the level of the previous year.

At EUR 72.4 million, current assets in the reporting period and were thus below the level at the end of 2016 (previous year: EUR 80.1 million). Primarily, the financial assets subject to restrictions on disposal decreased by EUR 12.3 million in connection with the processing of the major order from CNBM for delivery of systems for manufacturing CIGS solar modules. The financial assets subject to restrictions on disposal are mainly cash deposits to secure guarantees for prepayments received. Furthermore, a decrease was seen in trade receivables (EUR -5.5 million) as well as in other receivables (EUR -1.2 million). By contrast, receivables from construction contracts increased (EUR +7.3 million).

Inventories declined by EUR 4.7 million from processing of solar orders.

Current liabilities fell significantly by EUR 13.2 million compared with the end of the 2016 fiscal year and amounted to EUR 40.5 million as of December 31, 2017 (previous year: EUR 53.7 million). This is primarily due to the lower liabilities from construction contracts (EUR -18.3 million) in connection with the processing of the major order from CNBM for delivery of systems for manufacturing CIGS solar modules. Trade payables remained stable (EUR 10.1 million). A super senior facility concluded in March 2017 had an offsetting effect, resulting in a liability from taking out loans of EUR 4.0 million.

At EUR 27.2 million, non-current liabilities were on a level with the previous year of EUR 28.1 million.

Asset and equity structure (EUR million)

	2017	2016*
Non-current assets	15.5	15.0
Inventories	17.3	22.0
Receivables and other assets (current)	19.2	18.6
Cash and cash equivalents	27.2	18.5
Financial assets subject to restrictions on disposal	8.7	21.0
Total assets	87.9	95.1
Non-current liabilities	40.5	53.7
Non-current liabilities	27.2	28.1
Equity	20.2	13.3
Total equity and liabilities	87.9	95.1

* Prior-year figures adjusted
(see note 5 in the notes to the consolidated financial statements)

The Group's equity rose by EUR 6.9 million in the reporting period to EUR 20.2 million as of December 31, 2017 (previous year: EUR 13.3 million).

The growth in equity is mainly in connection with the capital increase. Under this, 808,775 shares with dividend rights were successfully placed beginning on January 1, 2017. The Company generated EUR 10.2 million from this capital increase. This capital increase was entered into the commercial register of SINGULUS TECHNOLOGIES AG at the local court of Aschaffenburg on December 7, 2017. In connection with this, the subscribed capital of 8,087,752 shares was increased by 808,775 shares to a new total of 8,896,527 shares.

The net profit for the period decreased equity by EUR 3.2 million in the reporting year.

EUR 19.5 million of equity is attributable to the shareholders of SINGULUS TECHNOLOGIES AG and EUR 0.7 million is attributable to non-controlling interests. The equity ratio was around 23.0 % as of December 31, 2017 (previous year: 14 %).

Capital management
The overriding objective of capital management is to further strengthen the capital structure. Following the successful restructuring of the long-term financial liabilities in fiscal year 2016, the cash capital increase that followed directly, and a further capital increase in 2017, the aim going forward is to regain entrepreneurial flexibility and the confidence of investors and lenders. Subsequently, this should also contribute to sustainable operational growth of the business activities and an accompanying significant improvement of financial key performance indicators. A particular focus will be on meeting future financing requirements at appropriate terms via the capital markets. The Company is currently evaluating various options for action.

Annual financial statements in accordance with the German Commercial Code (Handelsgesetzbuch, "HGB")

At the extraordinary annual shareholders' meeting on November 29, 2017, the Executive Board disclosed in accordance with section 92 (1) AktG ["Aktiengesetz": German Stock Corporation Act] that half of its share capital had been eroded. The Company's equity amounted to EUR 0.9 million as of the balance sheet date. Equity continued to decline during the period in which these financial statements were prepared, and SINGULUS TECHNOLOGIES AG currently reports a deficit not covered by equity.

Net assets, financial position, and results of operations of SINGULUS TECHNOLOGIES AG
HGB annual financial statements/financial key performance indicators (EUR m)

	2017	2016
Revenue	61.7	51.0
Gross revenue for the period	60.8	53.8
Cost of materials	-45.8	-24.6
Personnel expenses	-26.4	-23.5
Net other operating income and expenses	-7.2	29.3
Net income/loss for the year	-30.0	23.1
Fixed assets	32.6	38.2
Current assets (excluding bank balances)	4.9	7.9
Bank balances	31.1	33.4
of which subject to restrictions	8.7	21.0
Equity	0.9	20.4
Provisions	23.3	23.6
Bonds	12.0	12.0
Other liabilities	33.1	23.7

The equipment for the first factory for thin-film solar cells in China will largely have undergone final acceptance in the months to come, thus strengthening equity in accordance with HGB again. However, this could result in equity falling below and subsequently exceeding the 50% threshold of share capital in accordance with section 92 (1) AktG on multiple occasions in the future due to the cyclical nature of the Company's project business in connection with the principles of revenue recognition set out in HGB. The Executive Board does not expect the equity base to experience a long-term recovery until in the coming fiscal year. However, it is currently believed that the Company will have sufficient cash funds available during this period to secure its business activities and has therefore prepared its accounts on a going concern basis.

Compared to the previous year, revenue increased significantly in fiscal year 2017 as a result of the realization of a major order with a US customer and was slightly below expectations. The reason for this was a delay in the receipt of prepayments and the concomitant delay in the final acceptance of the first machines of the major order for CNBM for the production facilities in Bengbu. This also caused earnings after taxes to fall significantly short of expectations.

The effects with a significant impact on the net assets, financial position, and results of operations for the past fiscal year are presented below.

Revenue rose from a low level by EUR 10.7 million or 21.0% to EUR 61.7 million. The increase is primarily attributable to the recognition of revenue from a major order for a customer in the USA. Revenue in the Solar segment amounted to EUR 45.1 million, as against EUR 28.2 million in the previous year. At EUR 10.8 million, revenue in the Optical Disc segment was below the previous year (EUR 17.5 million). Revenue generated by the Semiconductor segment was on a level with the previous year at EUR 5.3 million in the year under review (previous year: EUR 5.0 million).

Gross revenue for the period (revenue plus change in inventories) thus amounted to EUR 60.8 million in fiscal year 2017 (previous year: EUR 53.8 million).

Other operating income of EUR 7.4 million (previous year: EUR 45.8 million) mainly comprises income unrelated to the accounting period from the reversal of provisions (EUR 3.1 million) and insurance reimbursements (EUR 1.4 million).

The cost of materials increased from EUR 24.6 million to EUR 45.8 million. The cost of materials ratio was 75.3 % (previous year: 45.7 %). The increase in the cost of materials ratio is mainly due to the different product mix in the 2017 fiscal year.

At EUR 26.4 million, personnel expenses increased slightly compared to the previous year (EUR 23.5 million). This is mainly attributable to the higher expenses from the phantom shares issued and for expected bonus payments and work time accounts. Specifically, wages and salaries rose by EUR 2.0 million, and social security and pension costs increased by EUR 0.9 million. In the past fiscal year, SINGULUS TECHNOLGIES AG had an annual average of 306 permanent employees (previous year: 315).

Other operating expenses of EUR 14.6 million (previous year: EUR 16.5 million) mainly comprise legal and consulting fees, the costs of preparing the annual financial statements, costs for premises, transport, and packaging, travel and entertainment expenses, and other rental costs. Legal and consulting fees decreased following the bond restructuring in fiscal year 2016 and totaled EUR 2.4 million (previous year: EUR 4.6 million). Impairment losses on trade receivables amounted to EUR 1.0 million (previous year: EUR 1.2 million).

There was a net interest loss of EUR -2.6 million (previous year: net interest loss of EUR -3.6 million). At EUR 2.6 million, interest and similar expenses were significantly lower than the previous year (previous year: EUR 3.8 million). This is mainly attributable to a decline in the interest expense in connection with the issuance of the new corporate bond. Specifically, interest expenses from bonds issued amounted to EUR 0.8 million in 2017 and EUR 2.7 million in the previous year. An increase in interest expenses in connection with the secured loan taken out in the amount of EUR 4.0 million had an offsetting effect. The interest income of EUR 0.1 million (previous year: EUR 0.1 million) is chiefly due to non-current receivables from customers.

Financial assets were written down by EUR 2.3 million (previous year: EUR 1.5 million).

The result after taxes thus amounted to EUR -30.0 million (previous year: EUR 23.1 million).

Overall, the net loss for the year amounted to EUR -30.0 million (previous year: net income of EUR 23.1 million). The result in 2016 was mainly characterized by a restructuring gain of € 42.7 million in connection with the restructuring of the bond from 2012.

At EUR 69.2 million, the Company's total assets were down EUR 10.5 million year on year as of December 31, 2017.

Fixed assets accounted for 47.1 % of total assets and amounted to EUR 32.6 million as of the reporting date (previous year: EUR 38.2 million). These primarily relate to intangible fixed assets, mostly attributable to the merger with SINGULUS STANGL SOLAR GmbH in fiscal year 2015. The EUR 8.3 million decline to EUR 12.1 million is due to depreciation and amortization and the disposal of SILEX II technology, which was contributed to the subsidiary New Heterojunction Technologies GmbH as an in-kind contribution. In this connection, long-term financial assets increased to EUR 9.7 million (previous year: EUR 6.3 million).

The prepayments received (EUR 81.1 million) exceeded inventories (EUR 71.8 million) as of the fiscal year-end. The excess amount is reported as a liability under prepayments received (EUR 9.3 million). The prepayments received primarily related to orders in the Solar segment.

Trade receivables amounted to EUR 1.2 million as of the reporting date, down EUR 4.1 million year on year due to reporting date factors.

Trade receivables amounted to EUR 1.2 million as of the reporting date, down EUR 4.1 million year on year due to reporting date factors.

Cash and cash equivalents were down sharply during the fiscal year in connection with operating activities. However, this was offset by the capital increase, which resulted in a EUR 10.2 million inflow. As a result, cash and cash equivalents amounted to EUR 31.1 million at the end of the fiscal year 2017, down slightly year on year (previous year: EUR 33.4 million). Of this figure, a total of EUR 8.7 million is held in blocked accounts as collateral deposits (previous year: EUR 21.0 million). At the end of the reporting year, available liquid funds were thus above the comparable prior-year figure.

Equity fell by EUR 19.5 million in the year under review. As a result, SINGULUS TECHNOLOGIES AG reported equity of EUR 0.9 million as of the end of the reporting period (previous year: EUR 20.4 million). The equity ratio was 1.3 % (previous year: 25.6 %). Further details can be found in the section on Group equity.

Debt amounted to EUR 68.3 million as of December 31, 2017 (previous year: EUR 59.3 million).

Provisions decreased by a total of EUR 0.3 million to EUR 23.3 million as of the reporting date (previous year: EUR 23.6 million). Other provisions totaled EUR 12.9 million as of December 31, 2017 (previous year: EUR 13.9 million). These primarily include personnel provisions (EUR 4.5 million), provisions for expected losses connected with the underutilization of production capacities (EUR 2.3 million), provisions for follow-up costs (EUR 1.8 million) and provisions for outstanding invoices (EUR 1.6 million).

Liabilities of EUR 45.1 million as of December 31, 2017, were significantly above the previous year (EUR 35.7 million). Bond liabilities remained unchanged at EUR 12.0 million. Trade payables increased from EUR 2.6 million in the previous year to EUR 7.4 million as of December 31, 2017, due to reporting date factors.

In addition, other liabilities from financing agreements amounted to EUR 10.1 million. EUR 6.1 million of that amount resulted from lease liabilities for the office and production property at its headquarters (previous year: EUR 7.2 million reported under other liabilities) and liabilities from loans amounting to EUR 4.0 million.

SINGULUS TECHNOLOGIES AG's forecast for fiscal years 2018 and 2019
In the current fiscal year 2018, a series of equipment delivered in the previous year 2017 will affect revenue under commercial law in accordance with HGB pending final acceptance of orders in this year. Among other things, this concerns the production equipment that was delivered as part of the major order from CNBM for the site in Bengbu and which is currently being commissioned. Furthermore, we also expect systems to be assembled and commissioned for other customers for CIGS technology at the sites of the respective customers. Overall, the Company thus forecasts significant growth in revenue

compared to the previous year within the Solar segment. We expect a slight year-on-year decrease in sales in the Optical Disc segment. Revenue is expected to roughly double in this segment. For the Semiconductor segment, the Company also expects revenues to approximately double, however at a much lower level. Overall, following low revenue in the previous year, we forecast that revenue of SINGULUS TECHNOLOGIES AG will almost double under HGB in fiscal year 2018. Earnings before taxes are expected to be positive in the mid-single-digit million range. In 2019, we once again anticipate a significant increase in revenue as against 2018 as a result of the final acceptance of major projects in the Solar segment. The Company also expects earnings before taxes to once again improve considerably in 2019 compared to 2018.

The low realization of revenue in accordance with the provisions of HGB resulted in a lack of the related contribution to earnings for covering the Company's ongoing operating expenses in the 2017 fiscal year. This ultimately resulted in losses amounting to EUR 16.7 million as of August 31, 2017, consuming over half of the registered equity. On September 21, 2017, the Executive Board then provided immediate notification of the erosion of over half of the Company's share capital in accordance with § 92 (1) AktG and invited the shareholders to an extraordinary general meeting on November 29, 2017.

Under a real estate lease concluded on September 24, 1999 and supplemented on December 27, 2004, the Company leased the office building and production hall in Kahl am Main. The lease began on July 1, 2000 and ends on June 30, 2018. The annual lease payment is EUR 1.5 million. The Company is currently in negotiations to renew the lease at the Kahl am Main location for a further five years at comparable conditions. The Executive Board anticipates that an agreement will be signed shortly.

The Company's equity was improved by means of a capital increase on December 6, 2017. In addition, the Executive Board expects a further increase in equity over the course of the year, particularly as a result of the acceptance of the equipment delivered to CNBM and another planned development of other business activities. If the business activities do not develop as expected in 2018, however, this could result in equity exceeding or falling below the 50 % threshold of share capital on multiple occasions due to the cyclical nature of the Company's project business in connection with the principles of HGB according to which, for projects extending over longer periods of time, revenues are only fully recognized upon final acceptance of the production equipment. The Executive Board already made the shareholders aware of this in the extraordinary general meeting held on November 29, 2017 and explained in this context that it would refrain from issuing another notification in accordance with § 92 (1) AktG and convening of the general assembly should the equity once again fall below 50 % of the share capital due to such circumstances.

REPORT ON EXPECTED DEVELOPMENTS

Macroeconomic environment

According to the forecast by the International Monetary Fund (IMF), Washington D.C., USA, the economic upswing is expected to continue, and corporate profits will continue to grow. In 2018, the IMF revised its forecast for global economic growth upward to 3.9 %. According to the IMF, the remarkable aspect of this upswing is that it is extraordinarily broad based, including almost all of the regions in the world. Accordingly, both corporate and consumer confidence indices around the world will largely reflect expansionary levels, some even setting new records. Benefiting from this are particularly the heavily export-oriented industries, therefore including many German and European businesses. Emerging markets will also participate in the growth and the accompanying increase in commodities prices. Following the its party congress, China is also expected to remain stable due to its strong export orientation.

Despite these favorable developments, inflation rates are not expected to climb and should remain well below the 2 % level. The European Central Bank (ECB) is therefore expected to continue to pursue its expansionary monetary policy at least through September 2018. An interest rate hike is thus not expected to be considered before 2019.

In the US, the corporate tax reform which finally passed shortly before the end of the year provided an additional boost to the stock market. Some companies have already announced their intent to use a portion of their tax savings on larger capital investments. In contrast, the impending spiral of mutual punitive tariffs could have a negative impact.

Industry-specific expectations and outlook for fiscal 2018

Solar segment – photovoltaics drive energy production costs further down

In tenders for new photovoltaic power plants in Germany, the rates have fallen to below the threshold of 4.00 eurocents per kilowatt hour for the first time. This further increases the appeal of photovoltaic systems compared to other sources of energy. In many countries, photovoltaics is able to compete with conventional energy sources and, at a price of 4.33 eurocents per kilowatt hour, that also holds true in Germany.

In 2018, in a tender for long-term electricity supply from photovoltaic power plants in Saudi Arabia, an offer of 1.517 eurocents per kilowatt hour (converted to euros) was registered. Another seven out of eight offers submitted came in at below 2.5 eurocents per kilowatt hour.

According to a study unveiled at the COP23 climate summit in 2017, achieving an electricity supply based purely on renewable energies, such as photovoltaics and wind power, by 2050 is a viable prospect. Due to cost reductions, photovoltaics combined with storage solutions are the most important pillars of such a 100 % renewable system.

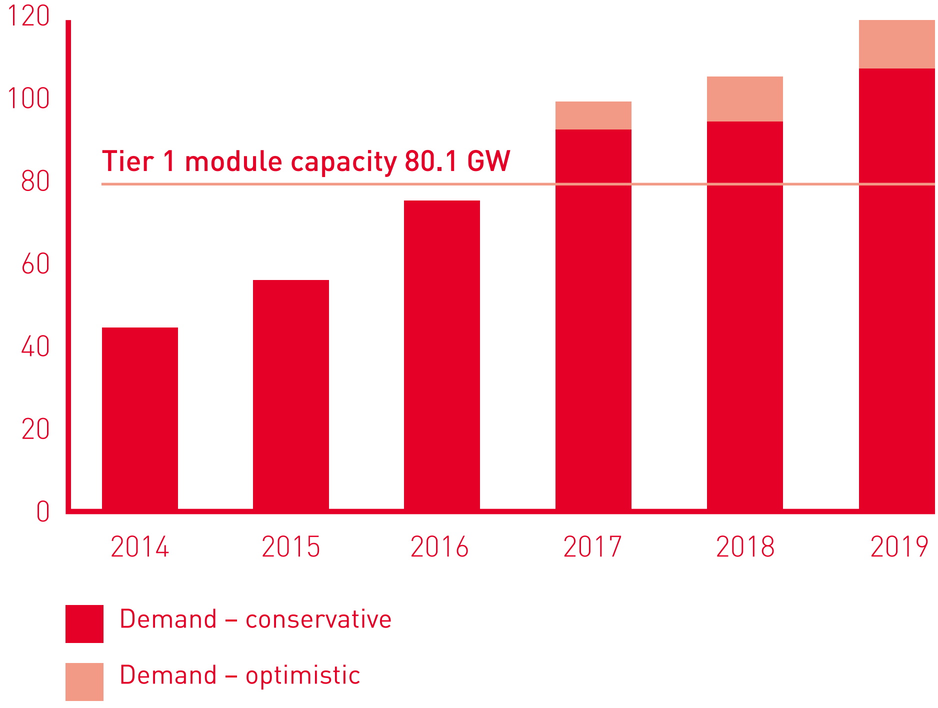
According to another publication presented at the COP23 climate conference, the global energy requirements of 24,310 terawatt hours (TWh) in 2015 will increase to around 48,800 TWh by 2050. A share of around 69 % is expected for photovoltaics. Accordingly, battery storage technology is considered to be a key technology for photovoltaics.

Demand for photovoltaics continues to grow

The market research firm IHS Markit forecasts another record year for solar energy in 2018 and estimates that another 108 GW of photovoltaic capacity will be added by the end of 2018. Analysts say that the sustained demand from China will be the key to this growth, as the country has succeeded in diversifying its market and has targeted strong growth in the area of decentralized generation. Last year, China already exceeded all expectations. Although the final data is not yet available, new installations should amount to over 54 GW in 2017.

Bloomberg New Energy Finance (BNEF) predicted similar installation figures for the global total market. According to their forecast, global photovoltaics installations will reach at least 107 GW in 2018. The BNEF forecast shows China again dominating the trend by adding capacity of between 47 and 65 GW in 2018. Furthermore, regions such as Latin America, the Middle East and Africa make up a measurable share of the total volume.

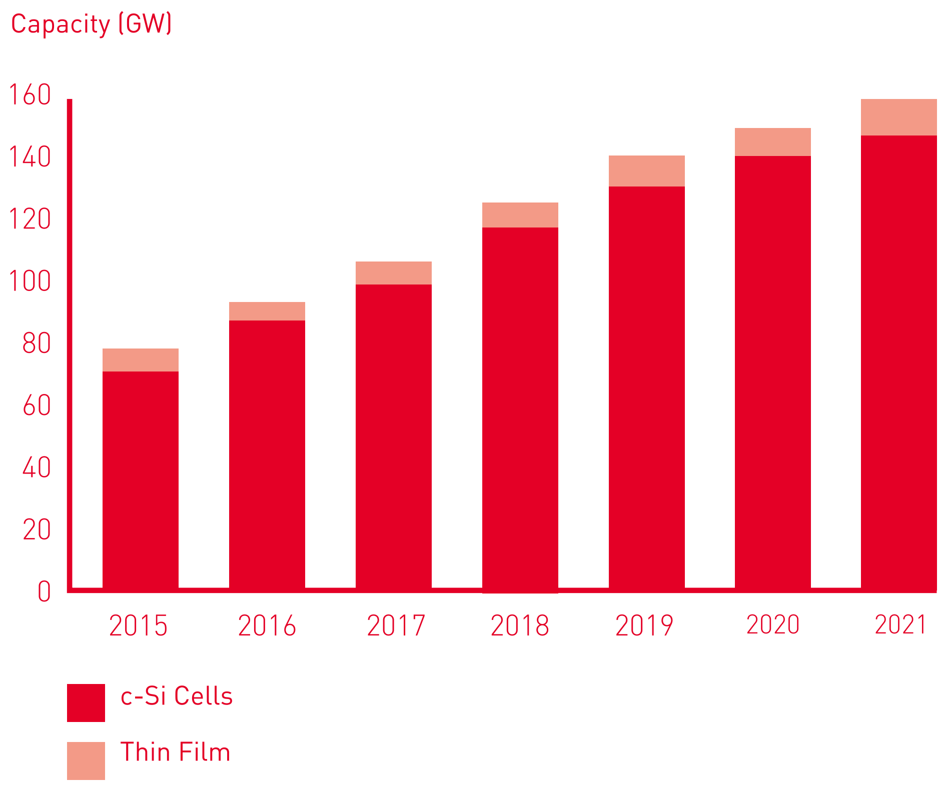
Global PV build (GW)



Global PV build, 2012-2016 an forecast to 2019
Source: Bloomberg New Energy Finance, 2017

Photovoltaics trends specific to SINGULUS TECHNOLOGIES
The conditions continue to support continuous growth in the photovoltaics area. According to a study published by IHS Markit in January 2018, the available production capacity for solar cells (crystalline and thin-film) of approximately 99.7 GW in 2017 should increase to over 117 GW in 2018.

Surface engineering and deposition are becoming more and more important in order to achieve the ever-increasing efficiency of the modern cell designs. This is true in the case of thin-film deposition technology (CIGS, CdTe) as well as for crystalline cell designs (amongst other HJT). The SINGULUS TECHNOLOGIES systems are thus positioned in a technical field that is essential in defining the competitive advantages of our customers. SINGULUS TECHNOLOGIES views the submarkets of CIGS and HJT as having particularly strong potential. Implementing this potential, however, is closely linked to realization of the targets for the local energy market set by the Chinese government. And here, the state-owned company CNBM in China plays a key role. To meet the energy targets, it has since begun building four plants for manufacturing CIGS solar modules. All sites are to begin with a production capacity of 300 MW in the first level of completion and, according to CNBM, each be expanded to a total capacity of 1,500 MW (1.5 GW) respectively in the years to come. Our systems represent the most essential component for the entire manufacturing process.



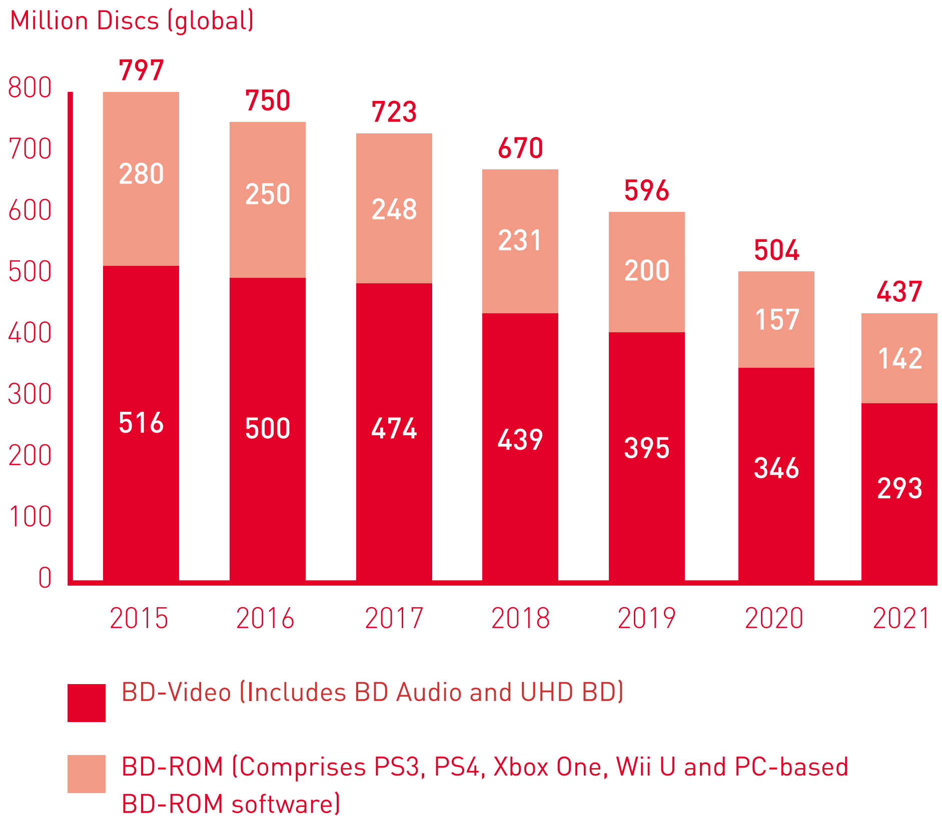
Total capacity forecast
c-Si cell and thin film
Source: IHS Markit 2018
Notes: Total installed capacity

In the field of crystalline technology for HJT cells, SINGULUS TECHNOLOGIES continues to show strong performance with its wet-chemical processing systems and new developments in vacuum coating. The cooperation entered into in the previous year give reason to anticipate a positive trend in the years to come.

The Solar segment should perform much better with respect to its financial KPIs than in previous years in 2018. However, this assumes that the orders already placed by CNBM are executed on schedule as expected for 2018. In particular, the Company anticipates the receipt as planned of further prepayments by CNBM for the expansion of the site in Bengbu and for the production equipment ordered for the site in the city of Meishan. A significant increase in revenue is anticipated for the Solar segment in fiscal year 2018 compared to 2017. The operating result (EBIT) is expected to improve significantly compared with the previous year and close the year in the mid-single-digit million range.

Optical Disc segment – The market for physical media is in decline

With the further expansion and access to broadband networks, consumer behavior in the entertainment industry has changed radically over the past few years. The trend toward accessing movies and TV series available online or via cable or satellite TV, remains strong. Demand for the enhanced quality of media



Projected Blu-ray Disc (BD) production
Sourde: Futuresource Consulting Ltd 2017

such as Ultra HD Blu-ray in terms of sound and image is weak, and these factors remain irrelevant in the consumer's purchase decision.

In its study for 2018, British market research firm Futuresource Consulting expects worldwide production of standard Blu-ray discs to drop from 723 million discs in 2017 to 670 million discs in 2018. The study forecasts that production of Ultra Blu-ray discs will show the opposite trend, increasing from 17 million discs in 2017 to 24 million discs in 2018. However, SINGULUS TECHNOLOGIES currently sees little willingness among disc manufacturers to invest in new BLULINE III system technology for Ultra HD Blu-ray discs. The Company believes that the market for BLULINE III will remain a niche market. Therefore, order intake for production equipment is expected to remain low in this segment in the years to come. Despite the large volume of systems installed around the world, the service and replacement parts business in this segment is declining slightly. Overall, the Executive Board's planning for 2018 assumes revenue to fall slightly compared to the previous year. Business activities are still expected to generate a positive contribution margin. Due to the cost savings already realized, the operating result (EBIT) is expected to improve somewhat compared with the previous year and to reach break-even.

Semiconductor segment – market expectations unchanged

SEMI (Semiconductor Equipment and Materials International, Milpitas, USA) expects investment volume for all semiconductor production systems to increase to a total of USD 63.0 billion in the current fiscal year.

Market expectations for the original target technology MRAM are unchanged. To date, MRAM memory chips have only been used in small quantities for specific areas of application. In the future, MRAM memory chips are expected to be used in various product segments such as robotics, automotive, aerospace, and medicine. They not managed to achieve widespread use in the chip industry.

The Company is currently focusing its systems family on new potential applications relating to vacuum deposition, such as in the area of sensor technology and for voltage regulation at the level of the central processing unit (CPU). The system types developed by SINGULUS TECHNOLOGIES are absolutely competitive in these niche markets, and the Company sees strong opportunities to prevail against the large American and Asian competitors in these niches. Based on the system designs developed in the past, we consider this area to offer strong potential for the future and an opportunity for SINGULUS TECHNOLOGIES to diversify its revenue.

We expect slight revenue growth in this segment in fiscal year 2018 compared with the low level seen in 2017. Despite positive contribution margins, the operating result (EBIT) for this segment is expected to be slightly negative.

New fields of activity

In 2018, SINGULUS TECHNOLOGIES will continue to work intensively on launching its processes and systems in new market areas. Vacuum deposition equipment for surface improvement are one focal point. Vacuum coating technology differs significantly from traditional coating processes, offering all of the prerequisites to design traditional product refinement of plastic, glass and metal components to be more resource-efficient. The concept can be utilized for coating two- and three-dimensional components in a variety of different shapes in the packaging industry, the cosmetics industry, for household appliances, entertainment electronics, interior and exterior components in automobiles, and for the lighting industry, among other things.

In general, the Company is witnessing a growing interest in new, environmentally-friendly and cost-effective surface improvement solutions in this market. The orders placed in the 2017 fiscal year will result in higher revenue compared to 2017 and also have a positive impact on the operating result. The Company expects further orders for the products in 2018.

The order placed in early November 2017 for EUR 10 million for the sale of processing equipment used to process contact lenses will result in the first revenue in the medical technology field in 2018 and will also have a positive impact on the operating result. The Company expects further orders for the products in 2018.

The medical sector is one of the most important growth markets of the future, driven not least by factors such as demographic change, more and more medical innovations, the establishment of healthcare systems in emerging markets and the increase in lifestyle-related diseases. One study of the German Federal Ministry of Economics and Technology (Bundesministerium für Wirtschaft und Technologie, or BMWi) concludes that health is an international growth market. The Organization for Economic Cooperation and Development (OECD) anticipates that spending on health and long-term care in the OECD countries will double in the period from 2010 to 2035, and quadruple by 2060. According to the OECD study, health spending as a share of the gross domestic product is expected to grow from around 6.2 % in 2010 to approximately 9.5 % in 2060.

After the successful market entry in 2017 and the start with the first order which will mainly be filled in 2018, SINGULUS TECHNOLOGIES expects to receive further orders for the existing system design over the course of 2018. This field of activity is thus already contributing to the Group's revenue and earnings in 2018.

Because the business activities in the area of consumer goods are categorized to the Optical Disc segment and those in the area of medical technology are categorized to the Solar segment, the corresponding forecasts reflect the planned figures.

Outlook for fiscal years 2018 and 2019

Based on current projections, SINGULUS TECHNOLOGIES expects another significant increase in revenue in the current year under IFRSs as compared to in 2017. Revenue of the Group is expected to grow significantly and be in the low three-digit million range. EBIT is expected to close the fiscal year 2018 in the mid-single-digit million range. The main revenue and earnings impetus is expected to come from the Solar segment and, in particular, from a small number of major project orders for investments in production lines for thin-film solar modules based on CIGS technology.

The basis for this is the planned progress of contracted projects, particularly the receipt as planned of further prepayments by our customer CNBM for the expansion of the site in Bengbu and for the production equipment for the site in the city of Meishan. The Executive Board considers this highly likely. Furthermore, cash deposits for the guarantees are expected to be reduced.

For fiscal year 2018, it is expected that the majority of revenue will be attributable to the Solar segment, at around 75 % of revenue, and around 15 % to the Optical Disc segment. The Semiconductor segment will account for a share of approximately 10 %. The revenue generated in the new fields of activity in fiscal year 2018 will be reported under Optical Disc (for decorative coatings) and under Solar (for medical technology).

For 2019, the Company assumes that revenue will once again increase compared to the previous year; accordingly, the operating result (EBIT) should also increase to the mid-single-digit million range. This performance is based on the assumption of further growth in the solar markets, particularly in the area of CIGS. The new fields of activity, decorative coatings and medical technology should continue to make a material contribution to revenue and earnings. The Company's expectations for the 2019 fiscal year are based on the realization of the planned order intake and receipt of the prepayments associated with these orders, particularly in the area of CIGS projects, in order to guarantee sufficient liquidity.

Should, contrary to expectations, these projects not proceed as planned and the Company does not have access to alternative financing options, this could result in material adverse effects on the Company's net assets, financial position, and results of operations including even jeopardizing the continued existence of the Company.

The outlook for fiscal year 2018 forming part of the annual financial statements in accordance with the HGB can be found in the section entitled "Annual financial statements in accordance with the HGB" on page 68 of this management report.

RISK REPORT

The following disclosures apply to both parent company SINGULUS TECHNOLOGIES AG and to the SINGULUS TECHNOLOGIES Group. The parent company plays a key role in our risk and opportunity management.

Objectives and principles of risk management

For SINGULUS TECHNOLOGIES, efficient and forward-looking risk management is a crucial and value-creating task. Risk management is a core business function and has a decisive impact on the success of our business activities.

Specifically, risk management supports the achievement of our corporate objectives by providing transparency about the Company's risk situation as the basis for risk-conscious decisions, by identifying potential risks to the Company's net assets, financial position, and results of operations, and by prioritizing the risks and necessary actions. In addition, risk management ensures the targeted management of risks through implementing and monitoring the appropriate measures. Furthermore, it aims to limit risks to an acceptable level and to optimize risk costs.

Risk management helps increase enterprise value, is aligned with the interests of investors and stakeholders, and serves to ensure regulatory compliance.

Risk management at SINGULUS TECHNOLOGIES is based on the following principles:

- Risk management is primarily ensured by the operating segments as part of their management tasks;
- Risk management cannot be limited to financial risks, but must cover all risks associated with the Company's business activities;
- Risk management must constitute an integral part of the business processes;
- The prerequisite for effective risk management is the clear and coherent allocation of tasks and responsibilities, and a systematic risk management process;
- Support and active involvement from management;
- The efficiency and reliability of the risk management system must be monitored on an ongoing basis and adjusted where necessary;
- The risk management system must be appropriately documented, and the risk management principles and guidelines must be determined in writing and communicated to the respective functions;
- Opportunities are not part of risk management.

In particular, risk management is aimed at making the following contributions:

- To improve risk awareness and transparency;
- To identify, appropriately manage, and monitor all material risks;
- To highlight risk accumulations;
- To provide reliable management information about the Company's risk situation.

Risk management organization

Risk management is integrated into SINGULUS TECHNOLOGIES' existing organization. It does not constitute an independent structure. The risk management organization at SINGULUS TECHNOLOGIES is the responsibility of the heads of the respective departments, who are supported by the risk manager and the Chief Financial Officer. The Chief Financial Officer agrees all activities connected with risk management at SINGULUS TECHNOLOGIES with the Chief Executive Officer.

In order to identify risks, risk development is reflected once per year in the corporate planning, and new risks arising from the Company's perspective for the business development of all SINGULUS TECHNOLOGIES production companies and sales subsidiaries are discussed. Risks are reported directly at parent company level due to the weak independence of the sales subsidiaries. The respective managing directors or departmental heads are responsible for subsequently formulating and implementing risk management measures. The Finance and Controlling departments support the heads of the departments in carrying out the individual stages of the risk management process. The risk manager is responsible for the Company's methods and guidelines, and coordinates risk reporting within the SINGULUS TECHNOLOGIES Group.

The Executive Board has overall responsibility for the implementation of a suitable and efficient risk management system to ensure the timely identification and management of situations capable of jeopardizing the continued existence of the Company.

The risk management organization of SINGULUS TECHNOLOGIES AG:

The risk management process in the SINGULUS TECHNOLOGIES Group

Overall, the risk management system is a continuous process in accordance with the business risk management process:

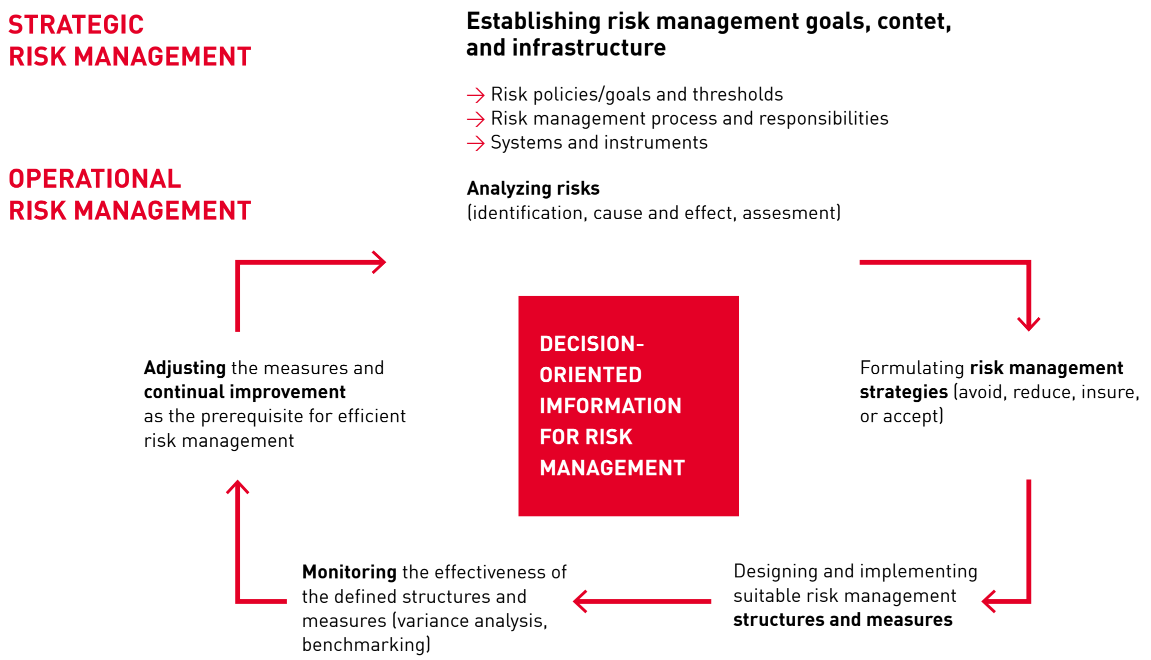
Stage 1: Establishment of goals, content, and infrastructure

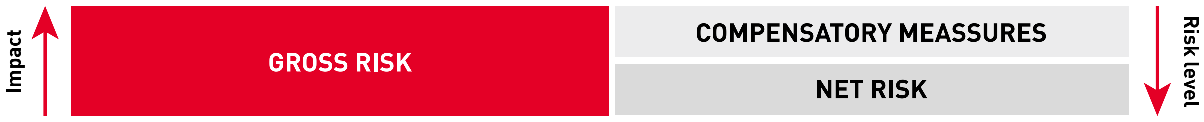
The alignment of the risk policy (including goals and thresholds), the risk management processes, and the definition of the relevant systems and instruments form the basis for the strategic risk management process. The original definitions must subsequently be expanded or modified as part of a long-term control cycle.

Stage 2: Risk analysis

In a second step, risks are initially identified and documented, after which they are analyzed from a wide variety of perspectives and finally assessed, if possible. A theoretical risk portfolio is used to ensure a complete risk inventory. Analysis and updates are performed as part of the annual planning. Risk reporting on the development of material risks is carried out on a quarterly basis.

Risks are assessed using an ordinal scale. Gross loss is assessed. This assessment is repeated on a quarterly basis.





Gross loss is defined as the negative earnings impact on EBIT for the Group. The probability of occurrence is the subjective estimate of the probability of occurrence for the current fiscal year. Specifically, the probability is classified as low, medium, or high. The assessments are "gross" in each case, i.e., the existing controls and measures are not taken into consideration. The relevance indicators used to categorize gross risk are defined in the table below. The assumptions are derived from the specific maximum loss values (relative to Group equity) taken from long-term historical observations. In addition, the short- and medium-term liquidity risk is monitored on an ongoing basis. Please refer to the report on expected developments for the current assessment.

Relevance	Characteristics	Maximum loss value	
		from	to
1	Insignificant risks that do not have a material impact on EBIT or enterprise value.	EUR 0	EUR 0.5 million
2	Medium risks that have a noticeable impact on EBIT.	EUR 0.5 million	EUR 2.5 million
3	Significant risks that have a considerable impact on EBIT or lead to a noticeable reduction in enterprise value.	EUR 2.5 million	EUR 10 million
4	Serious risks that lead to negative EBIT and a substantial reduction in enterprise value.	EUR 10 million	EUR 20 million
5	Risks jeopardizing the Company's continued existence, with a material likelihood of threatening the existence of the Company as a going concern.	> EUR 20 million	

The probability of occurrence is subsequently estimated for each individual risk (classification as high, medium, or low).

Stage 3: Formulation of the risk management strategy

Specific measures and indicators can be derived on the basis of risk management strategies. These strategies are defined with respect to the Company's overall strategy and risk preference. In principle, management has the following alternatives at its disposal to manage risk:

- **Avoid risks**
  Risk avoidance leads to a complete elimination of the risk, e.g., through withdrawing from a risky or unprofitable business.
- **Reduce risks**
  Risk reduction aims to limit the probability of occurrence and/or the impact on EBIT or corporate objectives to an acceptable level, e.g., through improving early risk identification and implementing countermeasures.
- **Transfer (insure) risks**
  Coverage transfers a potential loss to a third party, e.g., via the corresponding insurance protection.
- **Assume (accept) risks**
  When risks are accepted, the direct form of risk financing by SINGULUS TECHNOLOGIES is described, e.g., financial coverage through recognizing provisions. Risk development is monitored by the corresponding employees, without specific risk management measures being introduced.

Stage 4: Design and implementation of suitable structures and measures

The necessary structures and measures are subsequently derived and implemented on the basis of the risk management strategy previously formulated.

Stage 5: Monitoring of effectiveness

The measures implemented must be regularly monitored and reviewed for effectiveness. Compliance with statutory documentation requirements must also be ensured.

Stage 6: Adaptation of measures and continuous improvement process

The changing environment means that risk management must be understood as a continuous process. For this reason, it is inevitable that the risk management process is continuously adapted to external and internal developments. Intensive knowledge management remains necessary to enable this. The departure point in the SINGULUS TECHNOLOGIES risk management process is the corporate strategy, which provides the basis for defining and communicating business goals.

The risk management system is reviewed by impartial individuals, i.e., by people who are not directly involved in managing risk. The following basic review requirements apply:

→ **Supervisory Board**
The Supervisory Board is responsible for reviewing the effectiveness of risk management. The Executive Board reports to the Supervisory Board on the current status of risk management at least once per year.

→ **Audit**
The audit of the annual financial statements in accordance with § 317 (4) HGB includes an assessment of whether the Executive Board has suitably implemented the measures for which it is responsible in accordance with § 91 (2) AktG, and whether the monitoring system that must subsequently be established is adequate for the early detection of developments posing a risk to the Company's continued existence.

In summary, the following relevance indicators and probabilities of occurrence in the reporting year result for the individual material risk groups identified compared to the previous year:

	2017		2016	
	Relevance*	Probability of occurrence	Relevance*	Probability of occurrence
Sales market risk in Solar segment	● ● ● ●	medium	● ● ● ● ●	medium
Project risks	● ● ● ● ●	medium	● ● ● ● ●	medium
Technological risks	● ● ●	medium	● ● ●	medium
Financial risks	● ● ● ● ●	medium	● ● ● ● ●	low
Procurement market risks	● ● ●	medium	● ● ●	low

* Measured using relevance indicators from 1 through 5

The following sections provide an explanation of those risk areas or individual risks from among the overall risks identified for the Group that from today's perspective have a material impact on the net assets, financial position, and results of operations of SINGULUS TECHNOLOGIES AG and of the Group, and that can lead to negative deviations from targets.

Sales market risk

Risk description:
SINGULUS TECHNOLOGIES is dependent on the willingness of its global customers to invest in new production systems for solar cells, optical media, and semiconductors.

To a large extent, developments in the market for photovoltaic systems in recent years have relied on the regulatory environment and global subsidiaries for investments in photovoltaic systems. Although reliance on the cost effectiveness of photovoltaic systems is increasingly being reduced due to the decrease in system costs, the future global market for these systems will remain dependent on the continuation of state subsidies for investments in photovoltaics. This trend is particularly visible in the principal markets of China and the USA.

If the appeal of photovoltaics loses ground to other means of renewable energy generation in the future, or if these other technologies develop more favorably than photovoltaics due to technical, economic, regulatory, or other reasons, investments in photovoltaics could cease, reduce, or at least fall significantly short of the levels forecast by SINGULUS TECHNOLOGIES.

In addition, competition may continue to increase as a result of future business combinations or partnerships between individual competitors or the market entry of additional competitors. Growing competition may also lead to lower prices for the Company's production systems or even to a significant loss of market share.

In the Solar segment, the Company currently conducts its business with a small number of major customers. This particularly the case in view of the major order and future business relationships with the state-owned company CNBM in China. There is a risk that major customers noticeably reduce or terminate the business relationship with the Company. In such a case, it is unlikely that the Customer will be able to compensate for the lost business volumes with new customers in the short or medium term.

In addition, the Chinese market harbors significant political risk if the Chinese government realigns or adjusts its energy policy, shifts its subsidy policy for new production methods in the solar area to focus on technologies other than CIGS or HJT, or even only if it does not implement the expansion of its production capacities in the currently stated scope.

Impact:
Due to the improved order situation at the end of the fiscal year, the market risk in the Solar segment is classified as relevance indicator 4 (previous year: 5) as well as an unchanged medium probability of occurrence. As a consequence, this risk is classified as serious and could substantially reduce enterprise value. Management expects significant growth rates in the Solar segment in the years to come, and this division should provide the largest contribution to revenue and earnings in the future, also considering that the entry into new business areas. It is highly dependent on CNBM in particular and its continued demand for CIGS production equipment. Most of the order backlog is already currently destined for the Chinese market. If the order intake in this area remains below the assumed levels in the fiscal years to come, this would have a significant negative impact on the net assets, financial position, and results of operations. If the expansion of renewable energies were given a lower priority by the Chinese government and as a result, the expansion of solar parks were to decline significantly over the coming years, this would have a material effect on the investment appetite of Chinese customers and thus on the Company's most important sales market.

Due to the hesitant introduction of the new UHD standard, our customers have once again delayed their planned capital investments in the Optical Disc segment. From today's perspective, market risk is classified as a significant risk with a relevance indicator of 2 (previous year: 3) and medium probability of occurrence (previous year: medium); this is due to the ongoing changes in consumer behavior and the associated further decrease in the importance of this segment.

The Semiconductor segment continues to be viewed as immaterial due to the low volumes with regard to possible revenue.

Measures:
External data such as the results of market research, as well as close contact with our customers and monthly comparisons of actual and planned figures, help to improve our estimates of future trends.

Project risk

Risk description:
We define project risk as relating to orders for non-standardized systems with a purchase price generally exceeding EUR 3 million. This affects the Solar and Semiconductor segments. Specifically, the risks relate to budget and project schedule overruns, non-compliance with acceptance criteria, as well as contract cancellations, the associated non-acceptance of systems, and the resulting contractual risks.

Impact:
If risks materialize in connection with project processing, these could have a considerable adverse impact on the Company's business activities, especially with regard to larger projects. In particular, the risk of budget overruns is assessed as material. Particularly the planned processing of the project with the major customer CNBM for the delivery of production systems for manufacturing CIGS solar modules is of great importance to the continued existence of the Company. The associated orders are key to the Company's strategy and confirm its leading position in the area of CIGS solar technology. The materialization of project risks within these activities would lead to significant negative effects on the net assets, financial position, and results of operations of the Company. If these projects were to fail in whole or in part, or the planned profit not sufficiently realized, this could have significant negative effects on the net assets, financial position, and results of operations, even to the extent of jeopardizing the continued existence of the Company. Accordingly, we continue to classify the project risks as relevance indicator 5 (previous year: 5). As in the previous year, the probability of occurrence was classified as medium.

Measures:
Project calculations, project schedules, and project-specific risk assessments and liquidity planning are carried out at the proposal phase for the purposes of risk management. Changes in parameters are monitored on an ongoing basis in parallel to project progress with the aim of identifying potential project risks and implementing the necessary measures at an early stage. Prepayments and part-payments on completion of project milestones are routinely agreed to reduce the risk of cancellation. However, it cannot be ruled out that customers will cancel orders before making prepayments or the relevant part-payments following project milestones. If SINGULUS TECHNOLOGIES has already provided up-front services and incurred expenses in connection with order processing, the ability to enforce these claims against the customer would in some circumstances be uncertain.

Financial risk

Risk description:
The SINGULUS TECHNOLOGIES Group is exposed to financial risk, primarily with regard to liquidity risk. It is also exposed to credit risk in relation to receivables from customers. The Solar business may require additional financing arrangements depending on project-specific requirements. In particular, prepayments made by customers must frequently be secured by guarantees. For this purpose, the Company must deposit a large amount of cash with the guarantors as collateral. This collateral is not available to the Company to finance working capital and, depending on the progress of the project, could lead to liquidity squeezes.

The payment history of customers, particularly of CNBM, is of great significance for the ongoing liquidity position and the future improvement of the Company's credit rating. If the inflows of liquidity related to the CNBM projects should fail to occur or be delayed for a longer period of time, this would under certain circumstances lead to significant negative effects on the net assets, financial position, and results of operations in the course of the 2018 and the 2019 fiscal years, even to the extent of jeopardizing the continued existence of the Company.

Impact:
As in the previous year, we currently classify liquidity risk as relevance indicator 5 (previous year: 5), and credit risk remains at relevance indicator 3 (previous year: 3). Despite the successful implementation of a cash capital increase in December 2017 and an ongoing improved order situation, we no longer classify the probability of occurrence for liquidity risk as low, but now consider it to be medium. In particular, coverage of guarantees must be restructured in order to reduce the cash deposit for the project in Bengbu and further prepayments by the customer CNBM received as planned. Material delays in payment within these projects could not be compensated for.

The financing commitments from banks and insurers will need to be significantly increased to fund the required guarantee lines in the upcoming fiscal year so that the additional new orders underlying the positive business trend can be appropriately financed. The liquidity risk of the Company can only be reduced given sufficient availability of cash and cash equivalents from customer prepayments.

As in the prior year, we assess the probability of occurrence for credit risk as low.

Measures:
A liquidity reserve in the form of cash and credit lines will be maintained to safeguard the SINGULUS TECHNOLOGIES Group's solvency and financial flexibility at all times. Liquidity plans will be regularly drafted and compared with actual developments to ensure the early detection of liquidity risks. The Company is currently negotiating new guarantees with significantly reduced collateral. In connection with the expansion of the Bengbu site through the addition of five CISARIS systems, the Company extended guarantee lines for EUR 12.0 million in January 2018. These were fully backed by cash and cash equivalents. The Company is currently in negotiations to restructure the coverage of the guarantee lines extended. Under this, the Company would receive cash and cash equivalents in the amount of up to EUR 12.0 million as a result of the reduction of the cash deposit. In November 2017, the Company also extended a loan with a volume of EUR 4.0 million until November 2018 in order to further secure liquidity.

The receivables portfolios of the individual SINGULUS TECHNOLOGIES Group companies are reviewed at short intervals to analyze credit risk. We use export credit insurance as the primary instrument to hedge against credit risk relating to foreign customers. Customers' creditworthiness and payment history are continually monitored and corresponding credit limits are set. In addition, risks in individual cases are limited where possible through credit insurance and bank guarantees.

Please also refer to the risk of erosion of half the share capital of SINGULUS TECHNOLOGIES AG in the forecast contained in the management report to the annual financial statements in accordance with HGB.

Technology risk

Risk description:
The SINGULUS TECHNOLOGIES Group operates in highly competitive markets. If product refinements or new product developments produce undesirable results, this could lead to significant costs.

Impact:
As in the previous year, we currently classify the risk of undesirable or delayed development as relevance indicator 3 with a medium probability of occurrence.

Measures:
Analysis of market requirements is a key aspect in reviewing development risk. We reduce the risk of undesirable or delayed development through cooperating with partners and research institutes, as well as via a continuous evaluation process in which the efficiency, chances of success, and general framework of development projects are continuously reviewed. Monitoring the planning of the various development projects is a key part of this process. The necessary impairment write-downs are recognized for capitalized development costs that are considered to be impaired. Analyzing, unlocking, and exploiting chances for success to safeguard and expand the Company's competitiveness also constitute key aspects of strategic planning.

Procurement risk

Risk description:
The availability, unplanned price increases, and inadequate quality of purchased components constitute a risk for SINGULUS TECHNOLOGIES. High inventory levels present a further risk.

Impact:
In light of the high inventory levels, we currently classify inventory risk as relevance indicator 3 (previous year: 3) as in the previous year and continue to consider this to be a low probability of occurrence (previous year: low). From our current perspective, we assume sufficient coverage of the inventory risk. At the end of the fiscal year, we classify the risk in regard to the availability, quality, and price increases of purchased components as relevance factor 3 (previous year: 3), and we consider this to be a medium probability of occurrence (previous year: low). We do not expect any significant price increases in the short to medium term based on current contractual negotiations and analysis of market expectations. The average inventory backlog rate and the number of quality complaints were mostly within the target range throughout the entire fiscal year.

Measures:
Delivery capacity and compliance with our quality requirements for purchased components are subject to constant monitoring. Inventory management constitutes a further component of risk management. This includes reviewing the marketability of, and days inventory held (DIH) for, goods and purchased components, as well as analyzing their age structure. In order to avoid unplanned price increases, some of the contracts entered into with suppliers are long-term if this is deemed necessary for production planning purposes.

Compliance risks

Risk description:
As a company operating internationally, the SINGULUS TECHNOLOGIES Group is exposed to a wide range of legal, tax, and regulatory risks in addition to the operational and financial risks. In particular, these include risks associated with product liability, patent law, and company law. The outcomes of legal disputes and litigation can cause considerable damage to the Company's reputation and business or at least involve significant costs.

In addition, disregard for laws, regulatory requirements, and the guidelines aligned with these requirements could have serious negative impacts on the Company. These include, for instance, risks related to corruption and violations of export conditions.

Impact:
The outcomes of litigation is subject to uncertainties. As a result, judicial or regulatory decisions or settlements may lead to expenses that are either not or are not fully covered by insurance, and which could therefore have an impact on our business and the corresponding financial key performance indicators.

Within SINGULUS TECHNOLOGIES AG, a large share of the litigation risk is due to the action brought by Alster & Elbe Inkasso GmbH, Hamburg.

With regard to this action brought against the Company and five other defendants for a sum of EUR 750 million in compensation, the Karlsruhe regional court dismissed the action on July 26, 2017 in its entirety. The decision of the court confirms the Company's legal position as well as the information provided in the risk report as of December 31, 2016. Alster & Elbe withdrew its appeal against the first instance decision. The decision is therefore final. There is no longer a material legal risk to the Company.

We currently classify the effects of compliance violations as relevance indicator 3 (previous year: 5) with a low probability of occurrence.

Measures:
Legal risks are identified using a systematic approach and are managed with the assistance of external lawyers.

To prevent potential violations of the law, the SINGULUS TECHNOLOGIES Group has established a Group-wide Code of Conduct. This is intended to provide employees with specific rules of behavior for various situations. Individual employee training on individual questions about a variety of legal provisions represents yet another measure aimed at preventing compliance violations.

Key accounting features of the SINGULUS TECHNOLOGIES Group's internal control system and risk management system

The SINGULUS TECHNOLOGIES Group's internal control and risk management systems are integrated into one overall system. The internal control system comprises the principles, procedures and measures introduced throughout the Company by the management in order to implement the management's decisions throughout the organization. Specifically, this includes:

- Ensuring the effectiveness and profitability of the business activities
- Correctness and reliability of the internal and external accounting
- Compliance with the requirements applicable to the Company

The risk management system includes the entirety of all organizational regulations and measures developed to identify and manage risks arising out of operating activities. The following structures and processes relating to the (Group) accounting processes were implemented at the SINGULUS TECHNOLOGIES Group:

The overall responsibility for the internal control system with regard to the (Group) accounting processes rests with the Executive Board. All companies included in the consolidated financial statements are integrated under a clearly defined management and reporting organization. Under the (Group) accounting processes, features of the internal control and risk management system are classified as important if they materially influence the Group's accounting and the overall presentation of the consolidated financial statements, including the Group management report. This includes the following elements in particular:

- Identifying material risk areas and controls that influence the Group-wide accounting process
- Monitoring the Group-wide accounting process and the corresponding findings at the Executive Board level
- Preventative finance and accounting control measures at the Group and the subsidiaries included in the consolidated financial statements

In addition, the findings from the ongoing reporting process are used to further develop the internal control system.

REPORT ON OPPORTUNITIES

The opportunities of SINGULUS TECHNOLOGIES for further entrepreneurial development are discussed during regularly-held strategy meetings, analyzed in Executive Board and Supervisory Board meetings, and, if possible, identified in the annually prepared operating budgets. Opportunities for achieving profitable growth are identified as part of strategic planning. The Executive Board is directly responsible for identifying and realizing opportunities early on.

SINGULUS TECHNOLOGIES strategically aligned and further expanded its product portfolio in the Solar segment over the past few fiscal years. SINGULUS TECHNOLOGIES primarily addresses the global market for machinery and equipment for the production of solar cells In the CIGS field, SINGULUS TECHNOLOGIES has attained a leading position assumes a longer investment cycle for CIGS thin-film solar cells. The market position it holds offers numerous opportunities and options for the Company. The biggest customer in China, CNBM, has since started construction work on four domestic production sites for CIGS thin-film solar modules. The planned output volume for each factory at the end of the first phase of expansion is around 300 MW. The plan is to complete further expansion phases to increase the final output volume at each location to around 1,500 MW. The contracts already in place and the further expansion phases planned up to 1,500 MW present SINGULUS TECHNOLOGIES as a supplier of machinery with favorable growth opportunities. Discussions for equipping two additional sites represent further opportunities to increase order intake further in this segment. After successfully completing the ongoing contract negotiations, SINGULUS TECHNOLOGIES anticipates order to be awarded in each of these cases.

The Company sees good prospects for further orders in this area as other companies are planning to expand production of CIGS modules in China.

In the area of high-efficiency solar cells for heterojunction technologies, SINGULUS TECHNOLOGIES solidified its position in SILEX II process systems within the reporting period. Negotiations for further projects are ongoing with several customers. SINGULUS TECHNOLOGIES seeks to be able to offer the main production steps from a single source for high-efficiency crystalline solar cells as well. Additional production systems with vacuum coating technology should also be delivered. The joint venture with Golden Concord Holdings Limited (GCL) and China Intellectual Electric Power Technology Co., Ltd. (CIE) should facilitate and accelerate entry into the market for heterojunction technology in China. In China and numerous other countries, the introduction and expansion of local production facilities for solar cells and modules is being reviewed in detail. This opens up numerous opportunities for SINGULUS TECHNOLOGIES for new major projects in the areas of crystalline HJT and thin-film solar technology.

As demand for the new Ultra HD Blu-ray disc format has been weak to date, the introduction of the new Ultra HD Blu-ray disc format results in only minimal opportunities for using SINGULUS TECHNOLOGIES production equipment. The Company believes that this market will remain a niche market with low sales figures.

There is still no mass market for MRAM data storage devices in the Semiconductor segment. At present, SINGULUS TECHNOLOGIES is excellently positioned in numerous MRAM development projects, giving rise to sales opportunities for its vacuum coating machines if demand increases. New fields of application for extremely precise layer systems such as in sensor systems will also provide additional opportunities over the coming years.

To this extent, there are good opportunities for generating revenue and earnings contributions in new sales markets going forward, such as decorative coatings for consumer goods and wet-chemical processes. The successful start in the field of medical technology in the past fiscal year offers the Company the opportunity to find further buyers and to generate orders.

Summary of Opportunities and Risks

At the present time, the project and sales market risk for the Solar segment and the liquidity risk are still viewed as the Group's most significant risks.

If risks materialize in connection with project processing, especially with regard to the CNBM projects, this could have a have a considerable adverse impact on the Company's business activities. The occurrence of the promised prepayments and awarding of further major orders for the delivery of equipment for manufacturing CIGS solar modules is of great importance to the success and the continued existence of SINGULUS TECHNOLOGIES.

The Solar segment is expected to make the greatest contribution to revenue and earnings over the coming years. If the revenue in the years to come fails to materialize, this would materially affect the net assets, financial position, and results of operations of SINGULUS TECHNOLOGIES. Even in light of the development of new segments, the development of the solar market remains a decisive criterion for the Company's future performance. However, we currently expect the demand for machines and equipment used for manufacturing solar cells to increase further.

Following the successful capital increase at the end of the 2017 fiscal year and a significantly improved order situation, the Company's liquidity situation has improved. Receipt of payments as planned from the CNBM projects is necessary to secure ongoing liquidity. Partial failure in realizing these major projects would have significant negative effects on the net assets, financial position, and results of operations, even to the extent of jeopardizing the continued existence of the Company.

ENVIRONMENT AND SUSTAINABILITY

The value that SINGULUS TECHNOLOGIES AG places on the responsible and sustainable management of the Company is growing. The Executive Board and the Supervisory Board understand this to mean a responsible and sustainable approach to managing and controlling that is geared towards the long-term success of the Company. The objective of these principles of good corporate governance is to ensure that the Executive Board and the Supervisory Board work together efficiently to achieve their objectives, the best interests of the shareholders and employees are taken into account, risks are managed appropriately, and entrepreneurial decisions are made transparently and responsibly. The Company has developed and implemented a code of ethics as an internal guideline for compliance with statutory requirements (such as compliance). Training for the relevant senior executives and employees is repeated on a regular basis. The Company strives to apply the principles and objectives of environmental compatibility and sustainability to its business procedures and processes.

The Company's products are continuously being improved in order to follow the idea of sustainability and to reduce energy consumption. Sustainable thinking begins here in the design of the systems. Recycling all consumables on a daily basis is a matter of course in the Company.

Generally speaking, SINGULUS TECHNOLOGIES AG dedicates its attention to the structural reduction of energy consumption in operations based on:

- relevant laws and regulations
- cost savings and competitiveness
- perspectives for optimizing processes

ZERTIFIKAT

SINGULUS

SINGULUS Technologies AG

ISO 50001 : 2011

SINGULUS TECHNOLOGIES put an energy management system in place in the Company. In 2016, the Company gained certification in accordance with DIN EN ISO 50001. This encompasses all of the normative, statutory, and internal requirements and directives, as well as their tracking and implementation. SINGULUS TECHNOLOGIES provides the necessary financial, technical, and personnel resources to support the continual improvement of the energy management system, its realization and maintenance.

The following steps ensure the realization of the energy policy in accordance with DIN EN ISO 50001:

- energy consumption is systematically evaluated
- energy flows are mapped and kept up to date
- energy savings measures are planned and introduced
- activities planned to improve energy efficiency are continually updated
- the Executive Board publishes energy management targets

An energy management officer was appointed in order to implement the energy policy. In order to comply with due diligence, all strategic and operational targets as well as all necessary measures are defined in an energy management manual. Total energy of approximately 6.263 GWh was consumed at the Kahl am Main and Fürstenfeldbruck sites in 2015. In 2016, total energy consumption was 6.354 GWh and 6.293 GWh in 2017. This figure is heavily influenced by the utilization rate at these two sites. Part of the energy we consume is generated in house using our photovoltaic power plant at our site in Fürstenfeldbruck.

SINGULUS TECHNOLOGIES views sustainability as an opportunity to position itself accordingly with innovative products in order to maintain and enhance value in the long term.

The focus here is on:

- Social responsibility within the company and within the region
- Environmental awareness
- Conserving resources
- Avoiding unnecessary CO^2 emissions

In addition to economic prosperity and social welfare, an unspoiled and intact natural environment forms the foundation of a sustainable society

Installation of solar modules on the production halls of SINGULUS TECHNOLOGIES in Fürstenfeldbruck

REMUNERATION REPORT

This remuneration report is a component of the combined management report for the SINGULUS TECHNOLOGIES Group and SINGULUS TECHNOLOGIES AG. It includes disclosures that – pursuant to the provisions of the German Commercial Code (Handelsgesetzbuch, HGB) (§ 289a (2) in conjunction with § 285 (9) HGB) – form part of the notes to the financial statements in accordance with § 314 (1) (6) HGB or the management report in accordance with § 315a (2) HGB. The remuneration report explains the principles and structure of the remuneration system for the Executive Board and Supervisory Board of SINGULUS TECHNOLOGIES AG and also discloses the remuneration awarded to the individual Executive Board and Supervisory Board members for the performance of their duties at the Company in fiscal year 2017 pursuant to the statutory requirements and the recommendations of the German Corporate Governance Code in the version dated February 7, 2017 (the Code). It also takes into account the requirements of German Accounting Standard (GAS) 17.

A. REMUNERATION OF THE EXECUTIVE BOARD

I. Composition of the Executive Board in fiscal year 2017

Dr.-Ing. Stefan Rinck
Chief Executive Officer, Executive Board member responsible for Production, Sales and Marketing, Technology, Research and Development, and Strategy and International Activities

Dipl.-Oec. Markus Ehret
Executive Board member responsible for Finance, Controlling, Investor Relations, Human Resources, Purchasing and IT

II. Description of the remuneration structure

1. Overview of the remuneration structure

1.1 Design and objectives of the remuneration structure
The remuneration of the individual Executive Board members is set and regularly reviewed by the Supervisory Board. The objective is to appropriately compensate the members of the Executive Board on the basis of their duties and responsibilities, taking into account their individual performance as well as the economic situation, success and future prospects of the Company.

The remuneration structure centers on sustainable business development and comprises fixed and variable remuneration (including share-based payments), pension commitments and benefits in kind. The Supervisory Board assumes an annual monetary target remuneration that comprises fixed remuneration (approximately 60 %) and the annual variable bonus (40 %). It also includes – upon achieving the respective targets – payments from the phantom stock (virtual shares) program of at most three times the respective exercise price.

In the case of Mr. Markus Ehret, the cash settlement to be granted over the course of one year from the phantom stock program may not exceed the annual fixed salary. By resolution of the Supervisory Board on January 26, 2017, the appointment of Dr.-Ing. Stefan Rinck as a member of the Executive Board was extended ahead of schedule by five years until August 31, 2022, and the former service agreement was replaced by a revised service agreement effective as of September 1, 2017, in which some items were revised with regard to the amendments to the Code effected in the meantime (see the following).

In setting the target remuneration, the Supervisory Board considers the remuneration that similar companies pay to the members of their management teams as well as the "vertical" appropriateness of the remuneration in comparison to the other salary levels at the Company. The Supervisory Board aims to retain the members of the Executive Board with the Company for the long term and incentivize them to increase the enterprise value. In addition, the variable remuneration is intended to motivate the members of the Executive Board, while at the same time providing a means to take the Company's economic situation into account when setting the bonus.

The Supervisory Board reviews the remuneration on a regular basis at its first Supervisory Board meeting of the year. In this review, the Supervisory Board compares an Executive Board member's individual performance and responsibilities against the performance and responsibilities of other Executive Board members as well as the Company's economic situation.

In the past, the Company's economic situation has had a significant impact on the remuneration of Executive Board members. Due to the Company's formerly difficult economic situation, the Executive Board proposed to the Supervisory Board in 2016 to maintain the salary reductions of 20 % resolved prior to 2015 for the time being and to waive the adjustment of remuneration to the contractually agreed level originally planned for fiscal year 2016. The Supervisory Board had then resolved pursuant to § 87 (2) AktG to maintain the 20 % reduction in the respective Executive Board members' fixed remuneration components against the contractually stipulated amounts for the period from January 1, 2016 to no later than December 31, 2016. Pension contributions or other ancillary benefits remained unaffected thereby. Due to the subsequent improvement in the Company's economic situation, the Supervisory Board no longer considered it necessary to maintain the salary reductions so that in fiscal year 2017, the Executive Board members' salaries once again returned to the contractually stipulated level.

The Supervisory Board set the target achievement for both members of the Executive Board for the 2017 fiscal year at 80% each (see page 103).

The phantom shares from the 2012, 2014, and 2015 programs could be exercised after the end of the third quarter of fiscal year 2017; accordingly, both members of the Executive Board exercised this right. Dr.-Ing. Stefan Rinck exercised the phantom shares on December 1, 2017, as follows and received the following settlements: (i) 2012 program: 625 shares, EUR 1,931.24, (ii) 2014 program: 781.25 shares, EUR 5,836.72, and (iii) 2015 program: 390.625 shares, EUR 1,471.10. For him, the total settlement amount thus amounted to EUR 9,239.06. Mr. Markus Ehret also exercised the phantom shares on December 1, 2017, as follows and received the following settlements:

(i) 2012 program: 500 shares, EUR 1,545.00, (ii) 2014 program: 625 shares, EUR 4,669.38, and (iii) 2015 program: 321.5 shares, EUR 1,176.88. For him, the total settlement amount thus amounted to EUR 7,391.26. Payment of the settlement was made in January 2018.

In its meeting on June 19, 2017, the Supervisory Board decided to issue phantom shares to the members of the Executive Board in fiscal year 2017. 150,000 shares were granted to Dr.-Ing. Stefan Rinck and 100,000 to Mr. Markus Ehret.

1.2 Breakdown of remuneration
Remuneration generally comprises performance-based and non-performance-based components. A new service agreement was concluded with Dr.-Ing. Stefan Rinck in 2017, and a new service agreement was concluded with Mr. Markus Ehret in 2014. Under these new service agreements, remuneration is granted uniformly in accordance with the remuneration system described here. The new service agreement with Dr.-Ing. Stefan Rinck concluded in 2017 reflected in particular the amendments to the Code effected in the meantime, resulting in further harmonization of the service agreements with both members of the Executive Board (for material deviations in the service agreement with Dr.-Ing. Stefan Rinck revised in 2017, see both of the additional notes below). The non-performance-based remuneration component consists of a fixed annual salary, pension benefits financed by the Company and benefits in kind. The performance-based component serves as a long-term incentive for future activities and consists of a variable bonus and phantom shares whose value depends on the Company's long-term business performance.

The variable bonus is tied to the achievement of individual targets related to the Company's financial, operating and strategic objectives. The Supervisory Board sets new targets every year and individually agrees these with the Executive Board members following the approval of the budget for the subsequent year. The target agreements comprise 50 % financial targets, 30 % operational targets, and 20 % strategic targets. At a target achievement rate of 100 %, the target remuneration comprises fixed remuneration (approximately 60 %) and the annual bonus (approximately 40 %). This breakdown is not expressly set forth in the service agreement with Dr.-Ing. Stefan Rinck revised in 2017; however, the bonus is not to exceed 80 % of fixed remuneration so that the target remuneration comprises approximately 56% fixed remuneration and around 44 % of the annual bonus payment. If the targets are not met or only partially met, the Supervisory Board decides whether and to what extent the variable remuneration is paid. At its discretion, the Supervisory Board may stipulate that up to 150 % (under the service agreement with Dr.-Ing. Stefan Rinck revised in 2017: 120 %) of the one-year variable remuneration (based on 100 % target achievement) may be paid out to the Chief Executive Officer if he exceeds the stipulated targets.

In accordance with the Executive Board service agreements, special one-time payments may be granted in addition to the variable remuneration in order to account for extraordinary circumstances and to guarantee commensurate, competitive remuneration. Under the service agreement with Dr.-Ing. Stefan

Rinck revised in 2017, the special payment is limited to no more than half of the fixed remuneration and is subject to the overall cap on remuneration constituting the maximum amount a member of the Executive Board can receive in the course of one year.

Since fiscal year 2011, the Company has granted phantom shares to the members of the Executive Board every year in accordance with the phantom stock program approved by the Supervisory Board. The terms of the program were adjusted for Mr. Markus Ehret in the service agreement concluded on July 12, 2014 and were also adjusted for Dr.-Ing. Stefan Rinck in the service agreement revised in 2017. In each case, the amendments are primarily technical in nature. With effect of the capital reduction resolved upon at the extraordinary general meeting on February 16, 2016, the number of phantom shares issued before the measure was reduced at a ratio of 160:1. This did not affect the exercise price.

By linking the remuneration to the Company's performance and its sustainable share performance, the objective of the phantom stock program is to function as a long-term incentive and retention mechanism. The phantom shares are a remuneration component with a multi-year measurement basis that closely aligns the interests of the beneficiaries and those of the shareholders, thereby creating sustainable shareholder value. The phantom shares are allocated free of charge as a further component of remuneration. Each phantom share entitles the beneficiaries to subscribe one virtual bearer share of the Company with a par value of EUR 1.00 each at the exercise price. The exercise price is the non-weighted average closing price (or a corresponding closing price) of the Company's shares on the Xetra trading platform (or a functionally comparable successor system to the Xetra trading system) of the Frankfurt Stock Exchange on the five trading days prior to the issue date. Upon expiry of the vesting period, the bearer of the virtual shares shall receive upon exercise the equivalent of the share price less the exercise price exclusively in the form of a cash settlement, but no more than three times the exercise price per phantom share. Furthermore, Mr. Markus Ehret's service agreement and the service agreement with Dr.-Ing. Stefan Rinck revised in 2017 also include an additional threshold as of January 1, 2015, under which the cash settlement granted within a given year may not exceed the annual fixed remuneration. The Company's treasury shares may not be used to satisfy the obligations arising in connection with the phantom stock program.

Phantom shares may be exercised for the first time after the expiration of the two-year vesting period, which begins on the issue date. The phantom shares may be exercised in each case within a term of five years of the issue date. Phantom shares not exercised by the end of this term lapse without substitute or compensation. The stock options may be exercised upon expiry of the vesting period within a period of 14 trading days beginning on the sixth trading day (inclusive) following publication of the quarterly reports for the first or third quarter; up to 25 % of the phantom shares held may be exercised during the first exercise period and then up to a further 25 % every six months during each subsequent exercise period. Under the service agreement with Mr. Markus Ehret effective as of January 1, 2015, and the service agreement with Dr.-Ing. Stefan Rinck revised in 2017, the exercise period was extended respectively until

June 20 and December 20, directly after the publication of the respective quarterly report. Furthermore, the service agreement with Dr.-Ing. Stefan Rinck revised in 2017 provided clarification that the exercise period extends for the duration of the deferment if exercise is not possible during the exercise period due to a deferment in accordance with Article 17 (4) of the Market Abuse Regulation (MAR).

In order to exercise the phantom shares, the Company's share price must meet certain performance targets, i.e., it must exceed the exercise price by a certain minimum percentage rate. The non-weighted average closing price on the Frankfurt Stock Exchange in the reference period is used to define the performance targets for a given exercise period. The reference period is the period of five trading days in Frankfurt am Main from the date of publication of the quarterly report applicable to the beginning of the exercise period. The terms of the phantom shares issued to Mr. Markus Ehret from 2014 onwards stipulate that the reference period is the period of one calendar month from the date of publication of the quarterly report applicable to the beginning of the exercise period (inclusive). The phantom shares may only be exercised if the non-weighted (beginning from the 2014 phantom stock program for Mr. Markus Ehret: weighted) average closing price is at least 15.0 % higher than the exercise price during the reference period for the first 25 % of the phantom shares (first tranche); at least 17.5 % higher than the exercise price during the reference period for the second 25 % (second tranche); at least 20.0 % higher than the exercise price during the reference period for the third 25 % (third tranche); and at least 22.5 % higher than the exercise price during the reference period for the last 25 % (fourth tranche). Under the service agreement with Dr.-Ing. Stefan Rinck revised in 2017, all tranches may only be exercised if the respective reference price is at least 15 % higher than the exercise price on the exercise date. Regardless of whether or not the performance targets are met, it is also possible to exercise the stock options early during the term of the phantom shares as soon as a takeover bid as defined in § 29 (1) of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, "WpÜG") has been published or an individual gains control as defined in § 29 (2) WpÜG.

Lastly, the members of the Executive Board also receive benefits in kind, such as company vehicles and insurance, as well as a defined-contribution company pension financed by the Company.

1.3 Maximum limits

Section 4.2.3 (2) sentence 6 of the Code recommends that the remuneration of Executive Board members be capped, both overall and for variable remuneration components. The Supervisory Board considers maximum limits on the Executive Board's remuneration to be generally useful and implemented such caps as follows:

The service agreements of the two current members of the Executive Board provide for caps on the variable remuneration components. These caps are derived from the remuneration system and monitored by the Supervisory Board. At its discretion, the Supervisory Board may increase the one-year variable remuneration for the Chief Executive Officer to up to 150 % of the target amount if the targets are exceeded (under the service agreement with Dr.-Ing. Stefan Rinck revised in 2017: 120 %). Under the service agreement with Dr.-Ing. Stefan Rinck revised in 2017, however, this one-year variable remuneration may not exceed 80% of the fixed remuneration when the target achievement exceeds 100 %. Members of the Executive Board also receive phantom shares. The number of phantom shares that can be granted is initially not capped; instead, the Supervisory Board sets the number when granting each tranche. Upon exercising the phantom shares, the beneficiary receives the difference between the share price on the issue date (exercise price) and the exercise date, but no more than three times the exercise price per phantom share (see above).

Mr. Markus Ehret's service agreement, which was concluded with effect from January 1, 2015, also contains the following additional caps: the annual remuneration (fixed and variable remuneration including ancillary benefits, excluding pension expense) is limited to a total of EUR 800,000, the variable bonus continues to be limited to two-thirds of the annual fixed remuneration (i.e., currently EUR 186,667), and the cash settlement to be granted over the course of one year from the phantom stock program is limited to the annual fixed salary as of January 1, 2015, i.e., EUR 280,000.

The service agreement concluded with Dr.-Ing. Stefan Rinck in 2012 did not stipulate any caps on remuneration. According to the revised service agreement with Dr.-Ing. Stefan Rinck from 2017, remuneration that a member of the Executive Board can receive over the course of one year (fixed and variable remuneration including ancillary benefits and pension expense) is limited to 3.5 times the fixed remuneration set in each case (currently EUR 440,000), so it is currently limited to EUR 1,540,000. The variable bonus remains limited to 80 % of the fixed remuneration, so currently EUR 352,000, and the cash settlement to be granted over the course of one year from the phantom stock program is limited to the annual fixed salary, so currently EUR 440,000. Furthermore, a special payment cannot exceed half of the fixed remuneration; it is therefore currently limited to EUR 220,000 and is also subject to the overall remuneration cap.

A potential payment to the members of the Executive Board therefore also represents an overall cap that the Supervisory Board may quantify at the beginning of a given fiscal year.

2. Fixed remuneration

The fixed remuneration of the Executive Board members is paid as a monthly salary. The appropriateness of the remuneration is reviewed annually. Adjustments may also be made due to special one-time payments. In fiscal year 2017, the fixed remuneration for Executive Board members amounted to EUR 440,000 for Dr.-Ing. Stefan Rinck and EUR 280,000 for Mr. Markus Ehret.

The total fixed remuneration (including other compensation) paid in fiscal year 2017 amounted to EUR 792,695.

3. Variable remuneration

The variable remuneration provisioned on the basis of the individual target arrangements and pursuant to the target achievement rate for fiscal year 2017 amounted to EUR 234,400 for Dr.-Ing. Stefan Rinck and EUR 149,333 for Mr. Markus Ehret (total of EUR 383,733).

Furthermore, the Supervisory Board also has the right to grant special payments for outstanding performance at its discretion.

4. Stock options and virtual shares (phantom shares)

In fiscal year 2017, SINGULUS TECHNOLOGIES AG granted the members of the Executive Board a total of 250,000 (previous year: 225,000) additional phantom shares, of which 150,000 were granted to Dr.-Ing. Stefan Rinck (previous year: 125,000) and 100,000 to Mr. Markus Ehret (previous year: 100,000). The grant price of these virtual shares amounts to EUR 3.146 per phantom share (previous year: EUR 1.749). Consequently, including the 250,000 virtual shares issued in fiscal year 2017 and less the virtual shares exercised in fiscal year 2017, the members of the Executive Board still held around 475,703.12 phantom shares at the end of fiscal year 2017.

Dr.-Ing. Stefan Rinck exercised the phantom shares on December 1, 2017, as follows: (i) 2012 program: 625 shares, (ii) 2014 program: 781.25 shares, and (iii) 2015 program: 390.625 shares. Mr. Markus Ehret also exercised the phantom shares on December 1, 2017, as follows: (i) 2012 program: 500 shares, (ii) 2014 program: 625 shares, and (iii) 2015 program: 312.5 shares.

Dr.-Ing. Stefan Rinck thus held 275,390.625 virtual shares at the end of fiscal year 2017, comprised as follows: (i) 390.625 remaining virtual shares from the 2015 program, (ii) 125,000 virtual shares from the 2016 program, and (iii) 150,000 virtual shares issued in fiscal year 2017. Mr. Markus Ehret thus held 200,312.5 virtual shares at the end of fiscal year 2017, comprised as follows: (i) 312.5 remaining virtual shares from the 2015 program, (ii) 100,000 virtual shares from the 2016 program, and (iii) 100,000 virtual shares issued in fiscal year 2017.

The fair value of the virtual shares allocated on an accrual basis led to an expense of EUR 722 thousand in fiscal year 2017. EUR 411 thousand (previous year: EUR 12 thousand) is attributable to Dr.-Ing. Stefan Rinck's virtual shares and EUR 311 thousand (previous year: EUR 9 thousand) to Mr. Markus Ehret's virtual shares.

5. Other compensation

The members of the Executive Board also receive ancillary benefits in the form of benefits in kind, such as company vehicles or lump-sum compensation for using a private vehicle for business purposes and casualty and third-party liability insurance. Since these ancillary benefits represent a remuneration component, the individual Executive Board members must pay taxes on these ancillary benefits. The members of the Executive Board generally receive the same amount of ancillary benefits.

In fiscal year 2017, the members of the Executive Board did not receive any additional remuneration in connection with their duties as managing directors of a subsidiary.

6. Pension commitments

Members of the Executive Board receive a defined-contribution company pension benefit financed by the Company. The Company grants Executive Board members an annual pension contribution amounting to a certain percentage of the respective gross annual fixed remuneration stipulated in their service agreements. This type of pension scheme allows the Company to reliably calculate the annual – and thus also long-term – expenditures. The amount of the pension commitments was calculated as a percentage of the fixed remuneration on the basis of an approximate target amount of benefits at retirement, a hypothetical term of office and the expected interest rate development in accordance with actuarial principles. However, the actual amount of benefits at retirement is not specified for defined contribution plans, because this depends on the length of service on the Executive Board and interest rate developments.

The annual pension plan contribution for Dr.-Ing. Stefan Rinck since January 1, 2012 amounts to 59.97 % of the annual fixed remuneration; the annual pension plan contribution for Mr. Markus Ehret since January 1, 2015 amounts to 31.58 % of the annual fixed remuneration. The annual expense for the Company in fiscal year 2017 was around EUR 352 thousand (previous year: EUR 344 thousand), of which around EUR 264 thousand (previous year: EUR 257 thousand) was for Dr.-Ing. Stefan Rinck and around EUR 88 thousand (previous year: EUR 87 thousand) for Mr. Markus Ehret.

In 2011, the Company outsourced the pension plan to Towers Watson Second e-Trust e.V. ("Towers Watson"). Retirement and survivor benefits are granted as pension benefits. The pension scheme stipulates that pension benefits will be granted as a monthly pension or a one-time capital payment if the Executive Board member terminates his service agreement after turning 63 years of age. If the Executive Board member terminates his service agreement prior to attaining the age of 63, but no sooner than turning 60 years of age, the early retirement benefits are granted as an early monthly pension or an early one-time capital payment, provided the Executive Board member requests the payment of the early retirement benefits at the date he departs the Company. The amount of the (early) retirement benefits is based on actuarial principles in accordance with the reinsurer's rate structure. Towers Watson takes out the corresponding reinsurance to insure the pension benefits. The rights from these agreements fall exclusively to Towers Watson. In the event that a member of the Executive Board dies before (early) retirement benefits are claimed, the surviving spouse shall receive a one-time lump sum. The amount of the one-time survivor's lump sum is calculated at the time of the insured event and corresponds to the respective amount of the pension contributions that must be refunded in the event of death prior to the start of retirement under the reinsurance policy taken out by Towers Watson for the Executive Board. In the event of a death after (early) retirement benefits have been claimed in the form of a monthly rent, but prior to the expiry of 20 years since the start of retirement, the surviving spouse shall receive a temporary survivor's pension until the expiry of said 20-year period. If there is no eligible surviving spouse, the surviving children will, under certain circumstances, each receive the survivor's benefits in equal parts. If a member of the Executive Board leaves SINGULUS TECHNOLOGIES AG prior to the occurrence of an insured event, that member shall keep prorated vested pension benefits regardless of whether or not the statutory vesting period under the applicable provisions of the German Company Pensions Act (Betriebsrentengesetz) applies at the time the member departs the Company.

III. Individual remuneration

During the year under review, the individual members of the Executive Board received the following compensation:

	Dr.-Ing. Stefan Rinck Chief Executive Officer Start date: September 1, 2009				Dipl.-Oec. Markus Ehret Member of the Executive Board Start date: April 19, 2010			
Compensation granted	**2016** [in EUR]	**2017** [in EUR]	**2017** (Min.) [in EUR]	**2017** (Max.) [in EUR]	**2016** [in EUR]	**2017** [in EUR]	**2017** (Min.) [in EUR]	**2017** (Max.) [in EUR]
Fixed remuneration[1]	352,000	440,000	440,000	440,000	224,000	280,000	280,000	280,000
Ancillary benefits	45,580	45,580	45,580	45,580	26,823	27,115	27,115	27,115
Total	**397,580**	**485,580**	**485,580**	**485,580**	**250,823**	**307,115**	**307,115**	**307,115**
One-year variable remuneration	293,000[2]	293,000[3]	0	352,000	186,667[2]	186,667[3]	0	186,667
Multi-year variable remuneration	0	0	0	0	0	0	0	0
Special payments	0	0	0	220,000[4]	0	0	0	[5]
2016 phantom shares (to be exercised between November 10, 2018 and November 9, 2021)	218,625	0	0	0	174,900	0	0	0
2017 phantom shares (to be exercised between July 21, 2019 and July 22, 2022)	0	471,900	0	440,000[6]	0	314,600	0	280,000[6]
Total	**909,205**	**1,250,480**	**485,580**	**1,497,580**	**612,390**	**808,382**	**307,115**	**773,782**
Pension expense	256,629	263,868	263,868	263,868	86,885	88,424	88,424	88,424
Total remuneration	**1,165,834**	**1,514,348**	**749,448**	**1,540,000[7]**	**699,275**	**896,806**	**395,539**	**862,206[8]**

1) In 2016 fixed remuneration reduced by 20 %

2) The one-year variable remuneration for fiscal year 2016 amounted to EUR 175,800 for Dr.-Ing. Stefan Rinck and EUR 112,000 for Mr. Markus Ehret.

3) The one-year variable remuneration actually granted amounts to EUR 234,400 for Dr.-Ing. Stefan Rinck and EUR 149,333 for Mr. Markus Ehret. Taking into account the amounts actually granted and excluding the expenses for pension benefits, total remuneration in accordance with § 285 (9) HGB for D amounts to EUR 1,159,980 and for Mr. Markus Ehret EUR 736,448, or a total of EUR 1,896,428.

4) Cap on the amount that the Executive Board member can receive in one year according to the service agreement

5) Within the limits of the cap on total remuneration according to the service agreement

6) Cap on the cash settlement on the exercise date

7) Cap of EUR 1,540,000 according to service agreement; includes pension expense

8) Cap of EUR 800,000 according to service agreement; excludes pension expense

	Dr.-Ing. Stefan Rinck Chief Executive Officer Start date: September 1, 2009		Dipl.-Oec. Markus Ehret Member of the Executive Board Start date: April 19, 2010	
	2016	**2017**	**2016**	**2017**
Additions	[in EUR]	[in EUR]	[in EUR]	[in EUR]
Fixed remuneration*	352,000	440,000	224,000	280,000
Ancillary benefits	45,580	45,580	26,823	27,115
Total	**397,580**	**485,580**	**250,823**	**307,115**
One-year variable remuneration	146,500	175,800	93,334	112,000
Multi-year variable remuneration	0	0	0	0
2012 phantom shares (to be exercised between November 27, 2014 and November 26, 2017)	0	1,931**	0	1,545**
2014 phantom shares (to be exercised between April 8, 2016 and April 7, 2019)	0	5,837**	0	4,669**
2015 phantom shares (to be exercised between April 10, 2017 and April 9, 2019)	0	1,471**	0	1,177**
Other	0	0	0	0
Total	**544,080**	**670,619**	**344,157**	**426,506**
Pension expense	256,629	263,868	86,885	88,424
Total remuneration	**800,709**	**934,487**	**431,042**	**514,930**

*In 2016, fixed remuneration reduced by 20 %

**Payment took place in January 2018 due to settlement

In fiscal year 2017, the cash remuneration of the members of the Executive Board totaled EUR 1,176,429. Of this amount, approximately 61 % was attributable to the annual total fixed remuneration component and approximately 33 % to the annual variable remuneration component. Other remuneration relates primarily to company vehicles. In fiscal year 2017, a total of 250,000 new phantom shares with a grant price of EUR 3.146 (fair value at December 31, 2017: EUR 5.377) per share were issued. Half of these phantom shares can be paid out in 2019 at the earliest, the other half in 2020 at the earliest.

IV. Pension obligations in the event of termination and from third parties, change of control clauses

1. Severance policy

In the event that the service agreement is terminated early with notice or in the event the appointment is terminated early, the members of the Executive Board shall receive a severance package limited to two years' annual remuneration (severance cap). The amount is calculated as the fixed remuneration less benefits in kind and other ancillary benefits plus a lump sum variable remuneration amounting to 25 % of the applicable fixed remuneration; for Dr.-Ing. Stefan Rinck, the addition of pension benefits has also been agreed. If the remaining term of the respective Executive Board service agreement is less than two years, the severance shall be reduced pro rata temporis over the remaining term of the service agreement. In the event of a termination for good cause, the employee shall not be entitled to a severance package.

2. Third-party pension obligations

During the year under review, no third-party benefits were granted or promised to members of the Executive Board with respect to their work as Executive Board members.

3. Change of control clauses

The Executive Board service agreements include a change of control clause. The members of the Executive Board of SINGULUS TECHNOLOGIES AG have a special termination right in the event of a change of control. This entitles them to terminate their service agreement at any time with six months' notice within a period of one year following the change of control. A change of control within this meaning arises if (i) a shareholder has acquired control as defined in § 29 WpÜG; (ii) a control agreement in accordance with § 291 AktG has been concluded with the Company as an independent company and has entered into force; (iii) the Company was merged with another, non-consolidated legal entity in accordance with § 2 of the German Reorganization Act (Umwandlungsgesetz, "UmwG"), unless the value of the other legal entity under the agreed exchange ratio is less than 50 % of the value of the Company; or (iv) a takeover or mandatory bid as defined in WpÜG has been implemented.

If the service agreement is terminated because a member of the Executive Board exercised the special termination right or the member's service agreement was not extended following a change of control, the member of the Executive Board is entitled to a special payment amounting to the most recent fixed remuneration for two years plus the total variable remuneration (bonuses) for two years (plus pension entitlements in the case of Dr.-Ing. Stefan Rinck; the service agreement with Dr.-Ing. Stefan Rinck revised in 2017 also stipulates a special payment in the amount of the fixed remuneration, the variable bonus payment and pension benefits for three years). The claim to a special payment exists only if the remaining term of the service agreement is longer than nine months at the time of the change of control. The service agreement with Mr. Markus Ehret and the service agreement with Dr.-Ing. Stefan Rinck revised in 2017 also stipulate that the entitlement also applies in the event of a change of control if the

Company places the member of the Executive Board ion leave or terminates the service agreement. Within the term of the phantom shares, option rights arising from the phantom shares may also be exercised early if (i) a takeover bid as defined in § 29 (1) of the German Securities Acquisition and

Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, "WpÜG") for the Company's shares was published or (ii) a person gains control as defined in § 29 (2) WpÜG. In these cases, all phantom shares can be exercised, regardless of whether or not the performance targets are met, in the period in which the takeover bid is made or the change of control takes place.

B. Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is set out in Article 11 of the Articles of Association of SINGULUS TECHNOLOGIES AG and is based on the duties and responsibilities of the Supervisory Board members.

In addition to being reimbursed for their out-of-pocket expenses, the members of the Supervisory Board receive fixed remuneration of EUR 40,000 for each full fiscal year they serve on the Supervisory Board; the fixed remuneration is payable after the end of the fiscal year. The Chairman of the Supervisory Board receives twice and the deputy chairman one and half times the fixed remuneration. Supervisory Board members who were only on the Supervisory Board or acted as chairman or deputy chairman for part of the fiscal year receive proportionately lower fixed remuneration than the other Supervisory Board members.

The Company reimburses each Supervisory Board member the value added tax levied on that member's remuneration.

The total remuneration of the Supervisory Board in fiscal year 2016 was EUR 180,000 (previous year: EUR 180,000) plus value added tax of EUR 34,200 (previous year: EUR 34,200). The individual members of the Supervisory Board are entitled to the following remuneration for fiscal year 2017:

	Total 2017 (in EUR '000)	**Total 2016** (in EUR '000)
Dr.-Ing. Wolfhard Leichnitz	80	80
WP/StB Christine Kreidl	60	60
Dr. rer. nat. Rolf Blessing	40	40
Total	**180**	**180**

The members of the Supervisory Board did not receive any remuneration or benefits in the reporting year for personal services, particularly consulting or intermediary services.

C. Advances and loans granted to Executive Board and Supervisory Board members

The Company did not grant any advances or loans to Executive Board and Supervisory Board members in the year under review.

MANAGEMENT REPORT PURSUANT TO §§ 289A (1), 315A (1) HGB

1. Composition of subscribed capital

As of December 31, 2017, the share capital of SINGULUS TECHNOLOGIES AG amounted to EUR 8,896,527.00, divided into EUR 8,896,527 bearer shares with a par value of EUR 1.00 each. The share capital has been fully paid up. Different share classes do not exist; all shares are ordinary shares. All shares carry the same rights and obligations. Each share confers one vote and an equal share of profit. The rights and obligations attached to the shares are based on the statutory provisions. Any claim to securitization of their shares by shareholders is excluded pursuant to Article 6.4 of the Company's Articles of Association. In the event of a capital increase, the profit participation of new shares pursuant to Article 6.5 of the Company's Articles of Association can be determined in derogation of § 60 AktG.

2. Restrictions concerning voting rights or the transfer of shares

There are no restrictions concerning voting rights or the transferability of shares in the Company. All shares in the Company can be freely traded in accordance with the statutory provisions that apply to bearer shares.

3. Direct or indirect equity investments exceeding 10 % of the voting rights

In accordance with the German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG"), investors that indirectly or directly reach, exceed or fall below the voting rights thresholds of a listed company pursuant to § 33 WpHG (until January 2, 2018: § 21 WpHG) by purchase, sale or by any other means must notify the company of this. Until December 31, 2017, the following companies and individuals informed SINGULUS TECHNOLOGIES AG that they had exceeded the voting rights threshold of 10 %:

Familie Roland Lacher Vermögensverwaltung GmbH, Gelnhausen, Germany (attributed pursuant to § 22 WpHG)
16.76 % of voting rights (based on the number of shares before the capital increase in December 2017)

Universal-Investment-Gesellschaft mit beschränkter Haftung, Frankfurt am Main, Germany (attributed pursuant to § 22 WpHG)
10.43 % of voting rights (based on the number of shares before the capital increase in December 2017)

On the date the threshold was met on December 29, 2017, the People's Republic of China provided notification of the indirect acquisition of financial instruments amounting to 18.18 % of voting rights, directly held by Triumph Science and Technology Group Company, LLC. The notification and its disclosure were made in January 2018.

4. Shares with special rights conveying powers of control

There are no shares with special rights conveying powers of control.

5. Control of voting rights if employees are shareholders of the Company and do not exercise their control rights directly

There are no employees who are shareholders of the Company and do not exercise their control rights directly.

6. Appointment and dismissal of Executive Board members; amendments to the Articles of Association

Executive Board members are appointed and dismissed in accordance with the provisions of §§ 84, 85 AktG, which stipulates that Executive Board members are appointed by the Supervisory Board for a maximum of five years. Executive Board members may be reappointed or their term of office extended for a maximum of five years in each case. Pursuant to Article 7.1 of the Company's Articles of Association, the Company's Executive Board comprises at least two members. The number of members of the Executive Board is determined by the Supervisory Board. It may appoint a chairman and a deputy chairman of the Executive Board pursuant to § 84 AktG and Article 7.1 of the Company's Articles of Association.

Pursuant to § 179 (1) sentence 1 AktG, any amendment of the Company's Articles of Association must be resolved by the Annual General Meeting. In accordance with § 179 (2) AktG, resolutions brought by the Annual General Meeting to amend the Articles of Association require a capital majority of at least three-fourths of the share capital represented at the time of the resolution. In accordance with Article 17.1 of the Articles of Association, the Supervisory Board is authorized to resolve on amendments to the Articles of Association which relate only to the wording thereof. This also applies to amendments to the Articles of Association due to a change in the share capital.

7. Authorization of the Executive Board to issue and redeem shares

7.1 Authorized capital

The Executive Board is authorized to increase the Company's share capital, with the approval of the Supervisory Board, until June 19, 2022, once or severally by up to a total of EUR 3,235,101.00 in exchange for cash and/or contributions in kind by issuing up to 3,235,101 new bearer shares with a par value of EUR 1.00 per share (authorized capital 2017/1). On principle, shareholders are to be granted subscription rights. The new shares may also be subscribed by one or more banks if the bank agrees or the banks agree to offer the shares to the shareholders for subscription (indirect subscription right). The Executive Board is however authorized, with the consent of the Supervisory Board, to exclude the subscription rights of shareholders (1) if this is necessary to eliminate fractional amounts; (2) if the new shares are issued against cash contributions at a price not significantly below the market price of the Company's shares as defined in § 186 (3)(4) AktG and the pro rata amount of the shares issued for which the subscription rights are excluded does not exceed 10 % of share capital as defined in § 186 (3) (4) AktG on the date the authorization is entered in the commercial register or – if the amount is lower – on the respective date it is exercised. During the term of this authorization, this limit includes any new shares that the Company issues as part of a cash capital increase and any shares that the Company sells following repurchase under exclusion of subscription rights pursuant to or in accordance with § 186 (3) (4) AktG. Furthermore, this 10 % limit includes any shares that are tied to conversion or option rights or carrying conversion obligations on the basis of option rights, convertible bonds or participation rights issued by the Company or its subordinated Group companies during the term of this authorization under exclusion of subscription rights in accordance with § 221 (4) (2) in conjunction with § 186 (3) (4) AktG, or if the Company has a redemption right in the form of stocks; (3) if this is necessary in order to grant holders or creditors of option rights, convertible bonds or participation rights issued by SINGULUS TECHNOLOGIES Aktiengesellschaft or its subordinated Group companies pre-emptive subscription rights to new shares to the extent to which they would have been entitled after exercising the option or conversion rights or satisfying the conversion obligations; (4) for capital increases against in-kind contributions, particularly for acquisition of companies, business units or interests in companies.

7.2 Contingent capital

The Company's share capital was conditionally increased by up to EUR 24,465,157.00 by the issuance of up to 24,465,157 bearer shares with a par value of EUR 1.00 each (Contingent Capital 2015/1). The contingent capital increase is implemented only insofar as holders of option or conversion rights or holders subject to the obligation to convert their bonds or to exercise the options under convertible or warrant-linked bonds – which are issued or guaranteed by SINGULUS TECHNOLOGIES AG or one of SINGULUS TECHNOLOGIES AG's Group companies as defined in § 18 AktG, in which SINGULUS TECHNOLOGIES AG directly or indirectly holds at least a 90 % interest, on the basis of the authorization approved by the Annual General Meeting on June 9, 2015 under agenda item 8 – exercise their option or conversion rights or, to the extent they are subject to the obligation to convert their bonds or to exercise the options, satisfy such obligations, or to the extent SINGULUS TECHNOLOGIES AG exercises an option to grant ordinary shares in SINGULUS TECHNOLOGIES AG in lieu of paying the cash amount due (either in full or parts thereof). The contingent capital increase will not be implemented if a cash settlement is granted or treasury shares or shares from authorized capital or from another listed company are used to service the bonds.

7.3 Redemption authorizations

The Executive Board is not authorized to repurchase shares in the Company.

8. Material agreements of the Company that are subject to a change of control upon a takeover bid and the resulting effects

In accordance with the conditions of the bonds issued by SINGULUS TECHNOLOGIES AG in July 2016, which have a total nominal value of EUR 12,000,000.00, bondholders have the right to call their bonds and demand their immediate repayment or, at the Company's discretion, demand that they are purchased by the Company or a third party at a price of EUR 100.00 plus accumulated interest in the event of a change of control. Bondholders must exercise the put option within a period of 30 days following the publication of the notification of the change of control (put period). However, an exercise of the put option only becomes effective if the put notices submitted to the Company by bondholders during the put period account for at least 25 % of the aggregate nominal amount of the bonds still outstanding at that time. A change of control arises if one of the following events occurs: (i) the Company becomes aware that a person or group of persons acting in concert within the meaning of § 2 (5) of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, "WpÜG") has become the legal or beneficial owner (direct or indirect) of more than 30 % of the Company's voting rights; or (ii) the merger of the Company with or into a third person or the merger of a third person with or into the Company, except in connection with legal transactions, as a result of which the holders of 100 % of the Company's voting rights hold at least the majority of the voting rights in the surviving legal entity directly following such a merger.

9. Compensation arrangements agreed by the Company with the members of the Executive Board or employees in the event of a takeover bid

The service agreements of the members of the Executive Board of SINGULUS TECHNOLOGIES AG provide for compensation in the case of a change of control. If the service agreement of an Executive Board member is terminated following a change of control, the Executive Board member may be entitled to a special payment. The amount of this special payment is capped. The change of control clauses and the compensation benefits are described in further detail in the remuneration report (see also 108).

CORPORATE GOVERNANCE DECLARATION IN ACCORDANCE WITH § 289F AND § 315D HGB

The corporate governance declaration in accordance with § 289f and § 315d HGB including the diversity concept addressing the composition of the Company's management and supervisory bodies is contained in the corporate governance report and available on the Company's website at www.singulus.de

Kahl am Main, March 19, 2018

SINGULUS TECHNOLOGIES AG
The Executive Board

Dr.-Ing. Stefan Rinck

Dipl.-Oec. Markus Ehret

UNIVERSAL DEPOSITION SYSTEM

FOR APPLICATIONS IN THE SEMICONDUCTOR INDUSTRY AS WELL AS FOR SENSORS FOR AUTOMOTIVE, MEDICAL TECHNOLOGY AND FOR THE INTERNET OF THINGS.

03 ROTARIS

SEMICONDUCTOR TECHNOLOGY

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2017 AND DECEMBER 31, 2016

ASSETS

	NOTE	12/31/2017 EUR M	12/31/2016* EUR M	01/01/2016* EUR M
Cash and cash equivalents	(7)	27.2	18.5	19.0
Financial assets subject to restrictions on disposal	(8)	8.7	21.0	3.3
Trade receivables	(9)	2.3	7.8	6.1
Receivables from construction contracts	(9)	9.5	2.2	8.6
Other receivables and other assets	(10)	7.4	8.6	5.2
Total receivables and other assets		19.2	18.6	19.9
Raw materials, consumables and supplies		6.5	7.8	8.6
Work in process		10.8	14.2	20.3
Total inventories	(11)	17.3	22.0	28.9
Total current assets		**72.4**	**80.1**	**71.1**
Trade receivables	(9)	0.0	0.0	1.0
Property, plant and equipment	(13)	4.9	4.8	5.3
Capitalized development costs	(12)	3.4	2.7	3.8
Goodwill	(12)	6.7	6.7	6.7
Other intangible assets	(12)	0.2	0.2	0.4
Deferred tax assets	(23)	0.3	0.6	0.7
Total non-current assets		**15.5**	**15.0**	**17.9**
Total assets		**87.9**	**95.1**	**89.0**

* Prior-year figures adjusted (see adjustments pursuant to IAS 8)

EQUITY AND LIABILITIES

	NOTE	12/31/2017 EUR M	12/31/2016* EUR M	12/31/2016* EUR M
Trade payables		10.1	10.1	7.7
Prepayments received	(15)	0.8	1.4	5.6
Liabilities from construction contracts	(9)	12.1	30.4	3.6
Financing liabilities from the issuance of loans	(18)	4.0	0.0	0.0
Financial liabilities from the issuance of bonds	(17)	0.8	0.4	3.6
Other liabilities	(14)	11.0	8.5	11.1
Provisions for restructuring measures	(21)	0.7	1.2	3.5
Provisions for taxes		0.0	0.0	0.1
Other provisions	(20)	1.0	1.7	0.9
Total current liabilities		**40.5**	**53.7**	**36.1**
Financial liabilities from the issuance of bonds	(17)	12.0	12.0	59.6
Provisions for restructuring measures	(21)	1.9	2.3	2.6
Pension provisions	(19)	13.3	13.8	12.3
Total non-current liabilities		**27.2**	**28.1**	**74.5**
Total liabilities		**67.7**	**81.8**	**110.6**
Subscribed capital	(22)	8.9	8.1	48.9
Capital reserves	(22)	19.8	10.4	2.1
Reserves	(22)	3.5	4.1	4.0
Loss carryforward		-12.7	-10.1	-77.5
Equity attributable to owners of the parent		**19.5**	**12.5**	**-22.5**
Non-controlling interests	**(22)**	**0.7**	**0.8**	**0.9**
Total equity		**20.2**	**13.3**	**-21.6**
Total equity and liabilities		**87.9**	**95.1**	**89.0**

* Prior-year figures adjusted (see adjustments pursuant to IAS 8)

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2017 AND 2016

		2017		2016*	
	NOTE	EUR M	IN %	EUR M	IN %
Revenue (gross)	**(6)**	**91.2**	**101.3**	**68.8**	**101.8**
Sales deductions and direct selling costs	(25)	-1.2	-1.3	-1.2	-1.8
Revenue (net)		**90.0**	**100.0**	**67.6**	**100.0**
Cost of sales		-64.7	-71.9	-54.9	-81.2
Gross profit on sales		**25.3**	**28.1**	**12.7**	**18.8**
Research and development	(30)	-4.7	-5.2	-7.8	-11.5
Sales and customer service		-12.0	-13.3	-12.1	-17.9
General administration	(29)	-11.7	-13.0	-9.2	-13.6
Other operating expenses	(31)	-1.0	-1.1	-1.6	-2.4
Other operating income	(31)	2.9	3.2	1.5	2.2
Net restructuring items		0.0	0.0	-0.9	-1.3
Total operating expenses		-26.5	-29.4	-30.1	-44.5
Operating result (EBIT)		**-1.2**	**-1.3**	**-17.4**	**-25.7**
Finance income	(32)	0.1	0.1	41.3	61.1
Finance costs	(32)	-1.7	-1.9	-3.5	-5.2
EBT		**-2.8**	**-3.1**	**20.4**	**30.2**
Tax expense/income	(23)	-0.4	-0.4	-0.2	-0.3
Profit or loss for the period		**-3.2**	**-3.6**	**20.2**	**29.9**
Thereof attributable to:					
Owners of the parent		-3.2		20.3	
Non-controlling interests		0.0		-0.1	
Basic earnings per share based on the profit for the period (in EUR) attributable to owners of the parent	(24)	-0.39		5.48	
Diluted earnings per share based on the profit for the period (in EUR) attributable to owners of the parent	(24)	-0.39		5.48	

* Prior-year figures adjusted (see adjustments pursuant to IAS 8)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2017 AND 2016

	NOTE	2017 EUR M	2016* EUR M
Profit or loss for the period		**-3.2**	**20.2**
Items that will never be reclassified to profit and loss:			
Actuarial gains and losses from pension commitments	(19)	0.5	-1.5
Items that may be reclassified to profit and loss:			
Exchange differences in the fiscal year	(22)	-0.6	0.1
Total income and expense recognized directly in other comprehensive income		-0.1	-1.4
Total comprehensive income		**-3.3**	**18.8**
Thereof attributable to:			
Owners of the parent		-3.2	18.9
Non-controlling interests		-0.1	-0.1

* Prior-year figures adjusted (see adjustments pursuant to IAS 8)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2017 AND 2016

	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
			RESERVES
	SUBSCRIBED CAPITAL	CAPITAL RESERVES	CURRENCY TRANSLATION RESERVES
	EUR M	EUR M	EUR M
NOTE	(22)	(22)	(22)
As of January 1, 2016 - before adjustments	**48.9**	**2.1**	**4.0**
Adjustmens pursuant to IAS 8	**0.0**	**0.0**	**0.0**
As of January 1, 2016 – after adjustments	**48.9**	**2.1**	**4.0**
Profit or loss for the period*	0.0	0.0	0.0
Other comprehensive income	**0.0**	**0.0**	**0.1**
Total comprehensive income	**0.0**	**0.0**	**0.1**
Capital reduction	-48.6	0.0	0.0
Non-cash capital increase	5.8	4.6	0.0
Cash capital increase	2.0	3.7	0.0
As of December 31, 2016	**8.1**	**10.4**	**4.1**
As of January 1, 2017 - before adjustments	**8.1**	**10.4**	**4.1**
Adjustmens pursuant to IAS 8	**0.0**	**0.0**	**0.0**
As of January 1, 2017 – after adjustments	**8.1**	**10.4**	**4.1**
Profit or loss for the period	0.0	0.0	0.0
Other comprehensive income	**0.0**	**0.0**	**-0.6**
Total comprehensive income	**0.0**	**0.0**	**-0.6**
Cash capital increase	0.8	9.4	0.0
As of December 31, 2017	**8.9**	**19.8**	**3.5**

* Prior-year figures adjusted (see adjustments pursuant to IAS 8)

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			NON-CONTROLLING INTERESTS	EQUITY
LOSS CARRYFORWARD				
ACTUARIAL GAINS AND LOSSES FROM PENSION COMMITMENTS	OTHER RESERVES	TOTAL		
EUR M	EUR M	EUR M	EUR M	EUR M
(19)			(22)	
-4.2	**-73.2**	**-22.4**	**0.9**	**-21.5**
0.0	**-0.1**	**-0.1**	**0.0**	**-0.1**
-4.2	**-73.3**	**-22.5**	**0.9**	**-21.6**
0.0	20.2	20.2	0.0	20.2
-1.5	**0.1**	**-1.3**	**-0.1**	**-1.4**
-1.5	**20.3**	**18.9**	**-0.1**	**18.8**
0.0	48.6	0.0	0.0	0.0
0.0	0.0	10.4	0.0	10.4
0.0	0.0	5.7	0.0	5.7
-5.7	**-4.4**	**12.5**	**0.8**	**13.3**
-5.7	**-5.6**	**11.3**	**0.8**	**12.1**
0.0	**1.2**	**1.2**	**0.0**	**1.2**
-5.7	**-4.4**	**12.5**	**0.8**	**13.3**
0.0	-3.2	-3.2	0.0	-3.2
0.5	**0.1**	**0.0**	**-0.1**	**-0.1**
0.5	**-3.1**	**-3.2**	**-0.1**	**-3.3**
0.0	0.0	10.2	0.0	10.2
-5.2	**-7.5**	**19.5**	**0.7**	**20.2**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2017 AND 2016

	NOTE	2017 EUR M		2016* EUR M	
Cash flows from operating activities					
Profit or loss for the period			-3.2		20.2
Adjustment to reconcile profit or loss for the period to net cash flow					
Amortization, depreciation and impairment of non-current assets	(12/13)	2.0		2.4	
Contribution to the pension provisions	(19)	0.1		0.1	
Other non-cash expenses/income		0.9		2.9	
Net finance costs	(32)	1.6		-38.0	
Net tax expense	(23)	0.4		0.2	
Change in trade receivables		5.4		-1.9	
Change in construction contracts		-25.2		33.1	
Change in other receivables and other assets		1.3		-3.4	
Change in inventories		4.3		5.0	
Change in trade payables		-0.1		2.5	
Change in other liabilities		1.4		-2.2	
Change in prepayments		-0.6		-4.2	
Change in provisions from restructuring measures		-0.9		-1.6	
Change in further provisions		-1.2		-0.6	
Interest paid	(32)	-0.3		-0.4	
Interest received	(32)	0.1		0.2	
Income tax paid	(23)	-0.1	-10.9	-0.2	-6.1
Net cash from/used in operating activities			**-14.1**		**14.1**

* Prior-year figures adjusted (see adjustments pursuant to IAS 8)

	NOTE	2017 EUR M		2016* EUR M	
Cash flows from investing activities					
Cash paid for investments in development projects	(11)	-1.7		-0.1	
Cash paid for investments in other intangible assets and property, plant and equipment	(11/12)	-0.5		-0.4	
Net cash from/used in investing activities			-2.2		-0.5
Cash flows from financing activities					
Bond interest payments	(17)	-0.4		0.0	
Cash received from capital increases	(22)	10.2		5.7	
Cash received/used on the issuance of loans	(18)	3.8		0.0	
Cash used to pay bond interest		-0.3		0.0	
Cash received/used on financial assets subject to restrictions on disposal		12.2		-17.7	
Net cash from/used in financing activities			25.5		-14.1
Cash and cash equivalents at the beginning of the reporting period			**9.2**		**-0.5**
Effect of exchange rate changes			-0.5		0.0
Cash and cash equivalents at the beginning of the reporting period			**18.5**		**19.0**
Cash and cash equivalents at the end of the reporting period			**27.2**		**18.5**

* Prior-year figures adjusted (see adjustments pursuant to IAS 8)

SINGULUS TECHNOLOGIES GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017

1
General

The consolidated financial statements present the operations of SINGULUS TECHNOLOGIES AG, Hanauer Landstrasse 103, 63796 Kahl am Main (hereinafter also referred to as "SINGULUS TECHNOLOGIES AG") and its subsidiaries (hereinafter also referred to as "SINGULUS TECHNOLOGIES," the "Company" or the "Group").

The Company is registered under HRB 6649 in the commercial register at the local court (Amtsgericht) of Aschaffenburg.

The consolidated financial statements were prepared in euros (EUR). Unless stated otherwise, all figures are presented in millions of euros (EUR m). Rounding differences may occur due to the presentation in millions of euros.

The consolidated financial statements of SINGULUS TECHNOLOGIES AG were prepared in accordance with the International Financial Reporting Standards ("IFRSs") as adopted in the European Union ("EU") and the additional requirements of section 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code].

The term "IFRSs" includes all International Financial Reporting Standards and International Accounting Standards ("IASs") with mandatory application as of the reporting date. All interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRS IC") – formerly the Standing Interpretations Committee ("SIC") and the International Financial Reporting Interpretations Committee ("IFRIC") – that were mandatory for fiscal year 2016 were likewise applied.

In order to improve the clarity and meaningfulness of the consolidated financial statements, individual items are aggregated in the balance sheet and income statement and presented separately and in the notes to the financial statements.

At the extraordinary annual shareholders' meeting on November 29, 2017, the Executive Board disclosed in accordance with section 92 (1) AktG ["Aktiengesetz": German Stock Corporation Act] that half of its share capital had been eroded. Equity reported in the Company's annual financial statements in accordance with HGB amounted to EUR 0.9 million as of the balance sheet date. Reported equity continued to decline during the period in which these financial statements were prepared, and SINGULUS TECHNOLOGIES AG currently reports a deficit not covered by equity in accordance with HGB. The equipment for the first factory for thin-film solar cells in China will largely have undergone final acceptance in the months to come, thus strengthening equity in accordance with HGB again. The Executive Board does not expect the equity base to experience a long-term recovery until in the coming fiscal year. However, it is currently believed that the Company will have sufficient cash funds available during this period to secure its business activities and has therefore prepared its accounts on a going concern basis. The going concern assumption is based on the assumption that scheduled projects will proceed as planned and that the agreed prepayments will be received. Moreover, cash collateral for guarantees is expected to be reduced.

2
Business activities

SINGULUS TECHNOLOGIES develops and builds machinery for effective and resource-efficient production processes. Areas of application include vacuum thin-film deposition and plasma deposition, as well as wet-chemical processes and thermal process technologies. SINGULUS TECHNOLOGIES applies its expertise in the areas of automation and process technology to all machines, processes and applications. Additional fields of activity are being tapped into aside from the solar, semiconductor and optical disc areas of application.

For more information, please see the comments on segment reporting in Note 6.

3

New accounting standards

New accounting standards and interpretations requiring application

In previous years, the International Accounting Standards Board ("IASB") and the International Financial Reporting Standards Interpretations Committee ("IFRS IC") issued the following new accounting standards or interpretations. These standards/interpretations have been endorsed by the EU as part of the endorsement project and are mandatory for fiscal year 2017.

- Amendments to IAS 7 – "Disclosure Initiative"
- Amendments to IAS 12 – "Recognition of Deferred Tax Assets for Unrealized Losses"
- Amendments to IFRS 2014 – 2016 – "Amendments to IFRS 12"

The provisions which are relevant for the SINGULUS TECHNOLOGIES Group as well as their impact on these consolidated financial statements are outlined below:

- Amendments to IAS 7 – "Disclosure Initiative"

  The amendments are aimed at improving information on changes to an entity's indebtedness. The Company discloses changes in liabilities for which cash flows are classified in the cash flow statement as cash flows from financing activities. The disclosure requirement also relates to financial assets that meet the same definition (e.g., assets under hedging transactions).

  Cash changes, changes resulting from the acquisition or disposal of companies, changes due to exchange rate changes, changes in fair values and other changes are disclosed.

  The disclosures are presented in the form of a reconciliation from the opening balance in the balance sheet to the closing balance in the balance sheet.

  The Group presents the changes in the relevant financial liabilities from the beginning of the period to the end of the period in the form of a reconciliation.

- Amendments to IAS 12 – "Recognition of Deferred Tax Assets for Unrealized Losses"
  The amendments clarify the recognition of a deferred tax asset for unrealized losses on debt instruments measured at fair value.

  The amendments have no significant impact on the consolidated financial statements.

- Amendments to IFRS 2014 – 2016 – "Amendments to IFRS 12"

  The Annual Improvements to IFRSs (2014-2016) amended three IFRSs, of which only the following was applicable in 2017:

  IFRS 12 clarifies that the disclosures in accordance with IFRS 12 generally also apply for those shares in subsidiaries, joint ventures and associates classified as held for sale within the meaning of IFRS 5; an exception to this principle is made for disclosures in accordance with IFRS 12.B10-B16 (Financial information).

  The amendments have no significant impact on the consolidated financial statements.

New and revised accounting standards and interpretations that do not yet require application

In addition to the new accounting standards and interpretations published by the IASB and IFRS IC requiring application, other standards and interpretations have also been published, some of which have already been endorsed by the EU but will only become mandatory at a later date. The following standards will be applied on the date on which they became mandatory. Use was not made of the option to adopt the standards voluntarily at an earlier date in these financial statements. Unless otherwise indicated, the effects on the SINGULUS TECHNOLOGIES consolidated financial statements are currently being examined.

The new and revised standards and interpretations listed below have already been endorsed by the EU:
- IFRS 9 – "Financial Instruments"
- IFRS 15 – "Revenue from Contracts with Customers"
- IFRS 16 – "Leases"
- Amendments to IFRS 4 – "Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'"
- Amendments to IFRS 15 – "Clarifications to IFRS 15"
- Amendments to IFRS 2014 – 2016 – "Amendments to IFRS 1 and IAS 28"

The following new and revised standards have not yet been endorsed by the EU:

- IFRS 14 – "Regulatory Deferral Accounts"
- IFRS 17 – "Insurance Contracts"
- Amendments to IFRS 2 – "Classification and Measurement of Share-based Payment Transactions"
- Amendments to IFRS 9 – "Prepayment Features with Negative Compensation"
- Amendments to IFRS 10 and IAS 28 – "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IAS 28 – "Long-term Investments in Associates and Joint Ventures"
- Amendment to IAS 40 – "Transfers of Investment Property"
- IFRIC 22 – "Foreign Currency Transactions and Advance Consideration"
- IFRIC 23 – "Uncertainty over Income Tax Treatments"
- Amendments to IFRS 2015 – 2017 – "Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23"

Only those Standards and Interpretations having a material effect on the SINGULUS TECHNOLOGIES Group's net assets, financial position and results of operations are explicitly listed below.

→ IFRS 9 – "Financial Instruments"

In July 2014, the International Accounting Standards Board (IASB) published the final version of IFRS 9 "Financial Instruments", which supersedes IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 merges the three project phases on accounting for financial instruments: "classification and measurement", "impairment" and "hedge accounting". This standard was adopted by the EU on November 22, 2016. IFRS 9 is applicable for fiscal years beginning on or after January 1, 2018.
The Group applies IFRS 9 beginning on January 1, 2018, the date of initial application of the new standard. The figures for the comparative periods have not been adjusted.

Classification and measurement: The new classification and measurement rules have no quantitative impact on the Group, since the instruments accounted for at amortized cost in accordance with IAS 39 are also classified as held at "amortized cost" under IFRS 9. Derivative financial instruments not subject to hedge accounting are accounted for in the same way under IFRS 9 as they had been accounted for under IAS 39.

Impairment: The financial assets measured by the Company at amortized cost fall under the scope of the new impairment rules set out in IFRS 9 – the "expected credit loss" (ECL) model, which replaces the "incurred loss model" set out in IAS 39. The Group will apply the simplified impairment approach to trade receivables, according to which a risk provision in the amount of the expected losses is recognized for all instruments over their residual terms, regardless of their credit quality. The general impairment approach under IFRS 9 will be applied for the remaining financial instruments falling within the scope of the ECL model.

The expected write-down on cash and cash equivalents was calculated on the basis of expected losses within the respective maturity bands and reflects the short maturities. It is assumed that the cash and cash equivalents represent a low default risk based on the external ratings. As a consequence, the application of the impairment rules set out in IFRS 9 as of January 1, 2018 will result in a slight impairment loss. Changes in the default risk are monitored through observation of published external credit ratings. To the extent that the potential impairment losses remain small, the Company will opt not to recognize a write-down as of the transition date and for subsequent periods.

Receivables from construction contracts reflect the Group's receivables from the machinery business. These are generally collateralized through letters of credit. The respective banks' probabilities of default have been quantified. The resulting effects on receivables from construction contracts are immaterial.

The Group estimates that the application of the impairment rules set out in IFRS 9 will result in a EUR 7 thousand increase in recognized write-downs of trade receivables from the service and spare parts business as of January 1, 2018 as compared to the receivables recognized in accordance with IAS 39.
The table below contains information on the estimated default risk and expected defaults for trade receivables as of January 1, 2018:

EUR '000	Carrying amount	Estimated loss rate (weighted average)	Estimated write-down
Not overdue	746	0.00%	0.0
1-30 days overdue	295	0.00%	0.0
31-60 days overdue	86	0.63%	0.5
61-90 days overdue	12	0.59%	0.1
91-180 days overdue	10	0.00%	0.0
More than 180 days overdue	21	28.19%	6.0
Total	**1,170**		**6.6**

The estimated expected write-downs were calculated on the basis of experience with actual credit defaults over the past five years. The Group has calculated the expected credit defaults separately for individual maturity bands.

Hedge accounting:

At present, the Group does not apply hedge accounting, and therefore no material effects will result from the initial application of IFRS 9 in this area.

In general, new hedges will be recognized through profit or loss in the future in accordance with IFRS 9.

→ IFRS 15 – "Revenue from Contracts with Customers"

In May 2014, the International Accounting Standards Board published the final version of IFRS 15 "Revenue from Contracts with Customers".
IFRS 15 establishes a comprehensive framework for determining whether and when to recognize revenue, and how much revenue to recognize. It replaces the existing Standards on recognizing revenue, including IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programs".
IFRS 15 is applicable for the first time in reporting periods beginning on or after January 1, 2018; earlier application is permitted. The Group will apply the standard for the first time as of January 1, 2018. The Company will apply the standard subject to the practical expedients provided for under IFRS 15 C5.
The Group generates revenue in the following areas

- Sales of machinery
- Sales of spare parts and services

In addition, the Company also reports a not insignificant amount of other revenue.

The Group has completed an assessment of the potential impacts of the application of IFRS 15 on its consolidated financial statements and assumes that – aside from the need to make more comprehensive disclosures on the Group's revenue from contracts with customers – the standard will result in merely negligible changes in the financial statements overall.

The early application of the standard in fiscal year 2017 would have resulted in a reduction in revenue by approximately EUR 0.3 million and EBIT of less than EUR 0.1 million.

→ IFRS 16 – "Leases"

IFRS 16 introduces a single accounting model by which leases must be recognized in the balance sheet of the lessee. Lessees recognize a right-of-use asset (representing the right to use the underlying asset) and a lease liability (representing the obligation to make lease payments). There are exemptions for short-term leases and leases where the underlying asset has a low value.

The standard is applicable for the first time in reporting periods beginning on or after January 1, 2019 – subject to an adoption into EU law. Early application is permitted for entities that have applied IFRS 15 – "Revenue from Contracts with Customers" as of or prior to first-time application of IFRS 16.

The changes to the standard have a material influence on the consolidated balance sheet. The application of the standard is expected to result in an increase in total assets in the low double-digit million euro range as of January 1, 2019. The write-downs resulting from this correspond roughly to the annual rental costs.

→ Amendments to IFRS 2 – "Classification and Measurement of Share-based Payment Transactions"

The amendments address accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features for tax withholdings, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

The amendments are applicable for remuneration awarded or modified in fiscal years beginning on or after January 1, 2018 – subject to an adoption into EU law. Earlier application is permitted. Retrospective application is allowed if this is possible without the use of hindsight.

The amendment of this standard is not expected to have any material influence on future financial statements of the Company.

→ Amendments to IFRS 15 – "Clarifications to IFRS 15"

The amendments cover clarifications to the guidance contained in IFRS 15, as well as practical expedients for transition to the new standard.

Beyond the clarifications, the amendments contain two further expedients aimed at reducing the complexity and costs of applying the new standard. These concern options for the presentation of contracts that were either completed at the beginning of the earliest period presented or modified before the beginning of the earliest period presented.

The amendments are applicable for the first time as of January 1, 2018.

→ IFRIC 22 – "Foreign Currency Transactions and Advance Consideration"

IFRIC 22 addresses an application issue relating to IAS 21 – "The Effects of Changes in Foreign Exchange Rates". It clarifies the date of the exchange rate used for translating transactions that are denominated in a foreign currency in circumstances in which consideration is received or paid in advance. The interpretation stipulates that the date of initial recognition of the asset or liability resulting from the prepayment is the deciding factor in determining the exchange rate for the underlying asset, income or expense.

The interpretation is applicable for the first time in reporting periods beginning on or after January 1, 2018 – subject to an adoption into EU law. Earlier application is permitted.

At present, the Group does not expect this to have any material impacts on the consolidated financial statements.

4

Significant accounting policies

4.1 Basis of consolidation and consolidation principles

The consolidated financial statements include the financial statements of SINGULUS TECHNOLOGIES AG and its subsidiaries as of December 31 of a given fiscal year.

Subsidiaries are fully consolidated as of the date of their acquisition, i.e., the date on which the Group obtains control. Consolidation ends as soon as the parent ceases to have control.

The financial statements of the subsidiaries are prepared as of the same balance sheet date as that of the parent, using consistent accounting policies.

All intragroup balances, income and expenses and unrealized gains and losses resulting from intragroup transactions are eliminated in full.

In addition to SINGULUS TECHNOLOGIES AG, the consolidated financial statements include all entities under the legal and/or de facto control of the Company.

The following subsidiaries are included in the consolidated financial statements:

- SINGULUS TECHNOLOGIES Inc., Windsor, USA
- SINULUS TECHNOLOGIES MOCVD Inc., Windsor, USA
- SINGULUS TECHNOLOGIES ASIA PACIFIC Pte. Ltd., Singapore
- SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., São Paulo, Brazil
- SINGULUS TECHNOLOGIES IBERICA S.L., Sant Cugat del Vallés, Spain
- SINGULUS TECHNOLOGIES FRANCE s.a.r.l., Sausheim, France
- SINGULUS TECHNOLOGIES ITALIA s.r.l., Senigallia (Ancona), Italy
- SINGULUS TECHNOLOGIES TAIWAN Limited, Taipei, Taiwan
- SINGULUS MANUFACTURING GUANGZHOU Ltd., Guangzhou, China
- HamaTech USA Inc., Austin, USA
- STEAG HamaTech Asia Ltd., Hong Kong, China
- SINGULUS CIS Solar Tec GmbH, Kahl am Main, Germany
- SINGULUS New Heterojunction Technologies GmbH, Kahl am Main, Germany

The companies SINGULUS TECHNOLOGIES ITALIA s.r.l., SINGULUS TECHNOLOGIES IBERICA S.L., and SINGULUS MANUFACTURING GUANGZHOU Ltd. were in liquidation as of December 31, 2017. The deconsolidation is anticipated to be made in each case upon conclusion of the liquidation during the 2018 fiscal year. The liquidation of SINGULUS TECHNOLOGIES UK was completed with effect from May 27, 2017.

The share of equity and profit or loss attributable to minority interests is reported separately in the balance sheet and income statement (non-controlling interests).

The profit or loss of acquired entities is recognized in the consolidated financial statements from the date of acquisition.

For more information, please refer to Note 36.

4.2 Foreign currency translation

The financial statements of the foreign subsidiaries are prepared in the currency in which the majority of transactions are concluded (functional currency). The functional currency is the relevant local currency. For inclusion of the foreign financial statements in the Group's reporting currency, the balance sheet items are translated using the closing rate on the balance sheet date and income statement items are translated using the average rate for the fiscal year. The equity of equity investments is translated using the historical rate. Currency translation differences arising from the application of different exchange rates are recognized in other comprehensive income.

Foreign currency monetary items are translated using the closing rate. Exchange differences are recognized as income or expenses in the period in which they occur.

4.3 Management's use of judgment and main sources of estimating uncertainties

The preparation of consolidated financial statements in accordance with IFRSs requires the use of estimates and assumptions by management which have an effect on the amounts of the assets, liabilities, income, expenses and contingent liabilities reported. Assumptions and estimates generally relate to the uniform determination of useful lives of assets within the Group, impairment of assets, the measurement of provisions, the collectability of receivables, the recognition of realizable residual values for inventories and the probability of future tax benefits. The actual values may in some cases differ from the assumptions and estimates made. Any changes are recognized in profit or loss as and when better information is available.

In the Group, the use of judgment and estimating uncertainties affect the following areas in particular:

4.3.1 Impairment of assets

The Group determines whether goodwill is impaired at least once a year. Moreover, if there is any indication that an asset may be impaired, that asset is tested for impairment by estimating its recoverable amount. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset is allocated.

This requires an estimate of the recoverable amount of the assets or cash-generating units to which the goodwill or asset is allocated. Please also refer to the comments under 4.16 "Impairment of assets".

4.16 Impairment of assets.

4.3.2 Deferred tax assets

Deferred tax assets are recognized for all temporary differences and for all unused tax loss carryforwards to the extent that it is probable that taxable profit will be available against which the tax assets can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the probable timing and level of future taxable profits together with future tax planning strategies. Please also refer to the comments in Note 23.

4.3.3 Share-based payment

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. In order to estimate fair value, an appropriate measurement approach must be determined for grants of equity instruments; this approach depends on the terms and conditions of the grant. Furthermore, the appropriate data to be used in this measurement approach, including the anticipated option term, volatility, dividend yield and the corresponding assumptions, must be determined. The assumptions and approaches used are disclosed in Note 16.

4.3.4 Pension obligations

The cost of defined benefit pension plans is determined using actuarial calculations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. As these plans are of a long-term nature, such estimates are highly uncertain. Please also refer to the comments in Note 19.

4.3.5 Development costs

Development costs are capitalized in accordance with the accounting policies described under "Research and development costs" further below in this section. In order to test for impairment, the management must make assumptions regarding the amount of estimated future cash flows from assets, the discount rates to be applied, and the timing of the future cash flows expected to be generated by the assets. Please also refer to the comments in Note 12.

4.3.6 Customer lists

In order to estimate the fair values of customer lists, assumptions must be made regarding the future free cash flows, the discount rates to be applied and the timing of future cash flows expected to be generated by these assets.

4.3.7 Leases

The Group has entered into lease agreements. The test to determine whether an agreement constitutes a lease is performed on the basis of the substance of the agreement on the date it was concluded and requires an estimate of the opportunities and risks being transferred in connection with the leased asset. Please also refer to the comments in Note 33.

4.3.8 Construction contracts

In order to evaluate the stage of completion of customer-specific construction contracts, the costs to complete the order must be estimated. Please also refer to the comments made below under 4.4 "Revenue recognition" and to the comments in Note 9.

4.3.9 Provisions

Estimating future expenses is fraught with uncertainty. Estimates relate in particular to restructuring measures which extend over a longer period. When determining the provision for expected losses, it was necessary to make estimates concerning the capacity utilization of the building. Please refer to our comments under Note 21.

4.4 Revenue recognition

Revenue relating to the sale of equipment in the Optical Disc operating segment is recognized when a contract has entered into effect, the delivery has been made, and, if required, the equipment has been installed for and accepted by the customer and payment is reasonably certain. Revenue relating to services is recognized when the service has been rendered, a price has been negotiated and is determinable and payment thereof is probable.

Because the Solar and Semiconductor operating segments do not work on the basis of serial production, but rather deal in specific customer orders, revenue is recognized in accordance with the percentage-of-completion ("POC") method. The relevant stage of completion is calculated using the input-oriented cost-to-cost method. The costs incurred to date are calculated as a proportion of the estimated total costs. Contracts are recognized on the balance sheet either as receivables from construction contracts (assets) or as liabilities from construction contracts if the prepayments received exceed the cumulative work performed. If it is probable that the total contract costs exceed the total contract revenue, the expected loss is immediately expensed.

Revenue from the sale of individual components of equipment or replacement parts is recognized when the risk is transferred in accordance with the underlying agreements.

Revenue is recognized net of VAT, returns, sales deductions, credits and direct selling costs (primarily commissions).

4.5 Goodwill

In all business combinations, the goodwill acquired was initially measured at cost, this being the excess of the cost of the business combination over the acquirer's interest in the fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed (partial goodwill method). After the effective date of the revised IFRS 3 and IAS 27, there is an option to recognize the total amount of the goodwill acquired, including goodwill attributable to non-controlling interests (full goodwill method), for all business combinations made on or after July 1, 2009. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The recognized goodwill is not amortized. It is tested for impairment annually or whenever there are indications of impairment. Impairment testing takes place at the cash-generating unit level. If the recoverable amount of the relevant unit has fallen below the carrying amount of the unit, an impairment loss is recognized in accordance with IAS 36. Reversals of impairment losses are prohibited.

4.6 Negative goodwill from business acquisitions

If the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized exceeds the cost of the business acquisition, any excess remaining after reassessment is recognized immediately in profit or loss.

4.7 Research and development costs

Research costs are expensed in the period in which they are incurred. Pursuant to IAS 38, development costs are recognized as intangible assets at cost, provided that the conditions of IAS 38.57 are fulfilled. Cost comprises all costs directly attributable to the development process as well as appropriate shares of development-related overheads. Development costs are amortized using the straight-line method over the expected useful life of the developed products (3 to 5 years).

Amortization and impairment of capitalized development costs are recognized in the functional area to which the respective assets are allocated. Impairment losses on development costs are disclosed under "Restructuring expenses" if production of the relevant products is discontinued at the respective locations.

Government subsidies received for research and development projects are offset against the research and development costs in the income statement.

4.8 Other intangible assets

Intangible assets acquired separately are recognized at cost. Intangible assets acquired in a business combination are recognized at fair value as of the date of acquisition. Internally generated intangible assets are recognized if the criteria for recognition are met. If the criteria are not met, the costs related to such intangible assets are recognized as expenses in the period in which they are incurred. Intangible assets with finite useful lives are amortized over their useful lives. Intangible assets with indefinite useful lives are not amortized, and are instead tested for impairment at least once a year. No intangible assets with indefinite useful lives were recognized in the reporting period.

The useful lives of intangible assets with finite useful lives are:

- → Software . . . . 3 years
- → Patents . . . . 8 years
- → Technology . . . . 5 to 8 years
- → Customer relationships . . . . 10 to 11 years

4.9 Cash and cash equivalents

Cash and cash equivalents comprise monetary investments with a remaining maturity of up to three months at the time of acquisition as well as bills of exchange with an original maturity of up to three months.

Financial assets subject to restrictions on disposal are presented separately in the balance sheet. These financial assets relate to the Company's financing transactions and are included in the consolidated cash flow statement as cash flows from financing activities.

4.10 Receivables

Trade invoices are issued mainly in euros and are recognized as receivables at the fair value of the goods supplied or services rendered.

If there is an objective indication that receivables carried at amortized cost are impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding expected future credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate determined on initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognized directly in profit or loss. For trade receivables, if there are objective indications that not all due amounts will be collected pursuant to the original payment terms (such as probability of insolvency or significant financial difficulties of the debtor), an impairment loss is charged. This only applies where there is no collateral (e.g., credit insurance policies, etc.). Receivables are derecognized when they are classified as uncollectible.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, the reversal must not result in the carrying amount of the asset exceeding what the amortized cost would have been at the date the impairment is reversed if the impairment had not been recognized.

When trade receivables are sold under factoring arrangements and all risks and rewards of the asset are transferred to the buyer, the receivables are derecognized. In this connection, please refer to the comments under 4.12 "Financial assets and liabilities".

For details on the recognition of foreign currency receivables and the related hedging transactions, please see our comments under 4.13 "Hedge accounting" and 4.2 "Foreign currency translation".

4.11 Inventories

Inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Raw materials, consumables and supplies including spare parts are measured using the weighted average cost formula. In the case of manufactured products, the cost includes an appropriate share of the production overheads based on normal operating capacity. Appropriate allowances are made for potential losses due to obsolete or slow-moving inventories.

The four existing allowance classes for salability are derived from past experience and range between 0% and 80% of depreciated cost. The four existing allowance classes for days inventory held ("DIH") also range between 0% and 80% of depreciated cost.

In addition, inventories are individually tested for impairment and written down by up to 100%.

4.12 Financial assets and liabilities

Financial assets and financial liabilities are recognized in the balance sheet when an entity becomes party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially recognized at fair value (plus any transaction costs).

Financial assets, other than loans or receivables, or those that must be classified as "held for trading" are classified as "available-for-sale financial assets".

All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured reflecting discounts and premiums upon acquisition and include transaction costs and fees which are an integral part of the effective interest rate. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method less any impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The Group has not classified any financial assets as at fair value through profit or loss.

Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are financial guarantee contracts or are designated and effective hedging instruments. Gains or losses from financial assets and financial liabilities held for trading are recognized in profit or loss.

For investments that are actively traded in organized financial markets, fair value is determined by the quoted market prices (bid prices) as at the reporting date. The fair value of investments that are not quoted on an active market is determined using valuation techniques. Such techniques may include using recent arm's length transactions between knowledgeable, willing independent parties, reference to the current fair value of another financial instrument which is substantially the same and discounted cash flow analysis or other valuation models.

Borrowings are initially recognized at fair value net of transaction costs directly associated with the borrowing. They are not designated as measured at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when one of the following conditions is met:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without delay to a third party under an agreement that meets the conditions in IAS 39.19 ("pass-through" arrangement); and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

4.13 Hedge accounting

Changes in the fair value of derivatives designated as a hedging instrument in a fair value hedge are recognized in profit or loss. The hedged item attributable to the hedged risk is also recognized at fair value, with the hedge expected to be highly effective in offsetting the changes in the fair value of the hedged item.

The derivative designated as a hedge in a cash flow hedge is carried in the balance sheet at fair value. However, changes in the value of the derivative are recorded in other comprehensive income if, and to the extent that, the hedging relationship is effective. The non-effective portion of the change in fair value continues to be recognized in profit or loss. The change in fair value recorded in equity is derecognized and recorded in profit or loss as soon as the hedged item has an effect on the income statement, or, if the hedged item is reversed, as soon as the hedged item ceases to exist.

Hedge accounting is only performed as long as a hedge can be proven to be effective (effectiveness of 80% to 125%). Effectiveness is tested retrospectively and prospectively on a regular basis.

Hedge accounting pursuant to IAS 39 entails significant obligations regarding its documentation and supporting evidence. Economic hedging relationships are accounted for using hedge accounting only if the necessary preconditions are, or were, met.

The Company primarily concludes forward exchange contracts to hedge foreign currency risks from trade receivables. In the case of hedges for existing receivables, the hedging transaction and the risk portion of the hedged item are carried at fair value. Changes in value are recognized in profit or loss.

In the case of cash flow hedges, the hedging instruments are likewise carried at fair value. Forward exchange contracts are measured using the ECB reference rates for spot currency and the valid forward exchange rates of the respective commercial bank for forward currency. Changes in value, provided that the hedges are deemed to be effective, are initially disclosed in other comprehensive income, taking into account any deferred taxes, and only recognized in profit or loss when the cash flow is realized. The ineffective portion is reported immediately in profit or loss.

4.14 Property, plant and equipment

Property, plant and equipment are carried at cost plus directly allocable costs, less depreciation and impairments. Finance costs relating to qualifying assets are recognized as part of the cost if the criteria set out in IAS 23 are met. Depreciation is charged on a straight-line basis over the economic lives of the assets. The economic life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The economic lives are estimated as follows:

Buildings	25 years
Plant and machinery	2 to 10 years
Other assets	1 to 4 years

Depreciation and impairment of property, plant and equipment are recognized in the functional area to which the respective assets are allocated.

4.15 Leases

The Company is a lessee of property, plant and equipment and a lessor of replication lines. The criteria defined in IAS 17 for assessing, based on the risks and rewards, whether beneficial ownership of the leased asset is attributable to the lessor (operating lease) or the lessee (finance lease), are used to assess all the leases and account for them accordingly.

For leases in which the Group is the lessee, beneficial ownership of the leased assets is attributable to the lessor pursuant to IAS 17 if the lessor bears all the risks and rewards incidental to ownership of those assets. In this case, the leased assets are recognized in the financial statements of the lessor. The related lease expenses are expensed in full by the lessee.

4.16 Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is mandatory, the Group makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset/cash-generating unit exceeds its recoverable amount, the asset/cash-generating unit is considered impaired and is written down through profit and loss to the recoverable amount.

If a cash-generating unit is impaired, the assets in the unit are depreciated as follows:

a) First, the carrying amount of goodwill allocated to the cash-generating unit

b) then, the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

In assessing the recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These estimates are based on a five-year plan prepared by the Executive Board, which is derived from the three-year plan approved by the Supervisory Board and extrapolated a further two years in order to determine the recoverable amount. The perpetual annuity is determined on the basis of the fifth planning year.

For purposes of impairment testing, the goodwill acquired in business combinations is allocated to the cash-generating units, which correspond to the Group's three operating segments. Since goodwill from the acquisition of SINGULUS STANGL SOLAR also reflects the current and future business activities of SINGULUS TECHNOLOGIES AG in the Solar operating segment, this goodwill was tested for impairment at the level of the Solar operating segment.

4.16.1 Key assumptions used in the value-in-use calculation

The following parameters of the assumptions used in the value-in-use calculation of cash-generating units leave room for estimating uncertainties:

- Development of revenue and future EBIT margins
- Discount rates
- Market shares
- Growth rates used to extrapolate cash flow projections beyond the forecast period

The EBIT margins are based on the revenue expectations of the management, which are in turn validated using market research forecasts for the industry. The corporate planning for planning years 2018 to 2020 (budget period) factors in both the order backlog in the Solar segment and revenue estimated on the basis of customer requests and bids which are in the process of negotiation. Overall, management assumes an increase in revenue in the Solar segment significantly greater than general market growth. The Executive Board likewise assumes a significant improvement in EBIT margins in connection with the planned increase in revenue. Market expectations are factored in for 2021 and 2022 in particular. This revenue planning is used to determine the cost of sales and operating expenses based on current cost structures, budgetary calculations and past experience. The overall detailed budget period extends over five years.

Discount rates – The discount rates reflect estimates made by management on risks to be attributed to specific cash-generating units. The weighted average cost of capital ("WACC") for each cash-generating unit was used as the discount rate. The underlying base interest rate was determined using the Svensson method and yields of German government bonds (Bunds) for equivalent terms. Further components include the 7.00% market risk premium (previous year: 7.00%), beta factors, assumptions regarding country and credit risk premiums and the debt ratio using market data.

Management assumptions on market changes and growth are very significant in calculating value in use in the Solar segment. Specifically, technological trends, the future development of these trends, and the behavior of competitors is forecast for the budget period. The Company's own industry experience, dialog with customers and published industry-specific market research forecast continuing strong growth for the solar market despite the volatility prevalent in previous years.

Growth rate estimates – The forecast growth rates outside of the budget period are based on published industry-specific market research. The growth rate in the perpetual annuity using the discounted cash flow model ("DCF model") was extrapolated at 2% in the Solar segment.

The recoverable amount of the cash-generating units was determined based on a value-in-use calculation, using cash flow projections based on financial budgets prepared by senior management covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 15.3% (previous year: 14.1%) in the Solar operating segment.

Working capital attributable to the cash-generating unit is taken into account in calculating its carrying amount. This working capital was negative as of the reporting date due to liabilities from construction contracts; the carrying amount of the cash-generating unit was positive.

4.16.2 Sensitivity of assumptions made

For the Solar operating segment, the value in use exceeds the carrying amount by EUR 45.5 million. A change in the assumptions could lead to a situation in which the carrying amount of the cash-generating unit exceeds the recoverable amount. This could result from revenue in each case falling more than 21.4% short of the budgeted figures in the five-year planning period as well as in the perpetual annuity. The Solar operating segment is likely to benefit from the expected global market growth. In particular, the further development of the Chinese solar market is highly significant for the Company. At the same time, management expects the EBIT margin to increase. This development is thus reflected in the value in use of the cash-generating units in this operating segment. EBIT margins will increase from a low level to 6.8% by 2022. In the event the actual EBIT margin in the five-year planning period, as well as the perpetual annuity, is more than 5.7 percentage points lower than the assumed margin, the carrying amounts would be written down as a result.

4.17 Current tax assets and liabilities

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities using the tax rates and tax laws that have been enacted by the end of the reporting period.

Current taxes relating to items which are recognized in comprehensive income are also recognized in other comprehensive income and not in profit or loss.

4.18 Deferred tax liabilities and assets

Deferred taxes are recognized for all temporary differences between carrying amounts in the tax accounts and the consolidated balance sheet using the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses, to the extent that it is probable that taxable profit will be available for use of the deductible temporary differences and the carryforward of unused tax losses.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilized. Previously unrecognized deferred tax assets are reviewed at the end of each reporting period and recognized to the extent to which it has become probable that future taxable profit will allow the deferred tax asset to be recovered. This decision is made based on internal tax forecasts.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable profit in the years in which these temporary differences are expected to be reversed. In the event of a change in tax rate, the effects on deferred tax assets and liabilities are recognized in profit or loss in the period to which the new tax rate applies. Deferred tax assets and liabilities are not discounted and are classified as non-current assets or liabilities in the consolidated balance sheet.

Deferred tax assets and deferred tax liabilities are offset if SINGULUS TECHNOLOGIES AG or one of its subsidiaries has a legally enforceable right to set off a current tax asset against a current tax liability when they relate to income taxes levied by the same taxation authority.

4.19 Pension provisions

The actuarial measurement of pension provisions is based on the projected unit credit method prescribed by IAS 19 for benefit obligations for old-age pensions. This method takes into account the pensions and vested benefits known as of the balance sheet date as well as the increases in salaries and pensions to be expected in the future. The actuarial gains and losses are recognized in other comprehensive income.

4.20 Provisions

Under IAS 37, provisions are recognized if a present obligation toward a third party as a result of a past event exists which will probably result in a future outflow of resources, and whose amount can be reasonably estimated. Provisions that are not expected to lead to an outflow of resources in the subsequent year are carried at their discounted settlement amount on the balance sheet date. The discount factor is based on market interest rates. The settlement amount also includes the expected cost increases.

Provisions for warranty costs are recognized as soon as the respective revenue is realized. The provision is measured on the basis of historical estimates of the costs of meeting warranty obligations, including handling and transport costs.

4.21 Liabilities

The Group initially recognizes financial liabilities in connection with the issue of bonds as of the issue date. Repurchased own bonds are offset against financial liabilities from the bond issue. All other financial liabilities are initially recognized on the trade date, i.e., the date on which the Group became a contractual party to the financial instrument.

Financial liabilities are derecognized when the contractual obligations have been settled, canceled or have expired.

Non-derivative financial instruments are classified as other financial liabilities. Such financial liabilities are initially recognized at fair value less directly attributable transaction costs. These financial liabilities are subsequently measured at amortized cost using the effective interest method.

Other financial liabilities include loans and interest-bearing financial liabilities, financial liabilities in connection with the issue of bonds, trade payables and other liabilities.

Finance lease liabilities are recognized at the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

4.22 Share-based payment

The Management Board and senior executives are granted share-based payments (phantom stocks) which are settled with a cash payment (cash-settled share-based payment transactions).

The cost of granting the share-based payments is measured at the fair value of these instruments on the date they were granted ("grant price"). The fair value is determined by an external valuer using a suitable measurement model, further details of which are given in Note 16.

The recognition of the expenses incurred in connection with the issue of equity instruments takes place throughout the period in which the exercise or performance condition must be fulfilled (vesting period). This period ends on the date on which the relevant employees become fully entitled to the award. The cumulative expenses recognized on each reporting date for equity-settled transactions until the vesting date reflect the extent to which the vesting period has expired and the number of awards that, in the opinion of the Group at that date, based on the best available estimate of the number of equity instruments, will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period. No expense is recognized for awards that do not vest, except for awards where vesting is conditional upon certain market conditions, which are treated as vesting irrespective of whether or not the market conditions are satisfied, provided that all other performance conditions are satisfied.

The costs arising due to cash-settled share-based payments is initially measured using a binominal model with reference to the fair value at the date on which they were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each balance sheet date and at the date of settlement. Changes in the fair value are recognized in profit or loss.

4.23 Earnings per share

Basic earnings per share are calculated by dividing profit by the weighted average number of shares outstanding. Diluted earnings per share are calculated by dividing profit by the weighted average number of shares outstanding plus the number of convertible bonds and stock options outstanding, provided that the exercise of conversion rights and the stock options is reasonably certain.

The dilutive effect of the outstanding options is reflected as additional share dilution in the determination of earnings per share, if vesting is deemed to be probable as of the balance sheet date.

5

Correction in accordance with IAS 8

The Financial Reporting Enforcement Panel (FREP) has audited (on a test basis) the consolidated financial statements and Group management report of SINGULUS TECHNOLOGIES AG as of December 31, 2015 in accordance with section 342b (2) sentence 3 no. 3 HGB.
The audit resulted in the following corrections with the corresponding impacts in the subsequent reporting periods:

1. EUR 1.5 million in deferred tax assets in relation to temporary differences was reported in the consolidated financial statements as of December 31, 2015. However, in light of the facts as of the balance sheet date jeopardizing the Company's ability to continue operating as a going concern, the evidence of impairment required – due to the Company's history of losses – in accordance with IAS 12.34f. et seq. in conjunction with IAS 12.31 to recognize deferred tax assets in the balance sheet could not be produced.

2. The amount recognized for a provision as of December 31, 2015 in relation to an onerous lease agreement was too high. To calculate the provision, the Company factored in rent components for future increases in vacant space due to expected declines in revenue, an increase in vacancies due to the decision to reduce production depth in the future and a tenant loan which will either be credited towards rent payments after the term of the lease or reimbursed by the lessor. These costs are not unavoidable and no provision may be recognized for present contractual obligations in accordance with IAS 8.41, IAS 37.66 and IAS 37.68.

3. The requirements of IAS 3.52f. et seq. und IAS 38.57 for capitalizing internal development costs were not met since no sufficient evidence of either the technical feasibility or the existence of a market could be provided. Furthermore, in particular, the financial resources necessary for the successful completion of the development project were not secured.

The comparative figures for the respective prior-year period have been adjusted accordingly in the present consolidated financial statements. The adjustments to the balance sheet, income statement, statement of comprehensive income and cash flow statement are presented in the tables below. In addition, the adjustments are presented separately in the SINGULUS TECHNOLOGIES Group's statement of changes in equity.

Correction of balance sheet in accordance with IAS 8:

		IAS 8 correction			
	Jan.1, 2016, before correction	**Deferred tax assets**	**Provision for restructuring measures**	**Capitalized development costs**	**Jan.1, 2016, after correction**
ASSETS	**EUR m**	**EUR m**	**EUR m**	**EUR m**	**EUR m**
Capitalized development costs	5.4	0.0	0.0	-1.6	3.8
Deferred tax assets	2.2	-1.5	0.0	0.0	0.7
Other non-current and current assets	84.5	0.0	0.0	0.0	84.5
Total assets	**92.1**	**-1.5**	**0.0**	**-1.6**	**89.0**

		IAS 8 correction			
	Jan.1, 2016, before correction	Deferred tax assets	Provision for restructuring measures	Capitalized development costs	Jan.1, 2016, after correction
EQUITY AND LIABILITIES	**EUR m**	**EUR m**	**EUR m**	**EUR m**	**EUR m**
Equity	-21.5	-1.5	3.0	-1.6	-21.6
Provisions for restructuring measures	9.1	0.0	-3.0	0.0	6.1
Other non-current and current liabilities	104.5	0.0	0.0	0.0	104.5
Total equity and liabilities	**92.1**	**-1.5**	**0.0**	**-1.6**	**89.0**

		IAS 8 correction			
	Dec. 31, 2016, before correction	Deferred tax assets	Provision for restructuring measures	Capitalized development costs	Dec. 31, 2016, after correction
ASSETS	**EUR m**	**EUR m**	**EUR m**	**EUR m**	**EUR m**
Capitalized development costs	3.3	0.0	0.0	-0.6	2.7
Deferred tax assets	1.1	-0.5	0.0	0.0	0.6
Other non-current and current assets	91.8	0.0	0.0	0.0	91.8
Total assets	**96.2**	**-0.5**	**0.0**	**-0.6**	**95.1**
EQUITY AND LIABILITIES					
Equity	12.1	-0.5	2.3	-0.6	13.3
Provisions for restructuring measures	5.8	0.0	-2.3	0.0	3.5
Other non-current and current liabilities	78.3	0.0	0.0	0.0	78.3
Total equity and liabilities	**96.2**	**-0.5**	**0.0**	**-0.6**	**95.1**

Correction of income statement in accordance with IAS 8:

	Jan. 1 - Dec. 31, 2016, before correction	IAS 8 correction			Jan. 1 - Dec. 31, 2016, after correction
		Deferred tax assets	Provision for onerous contracts	Capitalized development costs	
	EUR m	EUR m	EUR m	EUR m	EUR m
Revenue (gross)	**68.8**	**0.0**	**0.0**	**0.0**	**68.8**
Sales deductions	-1.2	0.0	0.0	0.0	-1.2
Revenue (net)	**67.6**	**0.0**	**0.0**	**0.0**	**67.6**
Cost of sales	-54.7	0.0	-0.2	0.0	-54.9
Gross profit on sales	**12.9**	**0.0**	**-0.2**	**0.0**	**12.7**
Research and development	-8.8	0.0	0.0	1.0	-7.8
Sales and customer service	-12.1	0.0	0.0	0.0	-12.1
General administration	-9.2	0.0	0.0	0.0	-9.2
Other operating expenses	-1.6	0.0	0.0	0.0	-1.6
Other operating income	1.5	0.0	0.0	0.0	1.5
Net restructuring items	-0.4	0.0	-0.5	0.0	-0.9
Total operating expenses	-30.6	0.0	-0.5	1.0	-30.1
Operating result (EBIT)	**-17.7**	**0.0**	**-0.7**	**1.0**	**-17.4**
Finance income	41.3	0.0	0.0	0.0	41.3
Finance costs	-3.5	0.0	0.0	0.0	-3.5
EBT	**20.1**	**0.0**	**-0.7**	**1.0**	**20.4**
Tax expense/income	-1.2	1.0	0.0	0.0	-0.2
Profit or loss for the period	**18.9**	**1.0**	**-0.7**	**1.0**	**20.2**
Thereof attributable to:					
Owners of the parent	19.0	1.0	-0.7	1.0	20.3
Non-controlling interests	-0.1	0.0	0.0	0.0	-0.1

The correction resulted in an increase in basic and diluted earnings per share from EUR 5.13 to EUR 5.48 for the period from January 1, 2016 to December 31, 2016.

Correction of statement of comprehensive income in accordance with IAS 8:

	Jan. 1 - Dec. 31, 2016, before correction	IAS 8 correction			Jan. 1 - Dec. 31, 2016, after correction
		Deferred tax assets	Provision for onerous contracts	Capitalized development costs	
	EUR m	EUR m	EUR m	EUR m	EUR m
Profit or loss for the period	**18.9**	**1.0**	**-0.7**	**1.0**	**20.2**
Items that may never be reclassified to profit and loss:					
Actuarial gains and losses from pension commitments	-1.5	0.0	0.0	0.0	-1.5
Items that may be reclassified to profit and loss:					
Exchange rate differences during the fiscal year	0.1	0.0	0.0	0.0	0.1
Total income and expense recognized directly in other comprehensive income	-1.4	0.0	0.0	0.0	-1.4
Total comprehensive income	**17.5**	**1.0**	**-0.7**	**1.0**	**18.8**
Thereof attributable to:					
Owners of the parent	17.6	1.0	-0.7	1.0	18.9
Non-controlling interests	-0.1	0.0	0.0	0.0	-0.1

Correction of cash flow statement in accordance with IAS 8:

	Jan. 1 - Dec. 31, 2016, before correction	IAS 8 correction			Jan. 1 - Dec. 31, 2016, after correction
		Deferred tax assets	Provision for restructuring measures	Capitalized development costs	
	EUR m	EUR m	EUR m	EUR m	EUR m
Profit or loss for the period	**18.9**	**1.0**	**-0.7**	**1.0**	**20.2**
Depreciation and amortization of non-current assets	3.3	0.0	0.0	-1.0	2.3
Net tax expense	1.2	-1.0	0.0	0.0	0.2
Change in provisions for restructuring measures	-2.3	0.0	0.7	0.0	-1.6
Other cash flows from operating activities	-7.0	0.0	0.0	0.0	-7.0
Cash flows from operating activities	**14.1**	**0.0**	**0.0**	**0.0**	**14.1**
Cash flows from investing activities	**-0.5**	**0.0**	**0.0**	**0.0**	**-0.5**
Cash flows from financing activities	**-14.1**	**0.0**	**0.0**	**0.0**	**-14.1**
Increase/decrease in cash and cash equivalents	-0.5	0.0	0.0	0.0	-0.5
Effect of exchange rate changes	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents at the beginning of the reporting period	**19.0**	**0.0**	**0.0**	**0.0**	**19.0**
Cash and cash equivalents at the end of the reporting period	**18.5**	**0.0**	**0.0**	**0.0**	**18.5**

6

Segment reporting

The Group's business is organized by product for corporate management purposes and has the following three operating segments which are subject to disclosure:

Solar segment

At Kahl am Main, machinery is designed for use in evaporation, cathode sputtering and selenization processes, and end-to-end production lines are designed and offered. All types of plants for manufacturing solar cells are assembled and commissioned in Kahl. The focus of SINGULUS TECHNOLOGIES' activities at its

Fürstenfeldbruck plant is to develop, assemble and commission equipment used in wet-chemical processes, such as cleaning, etching and deposition machinery.

Optical Disc segment

The primary focus of SINGULUS TECHNOLOGIES' Optical Disc segment is to manufacture and distribute integrated production lines used in the manufacture of Blu-ray discs. SINGULUS TECHNOLOGIES offers BLULINE II and BLULINE III modular production systems for 50 GB, 66 GB and 100 GB Blu-ray discs. Income from the replacement parts and service business related to the aforementioned product lines is also reported under the Optical Disc segment.

Semiconductor segment

SINGULUS TECHNOLOGIES operates in the market for semiconductor elements through its Semiconductor segment. One area of focus is the development and manufacture of equipment that uses tunnel magnetic resistance (TMR) technology for semiconductor applications. This equipment is used to process wafers for MRAM, thin film heads and sensors.
Directly attributable income, expenses and assets are generally reported directly under the segments to which they are directly attributable in the segment reporting. Income, expenses and assets which cannot be directly attributed to a given segment are allocated as a proportion of planned revenue for the fiscal year.

Management monitors the business segments' operating results separately in order to facilitate decisions regarding the allocation of resources and to determine the units' performance.

The key figures for management are net revenue and EBIT (operating result). Liabilities are managed at the group level. Revenue and operating results were allocated to the operating segments as follows in 2017:

	"Solar" operating segment		"Optical Disc" operating segment		"Semiconductor" operating segment		SINGULUS TECHNOLOGIES Group	
	2017 EUR m	2016 EUR m*	2017 EUR m	2016 EUR m*	2017 EUR m	2016 EUR m*	2017 EUR m	2016 EUR m*
Gross revenue	64.8	40.5	18.4	24.2	8.0	4.1	91.2	68.8
Sales deductions and direct selling costs	0.0	-0.1	-1.2	-1.1	0.0	0.0	-1.2	-1.2
Net revenue	64.8	40.4	17.2	23.1	8.0	4.1	90.0	67.6
Net restructuring items	0.0	-0.8	0.0	-0.1	0.0	0.0	0.0	-0.9
Operating result (EBIT)	2.1	-13.8	-3.0	-3.3	-0.3	-0.3	-1.2	-17.4
Amortization, depreciation and impairment	-1.7	-2.0	-0.2	-0.3	0.0	0.0	-1.9	-2.3
Financial income/expense							-1.6	37.8
EBT							-2.8	20.4

*Prior-year amounts adjusted (see Correction in accordance with IAS 8)

The additions to capitalized development costs are primarily attributable to the Solar segment (EUR 1.7 million; previous year: EUR 0.1 million).

In fiscal year 2017, the SINGULUS TECHNOLOGIES Group generated substantial revenue with one customer in the Optical Disc operating segment. Of that revenue, EUR 8.9 million or 9.7% (previous year: 10.8 million or 15.7%) of total revenue was attributable to this customer.

Furthermore, significant revenue was generated with two customers in the Solar segment in fiscal year 2017. Of that revenue, EUR 40.3 million or 44.2% of total revenue was attributable to one customer. EUR 8.0 million or 8.7% of total revenue was attributable to the second customer.

The table below shows information by geographical region as of December 31, 2017 based on gross revenue and assets:

	Germany	Rest of Europe	North & South America	Asia	Africa & Australia
	EUR m	EUR m	EUR m	EUR m	EUR m
Revenue by					
country of origin	75.8	0.7	12.2	2.5	0.0
destination	10.8	6.9	16.7	56.2	0.6

	Germany	Rest of Europe	North & South America	Asia	Africa & Australia
	EUR m	EUR m	EUR m	EUR m	EUR m
Assets	80.4	0.7	3.1	3.6	0.0

The table below shows information by geographical region as of December 31, 2016 based on gross revenue and assets:

	Germany	Rest of Europe	North & South America	Asia	Africa & Australia
	EUR m	EUR m	EUR m	EUR m	EUR m
Revenue by					
country of origin	53.0	0.6	13.1	2.1	0.0
destination	8.0	8.7	24.4	26.1	1.6

	Germany	Rest of Europe	North & South America	Asia	Africa & Australia
	EUR m	EUR m	EUR m	EUR m	EUR m
Assets	86.1	0.6	6.3	3.2	0.0

Outside of Germany, significant revenue was generated in China (EUR 52.1 million; previous year: EUR 24.1 million) and the USA (EUR 14.4 million; previous year: EUR 20.5 million) during the fiscal year.

7
Cash and cash equivalents

Bank balances earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for periods ranging between one day and twelve months, depending on the relevant cash requirements of the Group. These earn interest at the relevant rates applicable to short-term deposits. The fair value of cash and cash equivalents is EUR 27.2 million (previous year: EUR 18.5 million).

8
Financial assets subject to restrictions on disposal

The Company has cash deposits of EUR 8.7 million (previous year: EUR 21.0 million) in blocked accounts over which it has no power of disposal. These deposits are included as cash flows from financing activities in the consolidated statement of cash flows if they are linked to the Group's financing transactions.

9
Trade receivables and receivables from construction contracts

	2017 EUR m	2016 EUR m
Trade receivables – current	3.4	9.3
Receivables from construction contracts	9.5	2.2
Trade receivables – non-current	0.0	0.0
Less allowances	-1.1	-1.5
	11.8	**10.0**

As of December 31, 2017, bad debt allowances of a nominal EUR 1.1 million had been charged on trade receivables (previous year: EUR 1.5 million). The development of the valuation allowances is presented below:

	2017 EUR m	2016 EUR m
As of January 1	1.5	1.6
Allowances recognized in profit or loss	0.1	1.2
Utilization	-0.4	-1.3
Reversal	-0.1	0.0
As of December 31	**1.1**	**1.5**

If trade receivables become uncollectible, the associated receivables and allowances are derecognized.

The non-current receivables accrue interest at normal market conditions.

As of December 31, the age structure of trade receivables and receivables from construction contracts, taking into account specific bad debt allowances, are broken down as follows:

	Total	Not due	less than 30 days	30 to 60 days	60 to 90 days	90 to 180 days	Overdue by more than 180 days
	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
2017	11.8	11.1	0.5	0.1	0.1	0.0	0.0
2016	10.0	9.5	0.3	0.2	0.0	0.0	0.0

The overdue trade receivables are collateralized in the form of retention of title, insurance policies and letters of credit. With regard to trade receivables for which no bad debt allowance was charged, there were no indications as of the balance sheet date that the debtors would not meet their payment obligations.

Subsequent measurement of trade receivables resulted in a net effect of EUR 0.0 million (previous year: EUR -1.2 million). This included expenses from additions to specific bad debt allowances amounting to EUR 0.1 million (previous year: EUR 1.2 million). In the reporting period, income was also generated from the reversal of specific bad debt allowances in the amount of EUR 0.1 million.

Receivables from construction contracts arise when revenue can be recognized according to the stage of completion (using the cost-to-cost method) and the criteria set forth in IAS 11.23 have been fulfilled but this revenue cannot yet be invoiced to customers under the respective contract. The costs and estimated profits include directly allocable costs and all production-related overheads. Receivables from construction contracts are all recognized in current receivables. The receivables from construction contracts and the project-related prepayments offset against them break down as follows:

	2017 EUR m	2016 EUR m
Aggregate amount of costs incurred and recognized profits (less any recognized losses)	63.7	13.2
Prepayments received	-54.2	-11.0
Receivables from construction contracts	**9.5**	**2.2**

Gross amounts due to customers for construction contracts, which are reported as liabilities from construction contracts in a separate balance sheet item, break down as follows:

	2017 EUR m	2016 EUR m
Aggregate amount of costs incurred and recognized profits (less any recognized losses)	14.1	43.4
Prepayments received	-26.2	-73.8
Liabilities from construction contracts	**-12.1**	**-30.4**

Revenue from construction contracts of EUR 65.7 million (previous year: EUR 37.8 million) was recognized in the fiscal year.

10
Other receivables and other assets

Other receivables and other assets break down as follows:

	2017 EUR m	2016 EUR m
Prepayments made	4.3	6.2
Insurance claims	1.3	0.0
Tax assets	0.1	1.5
Other	1.7	0.9
	7.4	**8.6**

Tax assets for fiscal year 2017 essentially concern SINGULUS TECHNOLOGIES AG (EUR 0.1 million) and result primarily from claims for VAT reimbursements.

11
Inventories

The Group's inventories break down as follows:

	2017 EUR m	2016 EUR m
Raw materials, consumables and supplies	19.5	20.8
Work in process	24.0	29.6
Less allowances	-26.2	-28.4
	17.3	**22.0**

The inventory allowances relate to reductions in value in accordance with the "lower of cost or net realizable value" principle as well as decreases in carrying values to account for a lack of marketability and excessive days inventory held.

During the 2017 fiscal year, write-downs to the net realizable value of inventories fell by EUR 2.3 million (previous year: addition of EUR 1.9 million). Scrapping resulted in an offsetting effect of EUR 1.9 million.

The carrying amount of inventories recognized at net realizable value amounts to EUR 10.6 million (previous year: EUR 13.4 million).

12
Intangible assets

In fiscal years 2017 and 2016, intangible assets developed as follows (all amounts in EUR m):

	Goodwill	Other intangible assets	Capitalized development costs*	Total
Cost				
As of Jan. 1, 2016	**21.7**	**76.3**	**107.4**	**205.4**
Additions	0.0	0.1	0.1	0.2
Disposals	0.0	-0.9	0.0	-0.9
As of Dec. 31, 2016	**21.7**	**75.5**	**107.5**	**204.7**
Additions	0.0	0.1	1.7	1.8
Disposals	0.0	0.0	0.0	0.0
As of Dec. 31, 2017	**21.7**	**75.6**	**109.2**	**206.5**
Amortization and impairment				
As of Jan. 1, 2016	**15.0**	**75.9**	**102.0**	**192.9**
Additions to amortization (scheduled)	0.0	0.3	1.3	1.6
Additions to impairment losses (unscheduled)	0.0	0.0	1.5	1.5
Disposals	0.0	-0.9	0.0	-0.9
As of Dec. 31, 2016	**15.0**	**75.3**	**104.8**	**195.1**
Additions to amortization (scheduled)	0.0	0.1	1.0	1.1
Additions to impairment losses (unscheduled)	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
As of Dec. 31, 2017	**15.0**	**75.4**	**105.8**	**196.2**
Carrying amounts Dec. 31, 2016	**6.7**	**0.2**	**2.7**	**9.6**
Carrying amounts Dec. 31, 2017	**6.7**	**0.2**	**3.4**	**10.3**

*Prior-year amounts adjusted (see Correction in accordance with IAS 8)

As of the balance sheet date, the Solar segment reported goodwill with a carrying amount of EUR 6.7 million (previous year: EUR 6.7 million). For further information on goodwill please also refer to our comments under 4.5 "Goodwill" and 4.16 "Impairment of assets".

EUR 1.7 million of the development costs incurred in fiscal year 2017 qualifies for recognition as an asset under IFRSs (previous year: EUR 0.1 million). Amortization and impairment of capitalized development costs is recognized under research and development expenses in the consolidated income statement.

13

Property, plant and equipment

In fiscal years 2017 and 2016, property, plant and equipment developed as follows (all amounts in EUR m):

	Land, own buildings	Techn. equip. & mach.	Office & operating equip.	Assets under construction	Total
Cost					
As of Jan. 1, 2016	**6.7**	**10.4**	**8.0**	**0.0**	**25.1**
Additions	0.0	0.2	0.2	0.0	0.4
Disposals	-0.1	-1.1	-1.0	0.0	-2.2
As of Dec. 31, 2016	**6.6**	**9.5**	**7.2**	**0.0**	**23.3**
Additions	0.1	0.7	0.3	0.0	1.1
Disposals	0.0	0.0	-0.1	0.0	-0.1
As of Dec. 31, 2017	**6.7**	**10.2**	**7.4**	**0.0**	**24.3**
Depreciation and impairment					
As of Jan. 1, 2016	**4.1**	**8.4**	**7.3**	**0.0**	**19.8**
Additions to depreciation (scheduled)	0.3	0.1	0.4	0.0	0.8
Disposals	0.0	-1.1	-1.0	0.0	-2.1
As of Dec. 31, 2016	**4.4**	**7.4**	**6.7**	**0.0**	**18.5**
Additions to depreciation (scheduled)	0.3	0.3	0.4	0.0	1.0
Disposals	0.0	0.0	-0.1	0.0	-0.1
As of Dec. 31, 2017	**4.7**	**7.7**	**7.0**	**0.0**	**19.4**
Carrying amounts Dec. 31, 2016	**2.2**	**2.1**	**0.5**	**0.0**	**4.8**
Carrying amounts Dec. 31, 2017	**2.0**	**2.5**	**0.4**	**0.0**	**4.9**

14

Other liabilities

Other liabilities are broken down as follows:

	2017 EUR m	2016 EUR m
Outstanding liabilities to personnel	1.9	1.8
Litigation risks	1.7	1.7
Employee bonuses	2.3	1.2
Outstanding invoices	1.6	0.9
Financial reporting, legal and consulting fees	0.5	0.7
Services to be provided	1.8	0.6
Other	1.2	1.6
	11.0	**8.5**

In the fiscal year, commitments for performance-related payments of EUR 2.3 million (previous year: EUR 1.2 million) to members of the Executive Board, managing directors of subsidiaries and senior executives were recognized as a liability.

15

Prepayments received

	2017 EUR m	2016 EUR m
Prepayments from customers	0.8	1.4

Prepayments received as of December 31, 2017 mainly relate to advances for orders received by the Solar and Optical Disc segments, which are reported in inventories under work in process.

16

Share-based payment

The various share-based payment plans launched in previous years are described below:

<u>Phantom Stock Program 2011 (PSP III)</u>

In order to provide Executive Board members and senior executives with a long-term incentive, SINGULUS TECHNOLOGIES AG launched a phantom stock program in 2011. Each stock option under this program entitles the beneficiaries to subscribe to one virtual bearer share of the Company with a par value of EUR 1.00 each at the exercise price. The stock options were issued free of charge. The phantom stocks are not settled in shares of the Company, but in cash. The cash settlement is determined on the basis of the difference between the exercise price and the relevant closing price. The program comprises a total of 600,000 phantom stocks (stock options). Of these stock options, 200,000 are to be issued to the Executive Board and up to 400,000 are to be issued to senior executives. The stock options can be issued in several tranches. Issuance was originally limited until the end of March 2012. This time limit for issuance was extended in 2012 until December 31, 2012.

With effect from November 26, 2012, the final tranche of 134,000 stock options with an exercise price of EUR 1.0800 was issued to senior executives (PSP III). The remainder of the aforementioned stock options lapsed in fiscal year 2017.

<u>Phantom Stock Program 2012 (PSP IV)</u>

By resolution dated November 26, 2012, the Supervisory Board resolved to issue 180,000 stock options to the Executive Board (PSP IV). The underlying phantom stock program corresponds to the 2011 program. The exercise price of these stock options is EUR 1.0800.

Upon entry of the capital decrease at a ratio of 160:1 in the 2016 fiscal year, the stock options under the above phantom stock programs were adjusted at the same ratio.

<u>Phantom Stock Program 2014 (PSP V and PSP VI)</u>

By resolution dated March 19, 2014, the Supervisory Board resolved to issue 225,000 stock options to the Executive Board (PSP V). A further 122,000 stock options were issued to senior executives (PSP VI). The underlying phantom stock program corresponds to the 2011 program. The exercise price of these stock options is EUR 2.5404.

Upon entry of the capital decrease at a ratio of 160:1 in the 2016 fiscal year, the stock options under the above phantom stock programs were adjusted at the same ratio.

<u>Phantom Stock Program 2015 (PSP VII and PSP VIII)</u>

By resolution dated March 24, 2015, the Supervisory Board resolved to issue 225,000 stock options to the Executive Board (PSP VII). A further 112,000 stock options were issued to senior executives (PSP VIII). The underlying phantom stock program corresponds to the 2011 program. The exercise price of these subscription rights is € 1,3052.

Upon entry of the capital decrease at a ratio of 160:1 in the 2016 fiscal year, the stock options under the above phantom stock programs were adjusted at the same ratio.

Phantom Stock Program 2016 (PSP IX and PSP X)

By resolution dated November 9, 2016, the Supervisory Board resolved to issue 225,000 stock options to the Executive Board (PSP IX). A further 130,000 stock options were issued to senior executives (PSP X). The underlying phantom stock program corresponds to the 2011 program. The exercise price of these stock options is EUR 4.5974.

Phantom Stock Program 2017 (PSP XI and PSP XII)

By resolution dated July 21, 2017, the Supervisory Board resolved to issue 250,000 stock options to the Executive Board (PSP XI). A further 120,000 stock options were issued to senior executives (PSP XII). The underlying phantom stock program corresponds to the 2011 program. The exercise price of these stock options is EUR 8.7950.

The specific terms and conditions of the above phantom stock programs are as follows:

The term of the stock options is five years. The stock options can be exercised at the earliest upon expiry of the two-year vesting period within a period of 14 trading days beginning on the sixth trading day following publication of the quarterly reports for the first or third quarter; up to 25% of the phantom stocks held by the respective beneficiary can be exercised during the first exercise period and then a further 25% every six months during each subsequent exercise period.

The stock options under Phantom Stock Programs PSP III through PSP X may only be exercised if the non-weighted average closing price for SINGULUS TECHNOLOGIES AG shares is (i) at least 15% higher than the exercise price during the reference period for the first 25% of the stock options (first tranche), (ii) at least 17.5% higher than the exercise price during the reference period for the second 25% (second tranche), (iii) at least 20% higher than the exercise price during the reference period for the third 25% (third tranche) and (iv) at least 22.5% higher than the exercise price during the reference period for the final 25% (fourth tranche). For stock options issued under the Phantom Stock Programs PSP XI and PSP XII, the reference price for all tranches as of the exercise date must be at least 15.0% above the exercise price.
If the stock options of a tranche cannot be exercised within the respective exercise period because the earnings target has not been reached, the phantom stocks of this tranche can be exercised in subsequent exercise period(s) on the condition that the unmet earnings target for the respective previous exercise period(s) is achieved in those reference period(s). The reference period is the period of five trading days from the date of publication of the quarterly report applicable to the beginning of the exercise period.

The development of the issued tranches is presented below:

Change in stock options	PSP III 2017 Number of stock options	PSP III 2017 Average exercise price (EUR)	PSP IV 2017 Number of stock options	PSP IV 2017 Average exercise price (EUR)
Outstanding as of the beginning of the fiscal year	175.00	1.0800	1,125.00	1.0800
Issued in the fiscal year	-	-	-	-
Revoked in the fiscal year	-	-	-	-
Exercised during the fiscal year	50.00	3.0900	1,125.00	3.0900
Expired in the fiscal year	125.00	-	-	-
Outstanding at the end of the fiscal year	-	-	-	-
Exercisable at the end of the fiscal year	-	-	-	-

Change in stock options	PSP V 2017 Number of stock options	PSP V 2017 Average exercise price (EUR)	PSP VI 2017 Number of stock options	PSP VI 2017 Average exercise price (EUR)
Outstanding as of the beginning of the fiscal year	1,406.25	2.5404	618.75	2.5404
Issued in the fiscal year	-	-	-	-
Revoked in the fiscal year	-	-	-	-
Exercised during the fiscal year	1,406.25	7.4712	493.75	6.7000
Expired in the fiscal year	-	-	125.00	-
Outstanding at the end of the fiscal year	-	-	-	-
Exercisable at the end of the fiscal year	-	-	-	-

Change in stock options	PSP VII 2017 Number of stock options	PSP VII 2017 Average exercise price (EUR)	PSP VIII 2017 Number of stock options	PSP VIII 2017 Average exercise price (EUR)
Outstanding as of the beginning of the fiscal year	1,406.25	1.3052	700.00	1.3052
Issued in the fiscal year	-	-	-	-
Revoked in the fiscal year	-	-	-	-
Exercised during the fiscal year	703.13	3.7656	318.75	3.7600
Expired in the fiscal year	-	-	62.50	-
Outstanding at the end of the fiscal year	703.12	1.3052	318.75	1.3052
Exercisable at the end of the fiscal year	-	-	-	-

Change in stock options	PSP IX 2017 Number of stock options	PSP IX 2017 Average exercise price (EUR)	PSP X 2017 Number of stock options	PSP X 2017 Average exercise price (EUR)
Outstanding as of the beginning of the fiscal year	225,000	4.5974	130,000	4.5974
Issued in the fiscal year	-	-	-	-
Revoked in the fiscal year	-	-	-	-
Exercised during the fiscal year	-	-	-	-
Expired in the fiscal year	-	-	-	-
Outstanding at the end of the fiscal year	225,000	4.5974	130,000	4.5974
Exercisable at the end of the fiscal year	-	-	-	-

Change in stock options	PSP XI 2017 Number of stock option s	Average exercise price (EUR)	PSP XII 2017 Number of stock options	Average exercise price (EUR)
Outstanding as of the beginning of the fiscal year				
Issued in the fiscal year	250,000	8.7950	120,000	8.7950
Revoked in the fiscal year	-	-	-	-
Exercised during the fiscal year	-	-	-	-
Expired in the fiscal year	-	-	-	-
Outstanding at the end of the fiscal year	250,000	8.7950	120,000	8.7950
Exercisable at the end of the fiscal year	-	-	-	-

The stock options were measured using a binomial model, which reflects the fact that the amount to be paid out is limited to 300% of the exercise price. The following parameters were used when measuring the options:

Tranche	PSP III	PSP IV	PSP V	PSP VI	PSP VII
Grant date	Nov. 26, 2012	Nov. 26, 2012	Apr. 7, 2014	Apr. 7, 2014	Sep. 4, 2015
Exercise price	1.0800	1.0800	2.5404	2.5404	1.3052
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Interest rate	-	-	-0.75%	-0.75%	-0.65%
Volatility of SINGULUS TECHNOLOGIES	-	-	58.68%	58.68%	125.88%
Fair value of each stock option as of December 31, 2017	EUR 0.000	EUR 0.000	EUR 7.311	EUR 7.313	EUR 3.500

Tranche	PSP VIII	PSP IX	PSP X	PSP XI	PSP XII
Grant date	Sep. 4, 2015	Sep. 11, 2016	Sep. 11, 2016	Jul. 21, 2017	Jul. 21, 2017
Exercise price	1.3052	4.5974	4.5974	8.7950	8.7950
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Interest rate	-0.65%	-0.43%	-0.43%	-0.27%	-0.27%
Volatility of SINGULUS TECHNOLOGIES	125.88%	108.39%	108.39%	98.24%	98.24%
Fair value of each stock option as of December 31, 2017	EUR 3.501	EUR 5.325	EUR 5.310	EUR 5.377	EUR 5.353

The estimates pertaining to expected volatility were made on the basis of SINGULUS TECHNOLOGIES AG's past share performance. The remaining term of the stock options was used as a historical timeframe.

The measurement of the phantom stocks resulted in an expense of EUR 1,117 thousand during the fiscal year (previous year: expense of EUR 33 thousand).

The program was treated as a cash-settled share-based payment within the meaning of IFRS 2.

17

Financing liabilities from bond issue

The new collateralized bond (ISIN DE000A2AA5H5) with a volume of EUR 12.0 million was issued in July 2016 for a five-year term and with annually increasing yields. The initial yield was 3.0%; subject to an early redemption by the Company, this yield increases annually to 6.0%, 7.0%, 8.0% to up to 10.0% p.a. The effective yield is 6.70% p.a. The new bond is collateralized primarily through cash, receivables, inventories, property, plant and equipment, and intangible assets of SINGULUS TECHNOLOGIES AG.

Financial liabilities measured at amortized cost resulted in a loss of EUR 0.8 million in the reporting period (previous year: EUR 2.8 million). The net loss was essentially attributable to interest.
Please refer to Note 37.

18

Liabilities from loans

In March 2017, the Company took out a loan of EUR 4.0 million from a shareholder and a bondholder. The loan was granted in connection with the bond terms set out in section 8 (a) (iv) in conjunction with section 3 (e). According to those terms, the Company may take out financial liabilities in the form of a loan of up to EUR 4.0 million. The bond collateral is also used to collateralize the loan. This is senior in relation to the bondholders. The original term of the loan was one year. The term has since been extended until the end of 2018. The effective interest rate amounts to 13.85% p.a.

Financial liabilities measured at amortized cost resulted in a loss of EUR 0.5 million in the reporting period (previous year: EUR 0.0 million). The net loss was essentially attributable to interest.
Please refer to Note 37.

19

Pension provisions

Pension plans were granted by SINGULUS TECHNOLOGIES AG and from the previous HamaTech AG. They are defined benefit plans in both cases.

HamaTech AG's benefit obligations were transferred to SINGULUS TECHNOLOGIES AG in connection with the merger in fiscal year 2009. HamaTech AG's pension plan, which was transferred in the merger, was operated solely for former members of that company's Executive Board.

At SINGULUS TECHNOLOGIES AG company pension schemes in the form of direct pension commitments are provided for only some of the employees. On the one hand, beneficiaries are those employees who were employed at Leybold prior to the founding of the company in 1995 in accordance with the pension directives there in the versions dated January 1, 1969 and January 1, 1986 and, on the other hand, some former Executive Board members as well as a few employees who were granted corporate pension benefits based on an individual contract. New pension commitments have not been issued for some time. In particular, there are no pension plans open for new employees.

The existing pension obligations are all based on defined benefit plans. In a special case based on individual contractual arrangements, a one-time capital payment is promised when the age limit is reached, otherwise all benefits are in the form of lifetime pensions upon disability, age or death (to survivors). The amount of the pensions is contractually stipulated for the individual commitments. The commitments under the Leybold pension directives are based on the length of service in the company and the pensionable income; the total pension from the company pension and statutory pensions has an upper limit that may not exceed the last net pay received. The age limit is the last day on which the beneficiary is 65.

All benefits are financed internally by the regular accumulation of provisions. There are no plan assets within the meaning of IAS 19, nor are there other employers' pension insurance plans.

The company is charged with taxes or social security contributions on the retirement benefits.

Other than the general risks arising from interest rates, inflation, longevity and case law, there are no special risks specific to the company for these pension commitments. The longevity risk is taken into account through the use of cohort tables when calculating the obligation. The cohort tables make appropriate assumptions, in particular with respect to the further increase in life expectancy in the future.

The risk of inflation is factored in sufficiently by a long-term estimate of 1.60% p.a. when calculating the obligation based on current knowledge. Moreover, this risk primarily impacts the adjustment when reviewing current pensions. Currently, there are no known risks arising from labor law by virtue of supreme court rulings which would impact the commitments.

HamaTech AG's pension plan, which was transferred in the merger, was operated solely for former members of that company's Executive Board.

The pension plan is not covered by plan assets. Pension provisions are determined on the basis of an independent actuarial report. Pension benefits under the plan are based on a percentage of the employees' current pensionable compensation and their years of service.

The pension obligations and underlying assumptions are described below.

The change in SINGULUS TECHNOLOGIES AG's pension obligations as of December 31, 2017 and 2016 is presented in the following tables:

Change in pension obligations:	**2017 EUR m**	**2016 EUR m**
Present value at the beginning of the fiscal year	13.8	12.3
Recognized in profit or loss:		
Service cost	0.1	0.1
Interest expense	0.2	0.3
Recognized in other comprehensive income:		
Actuarial gains/losses from:		
financial assumptions	-0.6	1.5
demographic assumptions	0.0	0.0
experience-based adjustments	0.2	0.0
Miscellaneous:		
Payments made	-0.4	-0.4
Present value at the end of the fiscal year	**13.3**	**13.8**

Net pension expenses break down as follows:

	2017 EUR m	**2016 EUR m**
Service cost	0.1	0.1
Interest expense	0.2	0.3
	0.3	0.4

While service cost was mainly recognized under selling costs and general and administrative expenses as well as cost of sales, interest expense was disclosed in the financial result.

The figures for the current and previous four periods are as follows:

	2017 EUR m	2016 EUR m	2015 EUR m	2014 EUR m	2013 EUR m
Present value of the defined benefit obligation	13.3	13.8	12.3	12.4	9.9

The assumptions underlying the calculation of the pension provision are as follows:

Biometrics	**2017 Heubeck 2005 G actuarial tables**	**2016 Heubeck 2005 G actuarial tables**
Discount rate (future pensioners)	2.16%	1.75%
Discount rate (current pensioners)	1.46%	1.40%
Estimated future wage and salary increases	2.00%	2.00%
Estimated future pension increases	1.60%	1.60%

As of December 31, 2017, the weighted average term of the defined benefit obligation was 15.8 years.

Pension expenses of EUR 0.3 million are estimated for the 2018 fiscal year (of which EUR 0.2 million for interest expense).

Contributions by the Company to the statutory pension insurance system amounted to EUR 1.5 million in the year under review. This is a defined contribution plan. In addition, members of the Executive Board received a defined-contribution company pension benefit financed by the company. EUR 0.4 million was paid out for this in the year under review.

Keeping all other assumptions constant, from a reasonable perspective, possible changes to one of the significant actuarial assumptions as of the reporting date would have affected the defined benefit obligation in the following amounts.

Effect in EUR m	**Defined benefit obligation Increase**	**Decrease**
Discount rate (0.5% change)	1.0	-1.1
Estimated future wage and salary increases (0.25% change)	0.1	-0.1
Estimated future pension increases (0.25% change)	0.4	-0.4
Life expectancy (+1 year change)	0.7	-

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Other provisions

Other provisions developed as follows in the fiscal year:

	Jan. 1, 2017 EUR m	Utilization EUR m	Reversal EUR m	Allocation EUR m	Dec. 31, 2017 EUR m
Warranties	1.3	-0.8	-1.3	1.3	0.5
Other	0.4	0.0	0.0	0.1	0.5
	1.7	-0.8	-1.3	1.4	1.0

Provisions for warranty costs are recognized as a percentage of product cost. The percentages used are derived from experience for each product type and range between 2.7% and 4.0% (previous year: between 2.7% and 4.0%). In addition, different percentages ranging from 2.7% to 5.5% were used for commitments in individual cases. The guarantee period, and thus a possible utilization, ranges from 2 months to 18 months as of December 31, 2017.

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Provisions for restructuring measures

The provisions for restructuring measures developed as follows during the fiscal year:

	Jan. 1, 2017 EUR m*	Allocation EUR m	Utilization EUR m	Reversal EUR m	Dec. 31, 2017 EUR m
Provisions for restructuring measures	3.5	0.0	-0.9	0.0	2.6

*Prior-year amount adjusted (see Correction in accordance with IAS 8)

The provisions for restructuring measures mainly contain provisions for underutilization of office and production facilities leased for wet-chemical processes within the Solar segment (EUR 2.3 million). Of that amount, provisions of EUR 1.9 million were recognized in non-current liabilities (previous year: after correction in accordance with IAS 8: EUR 2.3 million). Utilization of the provisions is anticipated to extend over the term of the leased administrative and production building in Fürstenfeldbruck until 2024.

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Equity

On September 21, 2017, SINGULUS TECHNOLOGIES AG disclosed in accordance with section 92 (1) AktG that half of its share capital had been eroded as of August 31, 2017. This loss was announced to the shareholders at an extraordinary shareholders' meeting on November 29, 2017.

On December 6, 2017, the Company implemented a cash capital increase of 808,775 shares under exclusion of pre-emptive rights. The gross issuance proceeds amounted to EUR 10.5 million. Transaction costs amounting to EUR 0.3 million led to a reduction in the capital reserves. The share capital thus increased by EUR 808,775.00 to EUR 8,896,527.00, divided into 8,896,527 bearer shares with a par value of EUR 1.00. Following the cash capital increase, authorized capital 2017/1 amounted to EUR 3,235,101.00 as of the balance sheet date.

Reserves

Reserves include changes in the fair value of cash flow hedges as well as currency translation differences from translating the financial statements of foreign entities.

Non-controlling interests

Non-controlling interests represent third-party shareholdings in group entities. In the fiscal year, the non-controlling interests related exclusively to SINGULUS MANUFACTURING GUANGZHOU and SINGULUS CIS SOLAR TECH.

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Tax expenses/income

The disclosures on income taxes for 2017 and 2016 are as follows:

	2017 **EUR m**	**2016*** **EUR m**
Current income taxes		
Germany	0.0	-0.1
Foreign	-0.1	-0.1
Sub-total	-0.1	-0.2
Deferred taxes		
Germany	-0.1	0.0
Foreign	-0.2	0.0
Sub-total	-0.3	0.0
Total tax expense/income	**-0.4**	**-0.2**

*Prior-year amounts adjusted (see Correction in accordance with IAS 8)

Pursuant to German tax law, the income taxes comprise corporate income tax, trade income tax and the solidarity surcharge.

Deferred tax assets relate to the following:

	2017 EUR m	2016 EUR m*
Inventories	4.7	1.5
Pension provisions	1.5	0.5
Trade receivables	0.3	0.5
Provision for restructuring measures	0.5	0.3
Goodwill	0.4	0.1
Other intangible assets	0.1	0.1
Deferred taxes on loss carryforwards	0.0	0.1
Other liabilities	0.1	0.0
	7.6	3.1
Netting with deferred tax liabilities	-7.3	-2.5
Deferred tax assets	**0.3**	**0.6**

*Prior-year amounts adjusted (see Correction in accordance with IAS 8)

Deferred tax assets total EUR 7.6 million (before being offset against deferred tax liabilities), higher than the previous year's figure (EUR 3.0 million). This is primarily a result of higher temporary differences for inventories, pension provisions and provisions for restructuring measures. After being offset against deferred tax liabilities, deferred tax assets decreased to EUR 0.3 million (previous year: EUR 0.6 million).

Deferred tax assets developed as follows:

	2017 EUR m	2016 EUR m*
Balance as of Jan. 1	0.6	2.2
Recognized in other comprehensive income: Change in actuarial gains and losses from pension commitments	0.0	0.0
Recognized through profit and loss: Change in temporary differences	-0.3	-1.6
Utilization of loss carryforwards/interest carryforwards	0.0	0.0
Balance as of Dec. 31	**0.3**	**0.6**

*Prior-year amounts adjusted (see Correction in accordance with IAS 8)

As of December 31, 2017, SINGULUS TECHNOLOGIES AG (excl. foreign operating facilities) had preliminary corporate income tax loss carryforwards in the amount of EUR 140.9 million (previous year: EUR 120.0 million) and municipal trade tax loss carryforwards of EUR 133.7 million (previous year: EUR 113.2 million). In 2017, EUR 0.5 million was added to the EUR 10.8 million in interest carryforwards from previous years; these amounted to EUR 11.3 million as of December 31, 2017.

Deferred tax assets are recognized for all temporary differences and for all unused tax loss carryforwards to the extent that it is probable that taxable profit will be available against which the tax assets can be utilized. SINGULUS TECHNOLOGIES AG was unable to produce the evidence of impairment required – due to the history of losses – in accordance with IAS 12.34 et seq. in conjunction with IAS 12.31 to recognize deferred tax assets in the balance sheet.

In accordance with the disclosures under 4.16 Impairment of assets, the Company expects positive business development; it expects SINGULUS TECHNOLOGIES AG to utilize existing loss carryforwards to only an extremely limited extent in the next three fiscal years.

Deferred tax liabilities break down as follows:

	2017 EUR m	**2016 EUR m**
Receivables and liabilities from construction contracts	6.3	1.5
Capitalized development costs	1.0	0.8
Property, plant and equipment	0.0	0.1
Other receivables	0.0	0.1
	7.3	2.5
Netting with deferred tax assets	-7.3	-2.5
	0.0	**0.0**

Deferred tax liabilities total EUR 7.3 million (before being offset against deferred tax assets), higher than the previous year's figure (EUR 2.5 million). This is primarily a result of higher temporary differences for receivables and liabilities from construction contracts, as well as capitalized development costs. As in the previous year, deferred tax liabilities were fully offset against deferred tax assets.

The amount of the temporary differences related to investments in subsidiaries for which no deferred tax liabilities have been recognized totaled EUR 0.2 million.

The effective tax rate in Germany (for corporate income tax, trade tax and the solidarity surcharge) was 29.13% (previous year: 29.13%). The effective tax rate is reconciled to the actual tax rate as follows:

	2017 EUR m	**2016 EUR m***
Consolidated earnings before taxes	-2.8	20.4
Anticipated tax *	-0.7	5.9
Adjustment of temporary differences and loss carryforwards of the current period for which no deferred taxes were recognized	0.7	0.5
Non-tax deductible expenses (+)/ tax-free income (-)	0.4	0.4
Utilization of loss and interest carryforwards for which no deferred taxes were recognized in prior periods	0.0	-6.6
Current taxes	**0.4**	**0.2**

* A minus sign denotes tax income
** Prior-year amounts adjusted (see Correction in accordance with IAS 8)

The most recent tax field audit of SINGULUS TECHNOLOGIES AG covered the period from 2010 up to and including 2013.

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Earnings per share

Basic earnings per share are calculated by dividing profit for the period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the reporting period.

The cash capital increase as of December 6, 2017, amounting to EUR 808,775 shares, was included pro rata temporis in the calculation of the weighted average number of shares outstanding.

Diluted earnings per share are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the reporting period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There were no dilution effects in either the reporting period or the comparable prior-year period.

The table below shows the figures used to calculate basic and diluted earnings per share:

	2017 EUR m	**2016 EUR m***
Profit attributable to owners of the parent for calculating basic earnings per share	-3.2	20.2
Weighted average number of ordinary shares used to calculate basic earnings per share	8,145,363	3,706,456
Dilution effect	-	-
Weighted average number of common shares adjusted for dilution	8,145,363	3,706,456

*Prior-year amounts adjusted (see Correction in accordance with IAS 8)

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of preparation of these consolidated financial statements.

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Sales deductions and direct selling costs

Sales deductions comprise all cash discounts granted. Direct selling costs essentially include expenses for commissions.

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Cost of materials

The cost of sales for fiscal year 2017 includes material costs of EUR 46.9 million (previous year: EUR 36.9 million).

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Personnel expenses

The income statement for fiscal year 2017 includes personnel expenses in the amount of EUR 29.5 million (previous year: EUR 28.1 million). Expenses for wages and salaries in the year under review totaled EUR 24.6 million (previous year: EUR 23.2 million); expenses for social security contributions totaled EUR 4.4 million (previous year: EUR 4.4 million); post-employment expenses were EUR 0.5 million (previous year: EUR 0.5 million).

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Depreciation and amortization

Depreciation and amortization expenses amounted to EUR 2.0 million (previous year: EUR 2.4 million).

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General administrative

Administrative expenses include management expenses, HR expenses and finance and accounting expenses as well as the premises and vehicle expenses attributable to such areas. Ongoing IT costs, legal and consulting fees, investor relations costs as well as costs of general meetings and the financial statements are also recognized in this item.

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Research and development

Research and development costs relate not only to research and non-capitalizable development costs but also to the amortization of capitalized development costs of EUR 1.0 million (previous year: EUR 1.3 million).

Totaling EUR 8.6 million in 2017, the expenditures for research and development (including development services included in cost of sales) were below the prior-year level of EUR 12.3 million. EUR 1.7 million of these expenditures were capitalized (previous year: EUR 0.1 million).

The Company received national and EU subsidies amounting to EUR 0.6 million in the fiscal year (previous year: EUR 0.6 million).

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Other operating income/expenses

In the fiscal year, other operating income mainly included income from foreign exchange gains amounting to EUR 0.7 million (previous year: EUR 0.6 million) as well as income from insurance claims amounting to EUR 1.1 million (previous year: EUR 0.0 million).

Other operating expenses in the fiscal year primarily included foreign currency losses amounting to EUR 0.8 million (previous year: EUR 0.3 million).

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Finance income and finance costs

Finance income/costs break down as follows:

	2017 EUR m	2016 EUR m
Restructuring gain	0.0	41.2
Interest income from non-current receivables from customers	0.0	0.1
Interest income from time/ overnight deposits	0.1	0.0
Finance costs from the bond issue (including incidental expenses)	-0.8	-2.8
Interest expense from interest accrued on the pension provisions	-0.2	-0.3
Other finance costs	-0.7	-0.4
	-1.6	**37.8**

The finance costs from the bond issue result from the bonds issued in 2016.

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Rents and leases

Under a real estate lease concluded on September 24, 1999 and supplemented on December 27, 2004, the Company leased the office building and production hall in Kahl am Main. The lease began on July 1, 2000 and ends on June 30, 2018. The annual lease payment is EUR 1.5 million. The Company is currently in negotiations to renew the lease at the Kahl am Main location for a further five years at comparable conditions. The Executive Board expects to sign the lease in the near future.

In addition, the Company entered into a real estate lease as of September 26, 2008, covering a production and administrative building in Fürstenfeldbruck. The total investment costs of the property are EUR 17.5 million; the lease period is 15 years plus a lease extension option of 5 years. The annual payments to the lessor in this connection are EUR 1.4 million.

Pursuant to IAS 17, both leases must be classified as operating leases, as substantially all the opportunities and risks connected to ownership of the property remain with the lessor.

As of December 31, 2017, where not recognized in the balance sheet, the future minimum payments arising from rental agreements and operating leases in the Group were:

	EUR m
2018	2.6
2019	2.5
2020	2.3
2021	2.2
2022 and thereafter	4.0
	13.6

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Events after the balance sheet date

China National Building Materials, Beijing (CNBM), notified SINGULUS TECHNOLOGIES AG on January 2, 2018 that a minority interest of approximately 1.5 million shares (approximately 16.8%) of the current 8.9 shares outstanding had been acquired from external shareholders. The relevant legally binding purchase agreements had been signed (signing). A transfer of ownership of the shares in CNBM (closing) is expected to take place in the near future once certain conditions precedent have been fulfilled. For instance, the acquisition of the shares must still be approved by the Chinese governmental authorities and the competent anti-trust authorities. These approvals are expected to be granted in the coming months.

The Company has received in February a down payment of EUR 11.2 million from its customer China National Building Materials, Beijing (CNBM), for the agreement to supply production facilities for CIGS solar modules, signed in 2016. Construction of the relevant production facilities is now underway.

There were no further events after the end of the fiscal year requiring disclosure.

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Related party disclosures

Related parties include the Supervisory Board and the Executive Board of SINGULUS TECHNOLOGIES AG as well as shareholders having a significant influence on the Company.

In accordance with the articles of incorporation, the Supervisory Board of SINGULUS TECHNOLOGIES AG has three members. The members of the Supervisory Board in fiscal year 2017 were:

Dr.-Ing. Wolfhard Leichnitz, Essen	Chairman
Christine Kreidl, Regensburg	Deputy Chairman
Dr. rer. nat. Rolf Blessing, Trendelburg	Member

The above members of the Supervisory Board were elected for the period until the end of the annual shareholders' meeting that resolves the ratification of their actions for the fourth fiscal year following the beginning of their term of office; the fiscal year in which their term of office begins is not included in this calculation.

In addition to compensation for expenses, each member of the Supervisory Board is entitled to fixed remuneration of EUR 40 thousand for each full fiscal year of board membership. The chairman receives twice and the deputy chairman one and half times this amount. Supervisory Board members who were only on the Supervisory Board for part of the fiscal year receive proportionately lower remuneration than the other Supervisory Board members.

For their work in the fiscal year, the Supervisory Board members are entitled to fixed remuneration in accordance with the articles of incorporation of EUR 180 thousand. In addition, the Supervisory Board members were reimbursed expenses of EUR 8 thousand.

Dr.-Ing. Leichnitz held a total of 245 shares in the Company as of December 31, 2017 (previous year: 245 shares).

The current occupations of Supervisory Board members are listed as follows:

	Occupation	**Membership of other supervisory boards and similar oversight bodies**
Dr.-Ing. Wolfhard Leichnitz	Construction engineer	None
Christine Kreidl	Diplom-Kauffrau, German Public Auditor [Wirtschaftsprüferin] and Tax Consultant	Biotest AG, Dreieich, Member of the Supervisory Board
Dr. rer. nat. Rolf Blessing	Dipl.-Physiker, Director of B.plus Beschichtungen Projekte Gutachten, Bad Karlshafen	None

The members of the Supervisory Board did not hold any positions on any other supervisory boards or comparable bodies.

Members of the Executive Board in fiscal year 2017 were:

Dr.-Ing. Stefan Rinck	Chairman of the Executive Board
Dipl.-Oec. Markus Ehret	Head of finance

The total remuneration received by the Executive Board in the reporting period was as follows:

	Fixed remuneration EUR k	Other compensation[1] EUR k	2017 Variable remuneration EUR k	Components with long-term incentive[2] EUR k	Total EUR k
Dr.-Ing. Stefan Rinck	440	46	234	472	1,192
Dipl.-Oec. Markus Ehret	280	27	149	315	771
	720	**73**	**383**	**787**	**1,963**

[1] Other compensation includes ancillary benefits such as insurance and company vehicles.
[2] Phantom stocks are accounted for at the respective fair value upon the initial grant.

The remuneration of the Executive Board for the previous year is broken down as follows:

	Fixed remuneration EUR k	Other compensation[1] EUR k	2016 Variable remuneration EUR k	Components with long-term incentive[2] EUR k	Total EUR k
Dr.-Ing. Stefan Rinck	352	45	176	219	792
Dipl.-Oec. Markus Ehret	224	27	112	175	538
	576	**72**	**288**	**394**	**1,330**

[1] Other compensation includes ancillary benefits such as insurance and company vehicles.
[2] Phantom stocks are accounted for at the respective fair value upon the initial grant.

Members of the Executive Board receive a defined-contribution company pension benefit financed by the Company. The Company grants Executive Board members an annual pension contribution amounting to a certain percentage of their respective gross annual fixed remuneration. For Dr.-Ing. Stefan Rinck, this amounted to 59.97% beginning on January 1, 2012 and for Mr. Markus Ehret, this percentage was 31.58%. The annual expense for the Company in fiscal year 2017 was EUR 352 thousand (previous year: EUR 334 thousand), of which EUR 264 thousand (previous year: EUR 257 thousand) was for Dr.-Ing. Stefan Rinck and EUR 88 thousand (previous year: EUR 87 thousand) for Mr. Markus Ehret.

Former members of the Executive Board of SINGULUS TECHNOLOGIES AG received total remuneration of EUR 0.3 million in the fiscal year. As of December 31, 2017, the provisions for pension claims for former board members stood at EUR 6.5 million.

In addition, the members of the Executive Board held the following number of shares in SINGULUS TECHNOLOGIES AG from their own purchases as of the fiscal year-end:

	2017 No.	2016 No.
Dr.-Ing. Stefan Rinck	122	122
Dipl.-Oec. Markus Ehret	43	43
	165	**165**

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Disclosures on shareholdings

	Currency	Equity interest %	Equity in thousands	Net income/ loss in thousands
Germany				
SINGULUS CIS Solar Tec GmbH, Kahl am Main, Germany	EUR	66	16	-1
New Heterojunction Technologies GmbH, Kahl am Main, Germany	EUR	100	4,401	19
Foreign *				
SINGULUS TECHNOLOGIES Inc., Windsor, CT, USA	EUR	100	8,259	409
SINGULUS TECHNOLOGIES MOCVD Inc., Windsor, USA	EUR	100	-607	0
SINGULUS TECHNOLOGIES ASIA Pacific Pte. Ltd., Singapore	EUR	100	1,008	-141
SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., Sao Paolo, Brazil	EUR	100	-3,838	-1,580
SINGULUS TECHNOLOGIES IBÉRICA S.L., Sant Cugat del Vallés, Spain	EUR	100	-1,458	0
SINGULUS TECHNOLOGIES FRANCE S.A.R.L., Sausheim, France	EUR	100	-65	-286
SINGULUS TECHNOLOGIES ITALIA s.r.l., Ancona, Italy	EUR	100	0	11
SINGULUS TECHNOLOGIES TAIWAN Ltd. Taipei, Taiwan	EUR	100	-1,347	-183
SINGULUS MANUFACTURING GUANGZHOU Ltd., Guangzhou, China	EUR	51	1,385	-58
STEAG HamaTech Asia Ltd. Hong Kong, China	EUR	100	0	0
HamaTech USA Inc., Austin, TX, USA	EUR	100	-954	-129

* Equity and net income/loss were taken from the IFRS annual financial statements

SINGULUS TECHNOLOGIES Inc., Windsor, USA, wholly owns SINGULUS TECHNOLOGIES MOCVD Inc.

8.5% of the interest in SINGULUS TECHNOLOGIES LATIN AMERICA Ltda. is held by SINGULUS TECHNOLOGIES IBERICA S.L.

STEAG HamaTech Asia Ltd. discontinued its operating business in April 2003.
Following entry into the commercial register on December 22, 2017, SINGULUS MOCVD GmbH, Kahl am Main, Germany, was renamed New Heterojunction Technologies GmbH, Kahl am Main, Germany.

The companies SINGULUS TECHNOLOGIES ITALIA s.r.l., SINGULUS TECHNOLOGIES IBERICA S.L., and SINGULUS MANUFACTURING GUANGZHOU Ltd. were in liquidation as of December 31, 2017. The liquidation of SINGULUS TECHNOLOGIES UK was completed with effect from May 27, 2017.

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Financial risk management

The financial liabilities contained in the consolidated financial statements essentially concern the bond placed in 2016. The Group has various financial assets such as trade receivables and cash and short-term deposits which arise directly from its operations.

In accordance with group policy, no derivatives trading took place in fiscal years 2017 or 2016, nor will derivatives be traded for speculative purposes in the future.

The operating and financing activities can essentially give rise to interest rate, credit, liquidity and foreign currency risks.

The individual risks are described in greater detail below. Additional remarks may be found in the risk report within the management report.

Foreign currency risk

Foreign currency risks from operations abroad are assessed as part of a risk analysis. Some sales of the SINGULUS TECHNOLOGIES Group are subject to the US dollar (USD) currency risk. For this reason, derivative financial instruments are used to hedge against USD exchange rate risks. Risks from foreign currencies are continually assessed as part the risk management system.

The following table shows the sensitivity of consolidated earnings before taxes (due to the change in the fair values of monetary assets and liabilities) and of consolidated equity (due to the changes in fair values of forward exchange contracts recognized in other comprehensive income) to a change in the USD/EUR exchange rate generally possible based on reasonable judgment. All other factors remain unchanged.

	Exchange rate trend of the USD	**Effects on EBT**	**Effects on Equity**
		EUR m	**EUR m**
2017	+10%	0.0	0.0
	-10%	0.0	0.0
2016	+10%	-1.0	0.0
	-10%	0.4	0.0

The effect of potential changes in the USD exchange rate on SINGULUS TECHNOLOGIES’ earnings results from bank balances, unhedged trade receivables and payables as well as unhedged intragroup receivables and payables denominated in USD.

The effects on equity reflect the potential change in fair value of forward exchange contracts recognized in other comprehensive income (cash flow hedges).

Liquidity risk

The processing of the major orders as scheduled in 2018 will be critical for the Company’s future solvency. In particular, the Company is dependent on the major Chinese customer CNBM in this regard. The management also expects further order intake and thus additional cash and cash equivalents from prepayments for new projects.

The Group still has access to bank guarantee lines in the amount of EUR 20.8 million. EUR 5.6 million of these had been drawn down as of the end of the fiscal year. Cash and cash equivalents are deposited as collateral to secure these loan commitments. For more information, please refer to Note 8.

On March 10, 2017, the Company assumed financial liabilities (pursuant to section 8 (a) (vi) in conjunction with section 3 (e) of the bond conditions) in the amount of EUR 4.0 million in the form of a loan to secure further liquidity.

The table below summarizes the maturity profile of the Group's financial liabilities as of December 31, 2017. The disclosures are made on the basis of the contractual, non-discounted payments.

Fiscal year ended December 31, 2017	**Payable on demand**	**Up to 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
	EUR m	**EUR m**	**EUR m**	**EUR m**	**EUR m**	**EUR m**
Bond repayment	0.0	0.0	0.0	12.0	0.0	12.0
Bond interest	0.0	0.8	0.0	0.0	0.0	0.8
Liabilities from loans	0.0	0.0	4.0	0.0	0.0	4.0
Other liabilities	2.0	3.2	3.8	1.4	0.6	11.0
Trade payables	3.3	6.8	0.0	0.0	0.0	10.1
	5.3	**10.8**	**7.8**	**13.4**	**0.6**	**37.9**

Fiscal year ended December 31, 2016	**Payable on demand**	**Up to 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
	EUR m	**EUR m**	**EUR m**	**EUR m**	**EUR m**	**EUR m**
Bond repayment	0.0	0.0	0.0	12.0	0.0	12.0
Bond interest	0.0	0.4	0.0	0.0	0.0	0.4
Liabilities from loans	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	2.1	5.2	1.2	0.0	0.0	8.5
Trade payables	1.0	5.4	3.7	0.0	0.0	10.1
	3.1	**11.0**	**4.9**	**12.0**	**0.0**	**31.0**

Interest rate risk

The Group is exposed to the risk of fluctuations in market interest rates. A shift in the yield curve by +/- 50 basis points would not have any significant effect on the Group's earnings before taxes.

Credit risk

The credit risk is the risk of financial losses if a customer or contractual party to a financial instrument fails to meet its contractual obligations. The credit risk generally arises from trade receivables, loans and the Group's receivables from construction contracts. We use export credit insurance as the primary instrument to hedge against specific country risks. Customers' creditworthiness and payment history are continually monitored and corresponding credit limits are set. In addition, risks in individual cases are limited where possible through credit insurance, bank guarantees and retention of title. From our current perspective, we assume sufficient coverage of the receivables default risk.

Significance of the credit risk

The carrying amounts of the financial assets correspond to the maximum credit risk. The Group's maximum credit risk as of the reporting date is presented below:

	2017 EUR m	2016 EUR m
Cash and cash equivalents	27.2	18.5
Financial assets subject to restrictions on disposal	8.7	21.0
Trade receivables	2.3	7.8
Receivables from construction contracts	9.5	2.2
	47.7	49.5

Capital management

The Group analyzes its capital based on the "net liquidity" (as the total of cash and cash equivalents, short-term deposits and financial assets subject to restrictions on disposal less the bond and interest-bearing loans). As of the end of the fiscal year, the net liquidity was as follows:

	2017 EUR m	2016 EUR m
Cash and cash equivalents	27.2	18.5
Financial assets subject to restrictions on disposal	8.7	21.0
Financing liabilities from bond issue	-12.8	-12.4
Liabilities from loans	-4.0	0.0
Net liquidity	**19.1**	**27.1**

In order to identify liquidity risks at an early stage, cash flow forecasts are prepared every two weeks on the basis of a one-year forecast. The insolvency risk is thus reviewed on a regular basis.

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Financial instruments

Fair values

The following table shows the carrying amounts and fair values of all financial instruments recognized in the consolidated financial statements by category.

	Measurement category	Carrying amount 2017 EUR m	Carrying amount 2016 EUR m	Fair value 2017 EUR m	Fair value 2016 EUR m
Financial assets					
Cash and cash equivalents**	L&R	27.2	18.5	27.2	18.5
Financial assets subject to restrictions on disposal**	L&R	8.7	21.0	8.7	21.0
Derivative financial instruments					
Hedging derivatives**	HD	-	-	-	-
Trade receivables**	L&R	2.3	7.8	2.3	7.8
Receivables from construction contracts**	L&R	9.5	2.2	9.5	2.2

	Measurement category	Carrying amount 2017 EUR m	2016 EUR m	Fair value 2017 EUR m	2016 EUR m
Financial liabilities					
Bond*	FLAC	12.8	12.4	12.7	9.6
Liabilities from loans	FLAC	4.0	-	4.0	-
Derivative financial instruments					
Hedging derivative**	HD	0.0	-	0.0	-
Trade payables**	FLAC	10.1	10.1	10.1	10.1
Total	**L&R**	**47.7**	**49.5**	**47.7**	**49.5**
Total	**FLAC**	**26.9**	**22.5**	**26.8**	**19.7**
Total	**HD**	**0.0**	**-**	**0.0**	**-**

* Fair value measurement was categorized as fair value Level 1 based on the input factors for the measurement approach applied.
** Fair value measurement was categorized as fair value Level 2 based on the input factors for the measurement approach applied.

Abbreviations:
L&R: Loans and receivables
FLAC: Financial Liabilities measured at Amortized Cost
HD: Hedging Derivatives

Cash and cash equivalents, financial assets subject to restrictions on disposal, and trade payables are generally due in the short term. The balance sheet figures approximate the fair values. The same applies for trade receivables and other assets.

The fair values of non-current trade receivables correspond to the present values of the payments relating to the assets taking into account the corresponding interest parameters.

Forward exchange contracts are measured using the ECB reference rates for spot currency and the valid forward exchange rates of the respective commercial bank for forward currency.

The fair value of the exchange-listed bond equals the market price as of the balance sheet date plus the carrying amount of accrued interest liabilities as of the balance sheet date.

The fair values of the liabilities to banks correspond to the amounts repayable on the bank loans as of the balance sheet date.

The maximum credit risk is reflected in the carrying amounts of the financial assets and liabilities.

Hedges

The following table shows the periods in which the cash flows are anticipated to occur and the fair values of the hedging instruments.

			2017 Expected cash flows		
	Fair values	Total	2 months or less	2 to 12 months	1 to 2 years
	EUR m	EUR m	EUR m	EUR m	EUR m
Forward exchange contracts					
Assets	-	-	-	-	-
Liabilities	0.0	0.0	-	0.0	-

			2016 Expected cash flows		
	Fair values	Total	2 months or less	2 to 12 months	1 to 2 years
	EUR m	EUR m	EUR m	EUR m	EUR m
Forward exchange contracts					
Assets	-	-	-	-	-
Liabilities	-	-	-	-	-

The key terms of the forward exchange contracts were negotiated to match the terms of the underlying obligations.

As in the previous year, financial instruments measured at fair value did not lead to any gains or losses.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Assets measured at fair value:

	As of December 31, 2017 EUR m	Level 1 EUR m	Level 2 EUR m	Level 3 EUR m
Financial assets at fair value through profit or loss Forward exchange contracts - hedged	-	-	-	-

	As of December 31, 2016 EUR m	Level 1 EUR m	Level 2 EUR m	Level 3 EUR m
Financial assets at fair value through profit or loss Forward exchange contracts - hedged	-	-	-	-

Liabilities measured at fair value:

	As of December 31, 2017 EUR m	Level 1 EUR m	Level 2 EUR m	Level 3 EUR m
Financial liabilities at fair value through profit or loss Forward exchange contracts	0.0	-	0.0	-

	As of December 31, 2016 EUR m	Level 1 EUR m	Level 2 EUR m	Level 3 EUR m
Financial liabilities at fair value through profit or loss Forward exchange contracts	-	-	-	-

The table below shows changes in liabilities held for financing purposes.

	As of January 1, 2017 EUR m	Cash flow EUR m	Additions EUR m	As of December 31, 2017 EUR m
Bond	12.0	0.0	0.0	12.0
Interest	0.4	-0.4	0.8	0.8
Liabilities from loans	0.0	-0.5	4.5	4.0
	12.4	**-0.9**	**5.3**	**16.8**

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Headcount

In the fiscal year, the Company had an annual average of 315 (previous year: 330) permanent employees. The annual average distribution of employees by functional area in the fiscal year is presented below:

	2017	2016
Assembly, production and logistics	100	104
Development	73	75
Sales	103	108
Administration (excluding Executive Board members)	39	43
	315	**330**

The Group had 315 employees as of December 31, 2017 (previous year: 318).

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Auditor's fees (disclosures pursuant to section 314 (1) no. 9 HGB)

In the year under review, SINGULUS TECHNOLOGIES AG and its subsidiaries were charged the following fees by the auditor of the consolidated financial statements:

	2017 EUR k
a) for the audit of the financial statements	358
b) for other assurance services	5
c) other	38
Total	**401**

The fee for KPMG AG WPG's auditing services related to the audit of the annual and consolidated financial statements, as well as to services in connection with an enforcement proceeding. Other services concerned services in relation to audit-related issues.

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Corporate governance

The Executive Board and the Supervisory Board made the declaration required under section 161 AktG in January 2018 and have made it available to shareholders on a permanent basis on the Company's website at http://www.singulus.com/en/investor-relations/corporate-governance/declaration-of-conformity/2018.html.

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Publication

The consolidated financial statements of SINGULUS TECHNOLOGIES AG were released for publication by the Executive Board on March 19, 2018.

Kahl am Main, March 19, 2018

SINGULUS TECHNOLOGIES AG

The Executive Board

Dr.-Ing. Stefan Rinck   Dipl.-Oec. Markus Ehret

04 SILEX II

NASSCHEMISCHE VERFAHREN

PROZESSANLAGE FÜR NASSCHEMISCHE ANWENDUNGEN IN DER SOLARTECHNIK, BESONDERS IN EINSATZ BEI DER HERSTELLUNG VON HOCHLEISTUNGS-SOLARZELLEN, WIE Z. B. HETEROJUNCTION.

AUDITOR'S OPINION BY INDEPENDENT AUDITOR

To the Singulus Technologies AG, Kahl am Main

Opinion regarding the audit of the consolidated financial statements and the Status Report

Auditor's report
We audited the consolidated financial statements of the SINGULUS TECHNOLOGIES AG, Kahl am Main, (hereinafter Singulus AG or the "Company") and its subsidiaries (the Group) – consisting of the consolidated balance sheet as of December 31, 2017, the consolidated profit-and-loss statement, the consolidated statement of income and accumulated earn, the consolidated change in shareholders' equity and the consolidated cash flow statement for the business year from January 1 until December 31, 2017 as well as the Group's annex, including a summary of significant accounting principles. In addition, we audited the combined Status Report of the Singulus Technologies Group and the Singulus Technologies AG, Kahl am Main, (hereafter the "Status Report") for the business year from January 1 until December 31, 2017.

According to our assessment due to the insights gained from the audit

- the included consolidated financial statements are pursuant to all material requirements of the IFRS, as applicable in the EU, and are pursuant to the supplementary applicable German legal requirements pursuant to Art. 315e Para. 1 HGB and with regards to these regulations represent a true and fair picture of the actual conditions of the asset and financial situation of the Group as of December 31, 2017 as well as of the earnings situation for the business year from January 1 until December 31, 2017 and

- the included Status Report represents a true and fair picture of the situation of the Group. In all material aspects the Status Report conforms with the consolidated financial statements, conforms with German legal provisions and accurately describes the opportunities and risks of future developments.

Pursuant to Art. 322 Para. 3 Sent. 1 HGB we declare that our audit has not resulted in any objections with respect to the compliance of the consolidated financial accounts and the Status Report.

Basis for the auditor's opinion
We performed our audit of the consolidated financial statements and of the Status Report in accordance with Art. 317 HGB and the EU Audit Reform (No. 537/2014) taking into account the stated German principles of proper auditing approved by the Institut der Wirtschaftsprüfer (Institute of Auditors, IDW). Our responsibilities according to these provisions and principles are described in details in the section "Responsibility of the auditor for the audit of the consolidated financial statements and the Status Report" included in our auditor's opinion. We are independent of the Group's companies in accordance with the legal European and German commercial law and professional regulations and we fulfilled our other German professional duties in accordance with these requirements. In addition, we declare pursuant to Art. 10 Para. 2 Letter f) EU Audit Reform, that we have not provided any prohibited non-audit services pursuant to Art. 5 Para. EU Audit Reform. We are convinced that the obtained audit evidence is sufficient and adequate to serve as the basis for our audit opinion with regards to the consolidated financial statements and the Status Report.

Key auditing matters with respect to the audit of the consolidated financial accounts
Key auditing matters are such matters, which according to our best judgment are most relevant for our auditing of the consolidated financial statements for the business year from January 1 to December 31, 2017. These matters were taken into consideration in connection with our audit of the consolidated financial statements as a whole and upon forming our auditor's opinion; we are not providing an individual auditor's opinion with regards to these matters.

Impairment review
Please refer to the Group's annex No. 4.5 and 4.16 for the applied accounting and valuation principles as well as the applied assumptions. For statements regarding the amount of goodwill please refer to the Group's annex under No. 12.

RISK TO THE FINANCIAL STATEMENTS

As of December 31, 2017, the goodwill amounted to EUR 6.7 million and thus corresponds to 33.2 % of the consolidated shareholders' value. The goodwill exclusively concerns the business division "Solar" and is reviewed annually as well as event-relatedly, if applicable, for an impairment at this level. For this, the book value is compared with the achievable amount of the business division Solar. If the book value is higher than the achievable value, a write-off is required. For the impairment review, the company primarily determines the use value and compares this with the respective book value. The use value is determined on the basis of a valuation model on the basis of a discounted cash flow procedure. Valuation date for the impairment review is December 31, 2017. The impairment review is complex and based on several subjective assumptions. Amongst others, this includes the expected development of sales and earnings including the assumption of increasing market share of the global new machine business for selected production machines in the business segment Solar in the next five years, the assumed long-term growth rates and the discount rate used.

As a result of the impairment review, the company did not find any requirements to write-off any goodwill. However, the sensitivity calculations of the company with respect to the use value yielded that a shortfall of the planned sales by more than 21.4 % or a shortfall of the assumed EBIT margin by more than 5.7 %-points would result in a write-off of goodwill on the achievable amount.

There is a risk for the financial statements that an existing impairment of goodwill at the balance sheet date was not identified. There is also a risk that the statements in the annex regarding the goodwill are not appropriate.

OUR PROCEEDINGS OF THE AUDIT

Together with our valuation experts, amongst others, we have assessed the appropriateness of material assumptions as well as the calculation method of the company with respect to the use value. For this, we have discussed with managers responsible for the budget the expected trends in sales and earnings including the assumption of increasing market share for the global new machine business for selected production machines of the business division Solar as well as the assumed long-term growth rates. Furthermore, we reconciled other internally available forecasts, e.g. for tax purposes, with the three-year budgets drawn up by the Executive Board and approved by the Supervisory Board as well as with an externally drawn up draft of a report pursuant to IDW S 6. Moreover, we have assessed the consistency of assumptions with external market assessments and the market capitalization of the Singulus Technologies AG.

Furthermore, we have reviewed the previous quality of forecasts of the company by comparing the forecasts of previous business years with the actually realized results and analyzed any deviations. Since a change in the discount rate can have a significant impact on the result of the impairment review, we have compared the underlying assumptions for the discount rate and the parameters, in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

To safeguard the arithmetic correctness of the implemented valuation model, we reconstructed the calculations of the company on the basis of selected risk-oriented elements.

To take into account the existing forecast uncertainty of the impairment test, we analyzed the realizable amount in the course of our own sensitivity analysis with respect to potential changes in the earnings trends (in particular sales and EBIT margin), the discount rate and the long-term growth rate and by calculating alternative scenarios and comparing these values with the company's results.

Finally, we have made an assessment whether the value of the goodwill stated in the annex is appropriate. This also included the assessment of the appropriateness of the information in the annex with regards to sensitivities in case of changes in essential assumptions used for the valuation.

OUR CONCLUSIONS

The calculation method, which has been used for the impairment test of the goodwill within the Solar segment, is appropriate and is in compliance with the applicable valuation principles. The assumptions and parameters of the company, on which the valuation is based, are balanced overall. The information in the annex regarding the valuation of the goodwill is appropriate.

Accounting principles of production orders

For the applied accounting and valuation principles, please refer to the Group's annex No. 4.4. Information about the amount of reported sales from production orders and accounts receivable and payable for production orders can be f ound in the Group's annex under No. 9.

RISKS TO THE FINANCIAL STATEMENTS
The revenue from production orders for the business year 2017 amount to EUR 65.7 million. As of December 31, 2017, the receivables from production orders including prepayments received amount to EUR 9.5 million and the liabilities from production orders to EUR 12.1 million.

The Singulus AG recognizes long-term production orders according to the percentage-of-completion method. Under the percentage-of-completion method revenues and the partial earnings are realized according to the percentage of completion of the order. Pursuant to IAS 11 it is a requirement that the results from the order can be estimated reliably. In case overall a loss is expected for the order, this loss has to be recognized to the full extent. The accounting of production orders is complex and subject to assumptions. In particular, there is uncertainty of the estimates with regards to the overall estimated order expenses as well as the determination of the degree of completion, which are based on continuously updated budgets (cost-to-cost method).

There is a risk for the financial statements that the revenue and earnings from the production orders and the respective accounts receivable and payable are incorrectly assigned to the business years and that pending losses from production orders are not recognized in a timely manner.

OUR PROCEEDINGS FOR THE AUDIT
On the basis of our understanding of the processes we have assessed the design, implementation and effectiveness of identified internal controls in particular with respect to the correct assignment of costs to the individual orders.

In addition, in the course of our audit we reviewed the accounting of production orders selected under risk-oriented aspects. This included the assessment of significant subjective decisions, such as the estimation of still pending and lagging expenses, with respect to their appropriateness. For this, we discussed the selected production orders including existing risks (e.g. legal risks or warrantee risks) with the Executive Board, the management of Marketing & Sales as well as with responsible staff, we analyzed their ongoing order budgeting and the respective degree of completion as well as related documents (e.g. contracts, acceptance protocols). Moreover, for the already completed and for still pending orders, we compared the incurred actual costs with the original budgets in order to review the general quality of planning. On the basis of the previously gained insights, we assessed the appropriate determination of the respective degree of completion as well as the balance sheet and income statement recognition.

OUR CONCLUSIONS
The proceedings of the Singulus AG for the accounting of production orders is appropriate. The assumptions, on which the accounting of production orders is based, are appropriate.

Information in the annex regarding matters in connection with the company's going concern
For this information please refer to the Group's annex under annotation 1 General Information and in the Combined Status Report under the annotations in the chapter Economic Report, The Position of Singulus Technologies in the Solar Market, in the chapter Course of Business of the Singulus Technologies Group, Liquidity Management, in the chapter Forecast Report, the Outlook for the Business Years 2018 and 2019 and in the chapter Risk Report, Financial Risks, Sales markets and Project Risks as well as the Summary of the Risks and Opportunities.

THE RISK FOR THE FINANCIAL STATEMENTS
At the time of the balance sheet report, the Singulus AG had negative equity pursuant to the commercial-law financial statements. According to the current, from the company's budgets derived, liquidity plans, the company has sufficient liquid funds for the business years 2018 and 2019 to safeguard the business activities in orders to prevent a bankruptcy law insolvency. Consequently, the Executive Board has drawn up the consolidated financial statements pursuant to the going-concern assumption.

The economic development of the Singulus AG and thus of the Singulus Group is mainly impacted by the fact, that the already contracted and expected major projects with a large Chinese customer as well as other major project orders will be commissioned and progressed as scheduled. This also includes the timely receipt of payments of planned prepayments.

In addition, the financing commitments from banks and insurance companies for the required guarantee lines have to be expanded significantly in the next business year, so that the additional new orders, on which the planned course of business is based, can be financed accordingly. For the existing guarantee lines the collateral is intended to be reduced or swapped. Furthermore, the company is negotiating new guarantees with substantially reduced collateral.

The assessment of the legal representatives regarding the going-concern activities and the provided information in the Group's annex and the combined Status Report are based on several essential assumptions for the drawing up of the liquidity plans for the business years 2018 and 2019. For example, these assumptions include the planned progression of already contracted or still expected major orders and the point in time of the related cash in- and outflows, in particular the receipt of prepayments and the extent of cash deposits as well as the consideration of available financing opportunities.

OUR PROCEEDINGS FOR THE AUDIT

We have reviewed the company's planning and the resulting liquidity planning for the years 2018 and 2019 as well as the process of drawing up these plans. Amongst others, for this we have inspected the relevant internally analysis and documents provided by external experts as well as interviewed the legal representatives. We have analyzed the proceedings of the budgeting process and the appropriateness of the essential assumptions, which were made by the legal representatives and stated in external documents. In this context, we have also assessed the competence, capabilities and objectivity of the external consultants. In addition, we have inspected the protocols of the Executive Board meetings and the documents circulated to the Supervisory Board.

Furthermore, we have reviewed the plausibility of the planning's key assumptions and compared the planning with the already contracted agreements including their essential contractual conditions as well as with the financing agreements. We have recalculated the liquidity planning including the scenario analysis and reviewed the consistency of the company's planning. In addition, we have reviewed whether the current development in 2018 is within the planned course of business.

Furthermore, we have assessed whether the information in the Group's annex and in the combined Status Report regarding the circumstances in connection with the going-concern assumption is provided in detail to a sufficient extent and if it is appropriate.

OUR CONCLUSIONS

Overall, the assumptions used for the company's planning and the liquidity planning and thus the legal representatives' assumption of the company's going-concern are justifiable. The information provided in the Group's annex and the Status Report with respect to the circumstances in connection with the going-concern assumption of the company are provided in detail to a sufficient extent and appropriately.

<u>Other information</u>

The legal representatives are responsible for the other information provided. The other information includes the Annual Report except for the audited consolidated financial statements and the Status Report as well as our auditor's opinion.

Our auditor's opinion for the consolidated financial statements and the Status Report do not include the other information and accordingly we are neither providing any opinion nor any other form of an auditor's opinion on this matter.

In connection with our audit, we are obligated to read the other information and to assess whether the other information

- represent any discrepancies to the Group's financial statements, the Status Report or any information obtained by us in the course of the audit or
- appears to be materially incorrect representation.

<u>Responsibilities of the legal representatives and of the Supervisory Board for the Group's financial statements and the Status Report</u>

The legal representatives are responsible for drawing up the consolidated financial statements, which in all essential aspects are compliant to the IFRS, as applicable in the EU and the supplementary legal German provisions pursuant to Art 315e Para. 1 HGB and that the consolidated financial statements subject to these regulations provide a fair and true picture of the asset, financial and earnings situation of the Group. Furthermore, the legal representatives are responsible for the internal controlling they have deemed necessary, in order to ensure drawing up the consolidated financial accounts are absent of any – intentional or unintentional – misrepresentations.

Upon drawing up the consolidated financial statement the legal representatives are responsible for the assessment of the capability of the Group to continue as a going concern. In addition, they are responsible for providing any information in connection with the going-concern assumption, if applicable. Furthermore, they have the responsibility to draw up the financial accounts on the basis of the accounting principles as a going concern, unless it is intended to liquidate the Group or to stop operations or if there is no realistic alternative.

In addition, the legal representatives are responsible for drawing up the Status Report, which overall provides a true and fair view of situation of the Group and is in compliance with all essential aspects of the Group's financial statements, which complies with the German legal provisions and which correctly describes the opportunities and risks of the future course of business. Furthermore, the legal representatives are responsible for the provisions and measures (systems), which they have deemed necessary, to enable drawing up a Status Report in compliance with the applicable German legal regulations and to provide sufficiently suitable audit evidence for the statements made in the Status Report.

The Supervisory Board is responsible for the monitoring of the accounting processes of the Group for drawing up the consolidated financial statements and the Status Report.

Responsibility of the auditor for the audit of the consolidated financial statements and the Status Report
It is our goal to gain reasonable assurance whether the consolidated financial statements as a whole are devoid of any – intended or unintended - essential misrepresentations and whether the Status Report provides an overall true and fair view of the situation of the Group as well as being in compliance with all essential aspects of the consolidated financial statements as well as the insights obtained in the course of the audit, is compliant with German legal regulations and accurately depicts the opportunities and risks of the future course of business as well as to issue an auditor's opinion, which includes our audit opinion on the consolidated financial statements and the Status Report.

Reasonable assurance is a high degree of certainty, but no guarantee, that an audit in accordance with Art. 317 HGB and the EU Audit Reform in consideration of the German principles of proper auditing stipulated by the Institut of Wirtschaftsprüfer (IDW) will always uncover essential misrepresentations. Misrepresentations can result from violations or incorrectness and are deemed material, if it could be reasonably expected that individually or in total they could have an impact on addressees' economic decisions based on these consolidated financial statements and the Status Report.

During the course of the audit we are using our best judgment and maintain a critical approach. In addition

- we identify and review the risks of essential – intended or unintended – misrepresentations in the consolidated financial statements and in the Status Report, plan and implement audit tasks as a response to these risks and receive audit evidence, which is sufficient and suitable, to form the basis for our auditor's report. The risk that essential misrepresentations are not identified, is higher for violations than for incorrectness, since violations can include fraudulent collusion, forgeries, intended incompleteness, misleading representations and the circumvention of internal controls.

- we gain insights about the internal control systems relevant for the auditing of the consolidated financial statements and the provisions and measures relevant for the audit of the Status Report, in order to plan auditing tasks, which are appropriate subject to the prevalent circumstances, but not with the goal to provide an auditing opinion on the efficacy of these systems.

- we assess the appropriateness of the accounting principles applies by the legal representatives as well as the appropriateness of the estimated values and with this resulting information provided by the legal representatives.

- we draw conclusions about the appropriateness of the accounting principles of the going-concern assumptions applied by the legal representatives as well as, on the basis of the audit evidence provided, whether a material uncertainty exists in connection with the events or circumstances, which could raise reasonable doubt about the Group's capacity to continue as a going concern. If we come to the conclusion that there is material uncertainty, we are obligated to draw attention to the resulting information in the consolidated financial statements and in the Status Report in the auditor's report or, if these statements are not appropriate, to modify our respective auditor's opinion accordingly. We draw our conclusions on the basis of the audit evidence provided up to the date of the auditor's report. However, future events and circumstances can result in the Group's inability to continue as a going concern.

- → we assess the overall representation, the structure and the content of the consolidated financial statements including the information as well as whether the consolidated financial statements depict the underlying course of business and events in a way that the consolidated financial statements provide a true and fair picture of the asset, financial and earnings situation of the Group pursuant to IFRS, as applicable in the EU, and supplemented by the applicable German legal provisions pursuant to Art. 315e Para. 1 HGB.

- → we gather sufficiently suitable audit evidence for the accounting information of the company or the business activities within the Group, in order to provide an auditing opinion on the consolidated financial statements and the Status Report. We are responsible for the guidance, monitoring and implementation of the Group's auditing. We are solely responsible for our auditor's opinions.

- → we assess the conformity of the Status Report to the consolidated financial statements, its conformity to the law and its depicted view regarding the situation of the company.

- → we perform auditing tasks on the forward-looking information provided in the Status Report by the legal representatives. In this context, on the basis of sufficiently suitable audit evidence we reconstruct the material assumptions, on which the forward-looking information made by the legal representatives, are based and assess the appropriate deduction of the forward-looking information from these assumptions. We do not provide an independent auditing opinion on the forward-looking information and the underlying assumptions. There is a material inevitable risk, that the future events deviate significantly from the forward-looking information.

Amongst others, we discuss with the responsible staff the planned extent and schedule of the audit as well as important results of the audit including potential shortcomings of the internal monitoring system identified by us in the course of our audit.

We issue a statement to the persons responsible for the monitoring, that we have complied with the relevant requirements of independence and discuss with them all relationships and other aspects, which can be reasonably assumed, that they have an impact on our independence and provide the precautionary measures taken.

From the matters we discussed with the persons responsible for the monitoring, we determine those, which were most relevant for the auditing of the consolidated financial statements during the current period under review, and which are thus particularly important auditing aspects. We describe these subjects in the auditor's report unless laws or other legal provisions preclude the public disclosure of the matter.

Other legal and other regulatory requirements

Other information pursuant to Art. 10 EU Audit Reform
We were appointed as auditors by the Annual General Meeting on June 20, 2017. We were commissioned by the Supervisory of the Singulus AG on July 6, 2017. We have continuously been acting as auditors of the Singulus AG since the business year 2012.

We assert that the opinions included in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 EU Audit Reform (Audit Report).

Responsible auditor

The auditor responsible for this audit is Yaman Pürsün.

Frankfurt am Main, March 19, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Pürsün German Public Auditor	Horn German Public Auditor

SINGULUS TECHNOLOGIES AG

BALANCE SHEET AS OF DECEMBER 31, 2017 AND 2016

ASSETS		12/31/2017		12/31/2016
		EUR K		EUR K
A. Fixed assets				
I. Intangible fixed assets				
1. Entgeltlich erworbene gewerbliche Schutzrechte und ähnliche Rechte und Werte	2,598		7,451	
2. Goodwill	9,471		12,313	
3. Prepayments	26	12,095	600	20,364
II. Tangible fixed assets				
1. Land, land rights and buildings, including buildings on third-party land	9,041		10,021	
2. Plant and machinery	1,063		649	
3. Other equipment, operating and office equipment	762	10,866	834	11,504
III. Long-term financial assets				
1. Shares in affiliates		9,677		6,347
		32,638		**38,215**
B. Current assets				
I. Inventories				
1. Raw materials, consumables and supplies	5,413		6,396	
2. Work in process	62,046		62,945	
3. Prepayments	4,315		6,226	
4. Prepayments received	-71,774	0	-75,567	0
II. Receivables and other assets				
1. Trade receivables - thereof with a residual term longer than one year	1,158		5,270	
2. Receivables from affiliates	1,466		773	
3. Other assets	2,287	4,911	1,900	7,943
III. Cash and bank balances		31,143		33,433
		36,054		**41,376**
C. Prepaid expenses		**508**		**138**
Total assets		**69,200**		**79,729**

EQUITY AND LIABILITIES

	12/31/2017 EUR K	12/31/2016 EUR K
A. Equity		
I. Subscribed capital	8,896	8,088
II. Capital reserves	19,697	9,991
III. Net retained profits (PY: net accumulated losses)	-27,718	2,312
	875	**20,391**
B. Provisions		
1. Provisions for pensions and similar obligations	10,333	9,688
2. Provisions for taxes	17	7
3. Other provisions	12,910	13,944
	23,260	**23,639**
C. Liabilities		
1. Bonds	12,000	12,000
2. Payments received on account of orders	9,279	9,206
3. Trade payables	7,395	2,551
4. Liabilities to affiliates	5,252	3,694
5. SOther liabilities from financing contracts	10,067	0
6. Other liabilities thereof in relation to taxes EUR 336k (PY: EUR 319k)	1,072	8,248
	45,065	**35,699**
Summe Passiva	**69.200**	**79.729**

SINGULUS TECHNOLOGIES AG

INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2017 AND 2016

	12/31/2017		12/31/2016	
		EUR K		EUR K
1. Revenue		61,676		50,961
2. Decrease (PY: Increase) in work in progress		-899		2,876
3. Other operating income - thereof currency translation gains EUR 444k (PY: EUR 259k)		7,394		45,763
4. Cost of materials				
a) Cost of raw materials, consumables and supplies and of purchased merchandise	-34,263		-17,302	
b) Cost of purchased services	-11,571	-45,834	-7,311	-24,613
5. Personnel expenses				
a) Wages and salaries	-21,596		-19,550	
b) Social security, pension and other benefit costs - thereof for old-age pensions EUR 1.00k (PY: EUR 357k)	-4,835	-26,431	-3,930	-23,480
6. Amortization or depreciation of intangible and tangible fixed assets		-6,710		-6,728
7. Other operating expenses - thereof currency translation losses EUR 73k (PY: EUR 166k)		-14,550		-16,481
8. Income from long-term loans - thereof from affiliates EUR 291k (PY: EUR 0k)		291		0
9. Other interest and similar income - thereof from affiliates EUR 0k (PY: EUR 1k) - davon Erträge aus der Abzinsung EUR 21k (PY: EUR 0k)		47		135
10. Abschreibungen auf Finanzanlagen		-2,331		-1,531
11. Zinsen und ähnliche Aufwendungen - davon an verbundene Unternehmen TEUR 571 (i. Vj. TEUR 85) - thereof expenses from interest EUR 399k (PY: EUR 657k)		-2,639		-3,757
12. Tax income		0		1
13. Earnings after taxes		**-29,986**		**23,146**
14. Other taxes		-44		-79
15. Net income for the year (PY: net loss for the year)		**-30,030**		**23,067**
16. Profit carryforward (PY: loss carryforward)		2,312		-69,379
17. Income from capital decrease		0		48,624
18. Net accumulated losses (PY: net retained profits)		**-27,718**		**2,312**

STATEMENT OF THE EXECUTIVE BOARD

IN ACCORDANCE WITH §§ 297 (2) SENTENCE 4, 315 (1) SENTENCE 6 HGB

To the best of our knowledge, we declare that in according to the generally accepted reporting principles for consolidated financial reporting, the consolidated financial statements in accordance with IFRS give a true and fair view of the SINGULUS TECHNOLOGIES Group's net assets, earnings and financial position, the Group management report of SINGULUS TECHNOLOGIES AG and that of the SINGULUS TECHNOLOGIES Group represents the course business including the results of operations and the situation of the SINGULUS TECHNOLOGIES Group in such a way that it provides a true and fair view and that the material risks and opportunities and the foreseeable development of the Group have been described.

Kahl am Main, March 19, 2018

SINGULUS TECHNOLOGIES AG
The Executive Board

SINGULUS TECHNOLOGIES

OPERATING GLOBALLY

JANUARY 2018

PCD Paris 2018
January 31 - February 1, 2018
Paris, France

FEBRUARY 2018

MD&M West 2018
February 6 - 8, 2018
Anaheim, USA

MARCH 2018

PVCELLTECH 2018
March 13 – 14, 2018
Penang, Malaysia

Semicon China
March 14 - 16, 2018
Shanghai, China

APRIL 2018

PaintExpo
April 17 - 20, 2018
Karlsruhe, Germany

Intermag 2018
Marina Bay Sands
Convention Center
April 23 - 27, 2018
Singapore

MAY 2018

SVC 2018 TechCon Exhibit
May 5 – 10, 2018
Orlando, USA

SNEC 2018 PV POWER EXPO
May 28 - 30, 2018
Shanghai, China

JUNE 2018

WCPEC-7
7th World Conference on Photovoltaic Energy Conversion
June 10 - 15, 2018
Waikaloa Hilton
Hawaii, USA

Intersolar Europe
June 20 - 22, 2018
Munich, Germany

JULY 2018

Intersolar North America 2018
July 10 - 12, 2018
San Francisco, USA

Semicon West 2018
July 10 - 12, 2018
San Francisco, USA

AUGUST 2018

4th Manufacturing Processes for Medical Technology Exhibition and Conference
August 29 - 31, 2018
Singapore

SEPTEMBER 18

PSE 2018
September 17 – 21, 2018
Garmisch-Partenkirchen, Germany

35th EU PVSEC 2018
September 24 - 28, 2018
Brussels, Belgium

SINGULUS TECHNOLOGIES

CORPORATE CALENDAR 2018

MARCH	**March 28**	Annual Press Conference
MARCH	**March 28**	Analyst Conference
MAY	**May 15**	Interim Report Q1/2018
JUNE	**June 28**	Annual Shareholders Meeting
AUGUST	**August 14**	Half Year Report 2018
NOVEMBER	**November 15**	Interim Report Q3/2018

CONSOLIDATED KEY FIGURES

2014-2017

		2017	2016[1]	2015	2014
Sales (gross)	in EUR million	91.2	68.8	83.7	66.8
Sales (net)	in EUR million	90.0	67.6	82.3	65.8
Sales Germany	%	11.8	11.6	7.2	15.9
Sales Rest of Europe	%	7.6	12.6	9.1	17.3
Sales Americas	%	18.3	35.6	30.7	46.0
Sales Asia	%	61.6	37.9	51.4	18.6
Sales Africa/Australia	%	0.7	2.3	1.6	2.2
Order intake	in EUR million	88.0	152.1	96.3	60.6
Order backlog (Dec. 31)	in EUR million	106.7	109.9	26.6	14.0
EBIT	in EUR million	-1.2	-17.4	-34.5	-49.1
EBIT margin	%	-1.3	-25.7	-41.9	-74.6
EBITDA	in EUR million	0.7	-14.1	-27.0	-24.1
Earnings before taxes	in EUR million	-2.8	20.4	-43.3	-51.7
Net profit/loss	in EUR million	-3.2	20.2	-43.4	-51.6
Operating cash flow	in EUR million	-14.1	14.1	-10.5	-10.1
Operating cash flow in % of net sales		-15.7	20.9	-12.8	-15.3
Property, plant & equipment	in EUR million	4.9	4.8	5.3	6.3
Goodwill	in EUR million	6.7	6.7	6.7	6.7
Current assets	in EUR million	72.4	80.1	71.1	98.5
Shareholders' equity	in EUR million	20.2	13.3	-21.5	20.1
Equity ratio	%	23.0	14.0	-23.3	15.4
Balance sheet total	in EUR million	87.9	95.1	92.1	130.2
Research & development expenditures	in EUR million	8.6	12.3	11.2	11.0
(in % of net sales)		9.6	18.2	13.6	16.7
Employees (Dec. 31)		315	318	335	352
Number of shares outstanding		8,896,527	8,087,752	305,814	48,930,314[2]
Stock price at year-end	€	14.89	4.21	44.80	0.68[2]
Earnings per share	€	-0.39	5.48	-141.92	-1.05[2]

1) Prior-year figures adjusted (see adjustments pursuant to IAS 8) 2) Before capital reduction in the business year 2016 (160:1)

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