

## search result

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**abat AG****Bremen****Annual financial statements for the business year from 01/01/2018 to 12/31/2018****Management report****1. Company basics**

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

Since the end of 2016, abat AG has also been offering consulting services and products on sustainability issues. In addition to strategic advice such as the development of a sustainability strategy, material flow management and the preparation of certifications, the focus is on comprehensive support for sustainability reporting. Abat AG offers technical and methodical support for this. In the second half of 2017, abat secured additional support for sustainability consulting with a 51% stake in ID-IMPULS GmbH, a startup from Oldenburg. The reporting & The management solution ID-Report is developed by ID-Impuls GmbH, which specializes in the development of innovative and sustainability-relevant software solutions. With the offer of ID-Report, the requirements in the field of sustainability reporting can be fully met, also taking into account increasing legal requirements and increasingly complex reporting formats. The offer is aimed in particular at companies and organizations that want to strategically integrate sustainability aspects into their work processes. also taking into account increasing legal requirements and increasingly complex reporting formats. The offer is aimed in particular at companies and organizations that want to strategically integrate sustainability aspects into their work processes.

Abat was ISO27001 certified in 2018. In the process, abat AG employees built up so much know-how on this topic that a new business area has emerged - ISO 27001 consulting. abat has been offering services to support the preparation of certification on the market since the end of 2018 and has already achieved small successes here.

**2. Economic report****2.1 Industry-related framework conditions**

The IT industry in the automotive environment is growing only a little. The industry and business newspaper Automobilwoche reported in June 2019 on the development of IT consulting and implementation costs in the German automotive industry as follows: "The business of IT service providers with the automotive industry is stagnating. The top 25 IT service providers in Germany again made more sales with the automotive industry in 2018 than in the previous year, but overall growth declined significantly. The turnover of the top 25 IT service providers was 4.4 billion euros. In the previous year it amounted to 4.37 billion euros - a growth of approx. 1%".

In the area of sustainability reporting, increasing requirements and the growing complexity of reporting standards, such as the implementation of the CSR Guideline Implementation Act (CSR-RUG) or the National Action Plan for Business and Human Rights (NAP), have a positive effect on the market volume for service providers in this area. In addition, the topic of sustainability is increasingly moving into the focus of political and social awareness due to climate change.

**2.2 Course of business****business development**

Abat AG continues to grow in terms of sales (+6.2%) and the number of employees. The number of employees has increased by 8% (based on the average number of employees in accordance with Section 267 of the German Commercial Code).

At abat + GmbH, investments in converting the MES Software PLUS to a SAP-based solution continue. Abat AG continues to support this conversion, but the number of hours used in 2018 was halved compared to 2017.

Further investments were made in training employees in the new SAP technologies and in S / 4 HANA. The training of the largely inexperienced new employees is an investment in the future; Personnel and training costs often have an impact on earnings over several months without customer sales. New technologies include Leonardo, Machine Learning, Blockchain, Predictive Analytics, SAP Analytics Cloud, (industrial) Internet-of-Things (IoT / IIoT), Augmented Reality and SAP CoPilot. Familiarization is currently taking place on the basis of a number of research projects in these topics, such as:

- Predictive Market Analytics
- Predictive Product Quality

- Augmented Distributed Manufacturing
- Added value of the application of augmented reality in the supply chain and use in the automotive environment
- Application and integration of blockchain technology in the TM
- Possible uses and added value of using the SAP CoPilot
- Comparison of the analysis options of SAP S / 4 HANA Embedded Analytics with those of the SAP Analytics Cloud

Abat AG has developed the "PTV xServer Business Connector for SAP" app, which creates the standard connector for connecting PTV's GEO data to SAP. In addition, an extensive app for transport control via mobile devices was created, the "TM-ON-STREET". Abat AG hopes that these two products will provide better visibility in the SAP transport management market, as well as the possibility of being able to sell them multiple times and thereby win new projects. Abat AG is also well prepared for the new HANA technology and the new software solutions Financials and Logistics on HANA and is in a position to be able to offer the corresponding know-how in good time to the rapidly growing market in this environment.

#### Customer development

For most of the abat AG customers, the market share could be consolidated again. Abat AG was able to more than meet the goal of acquiring at least one new customer per quarter with 14 new end customers in 2018.

#### Personnel development

We have been recognized by "Freund" magazine as one of the most family-friendly companies. 175,000 companies in Germany were examined for the ranking "The 100 most family-friendly employers in Germany".

In the 2018 financial year, abat AG was able to recruit qualified staff with a staff increase of 8%. In the highly competitive HR market for experienced SAP consultants and developers, abat AG lost almost no employees to competitors in 2018. Abat AG aims to be a reliable partner for its customers and focuses its personnel development on quality and growth. In 2018, she continued to focus heavily on training her own specialists and, in addition to trainees and graduates, hired a number of university graduates who are being trained by abat AG to become SAP consultants or developers. This recruitment policy will continue in 2019.

Abat AG was recognized as the best TOP JOB employer of 2013 and in 2015 as the second best in the next largest employer class. In the 2016 financial year, abat AG faced this competition again in order to review its HR work based on corresponding benchmarks and was again named the second best employer in this size class of up to 500 employees in 2017. On the independent evaluation platform kununu, abat repeatedly shines among the TOP employers in Germany - including the TOP 10 of the most family- and women-friendly. Abat AG moved to a new, modern office building in November 2015 in order to create a pleasant environment for both employees and visitors.

#### Continuity and growth of the service portfolio

The core portfolio of abat AG was expanded and consolidated in the 2018 financial year. Together with its foreign subsidiaries, abat AG has been offering the Application Management Service (AMS) product since 2004.

At the end of 2018, the cooperation with the PR agency in Munich commissioned in 2010 was terminated and the company switched to a local agency based in Bremen. This is expected to attract more press in the Bremen area. Overall, the use of a PR agency has so far been very beneficial and has made itself felt in the image of the abat group. In 2012 abat was chosen by the TOP 350 automotive managers among the TOP TEN of the most important IT service providers in Germany in this market. The annual ranking of the trade journal Automobilwoche from 2019 places abat AG in 17th place among the most important IT service providers in the automotive industry for the 2018 financial year. Since these rankings were created with a view to the entire IT service portfolio, From a pure SAP service point of view, abat AG is definitely to be placed much further ahead. In addition, the higher the level of awareness, the greater the number of speculative applications. The cooperation with universities and colleges, which has been expanded since 2010, has been expanded again with the result that abat AG has now been able to inspire and hire even more good young people.

#### Financial metrics

Abat AG uses various financial indicators. These are among others:

1. The pre-tax return on sales based on the project services (sum of sales and inventory changes) to pre-tax earnings rose from 3.9% in 2017 (adjusted for the investment income, the key return figure fell to 1.7%) to 6.2% increased in 2018.
2. The cost of materials ratio to total output decreased from 40.3% in 2017 to 31.0% in 2018.
3. The ratio of personnel costs to total output increased from 44.2% in 2017 to 48.5% in 2018.
4. The equity ratio as the ratio of equity to total capital has increased slightly from 38.6% in 2017 to 41.0% in 2018 due to the annual surplus of EUR 2,258 thousand and despite the dividends of EUR 800 thousand.

### 3. Location of the company

#### 3.1 Profit situation

The earnings situation for the financial year is as follows:

	2018		2017		change	
	KEUR	%	KEUR	%	KEUR	%
Sales	54,557	100.0	51,375	97.1	3,182	6.2
Changes in inventory	-1,251	-2.3	75	0.1	-1,326	-1,768.0
Other company income	1,283	2.4	1,162	3.1	121	10.4
Overall performance	54,589	100.0	52,612	100.3	1,977	3.8
Cost of materials	-16,899	-31.0	-21,209	-33.4	4,310	20.3
Personnel expenses	-26,479	-48.5	-23,234	-47.0	-3,245	-14.0
Depreciation	-399	-0.7	-332	-0.8	-67	-20.2
Other operating expenses	-7,510	-13.8	-6,960	-14.9	-550	-7.9
Total expenses	-51,287	-94.0	-51,735	-96.1	448	0.9
Operating profit	3,302	6.0	877	1.7	2,425	276.5
Financial and investment result	53	0.1	1,145	2.2	-1,092	-95.4
Profit before tax	3,355	6.2	2,022	3.9	1,333	65.9

	2018		2017		change	
	KEUR	%	KEUR	%	KEUR	%
Taxes on income and earnings	-1.097	-2.0	-357	-1.1	-740	-207.3
Annual surplus	2,258	4.1	1,665	2.8	593	35.6

Individual rounding-related deviations are possible.

#### revenues

Project services (sales plus inventory changes) increased by 3.6% to EUR 53.306 million in 2018 compared to the previous year. However, this also includes sales that were generated by subsidiaries and other subcontractors. The project services provided by employees of abat AG themselves, i.e. project services adjusted for the material costs of the subcontractors, rose from 30.241 million euros to 36.407 million euros. This corresponds to an increase of 20.4%.

#### Cost of materials

The reduction in the cost of materials is explained by the increased use of our own employees.

#### Increase in personnel costs

Personnel costs in 2018 increased by 14%. The number of employees increased by 8% in 2018; because once again many experienced consultants have found their way to abat, but also young IT-enthusiastic people have found their way into their careers at abat AG.

#### Other operating expenses

The development of expenses in the other operating expenses results from higher costs for insurance, contributions and charges of 33 kEUR, increased vehicle costs of 256 kEUR (especially insurance, leasing and fuel costs), increased rents for licenses of 59 kEUR and project-related higher travel costs of 218 kEUR. In contrast, the advertising costs are EUR 12 thousand and the exchange rate differences EUR 13 thousand lower than in the previous year.

#### Result

Up until 2017 there was a high investment of time in the new creation of the MES software PLUS @ SAP. Due to the degree of completion, the number of hours worked by abat AG employees only made up 2% of the total productive output in 2018. Although a lot is still invested in familiarization with the many new technologies, the good workload of our own employees in billable projects means that the performance increases in 2018 have an impact on the return on sales before taxes (ratio: earnings before taxes to sales revenue) and the operating result.

The operating result is around 277% higher than in the previous year. The pre-tax return on sales is 6.1%. Earnings before taxes rose by 66% compared to the previous year from EUR 2,022 thousand to EUR 3,355 thousand.

#### 3.2 Financial position

The financial position of the 2018 financial year is as follows:

##### assets

	December 31, 2018		December 31, 2017		change	
	KEUR	%	KEUR	%	KEUR	%
Capital assets	1,348	5.2	1,292	5.5	56	4.3
Stocks	193	0.7	1,444	6.1	-1,251	-86.6
Receivables and other assets, prepaid expenses	15,073	57.8	14,470	61.5	603	4.2
Liquid funds	9,483	36.4	6,315	26.8	3,168	50.2
	26,097	100.0	23,521	100.0	2,576	11.0

##### liabilities

	December 31, 2018		December 31, 2017		change	
	TEuro	%	TEuro	%	TEuro	%
Equity	10,709	41.0	9,079	38.6	1,630	18.0
accruals	8,161	31.3	5,808	24.7	2,353	40.5
Liabilities, prepaid expenses	7227	27.7	8634	36.7	-1,407	-16.3
	26,097	100.0	23,521	100.0	2,576	11.0

Individual rounding-related deviations are possible.

#### Inventories, accounts receivable and cash

The inventories fell year-on-year due to the reporting date.

In contrast, trade receivables and cash have increased year-on-year due to the reporting date.

#### Equity

Equity increased due to the current annual surplus of EUR 2,258 thousand. The sale of own shares to new board members and authorized signatories results in an increase of EUR 172 thousand. The development of own shares is shown in Appendix "III. Notes to the balance sheet, 5. Own shares". In the financial year, EUR 800 thousand was distributed to the shareholders.

#### 3.3 Financial position

The company's liquidity was secured at all times. The company finances itself from its own cash flow and reserves. The credit balance at banks increased to EUR 9.5 million (previous year: EUR 6.3 million) due to the reporting date.

#### 4. Forecast, opportunities and risk report

An IT-supported risk management system is installed at abat AG. On the basis of the categorized and assessed risks, a reporting system ensures that the responsible and responsible managers are informed at an early stage. Abat AG has prepared for ISO 27001 certification due to market requirements. The audit was successfully passed in March 2018. Two months later, the ISO 9001 audit was successfully passed again.

The main risks are market risks and strategic risks. This is due to the fact that abat AG sees itself exposed to increasing competition in the limited markets of the automotive industry and logistics. The automotive industry in particular has come under fire in social discourse. The possible solutions to the "diesel crisis" have not yet

been found in macroeconomic and socio-political terms. The resulting risk for abat is difficult to weigh up, but it is definitely in the focus of the management.

There are no major warranty risks from fixed-price projects.

The growing visibility of the abat group in the automotive environment opens up ever greater opportunities for the company to undertake challenging projects. In the area of logistics, abat AG sees opportunities in the SAP TM software module for transport logistics. Abat AG has been one of the few partners of SAP SE for this software module since May 2011 and has now completed several projects for the introduction of SAP TM and others are in the works. Using the PTV xServer Business Connector for SAP and the TM-ON-STREET app as clear diversification features to the competition and abat's contribution to the digital transformation of business processes, this area is being expanded accordingly and continues to grow.

Last but not least, abat AG's range of application management services is attracting more and more large international customers, and the warehouse logistics area with SAP EWM is on the right track and is gaining new customers for the company.

SAP ERP on HANA and the new SAP S / 4 HANA software, which is also used by abat as an ERP system for its own administration, has already opened up additional market potential for abat AG and will continue to be a key driver for this.

As already reported, abat has entered an additional business area with sustainability consulting. In addition to the CSR Guideline Implementation Act (CSR-RUG) from 2017, other reporting obligations and more extensive key figure systems also have a positive effect on the demand for corresponding consulting services. Much of the necessary information cannot be taken from the classic existing systems, but is collected in manual processes. Surveys outside the company along the supply chain are also increasing sharply, so that the strengths of the ID-Report software solution can be used here.

Following on from its own ISO 27001 certification, abat now also offers advice to customers on the implementation of ISO 27001. The know-how of the abat employees was further expanded in 2019 through training courses and new hires. This business field is now developing very well and has already won several new customers for abat.

Size is of decisive importance for abat AG - it depends on which project volumes the customers trust the company and which abat is not even asked for. In 2018 the average number of employees rose again by 8%. The total output increased by 3.8% to 54.6 million euros.

On the basis of a long-standing customer base, the existence of good and above all competitive services and a rapidly growing, experienced and competent team, the company expects continued positive development in the long term. Based on the current extrapolation, we assume that project services in 2019 will again be at a similar level to the previous year. The 2019 operating result (earnings before income taxes and financial and investment result) will not be significantly different from the previous year.

**Bremen, September 25, 2019**

*signed Hinrich Meiserknecht*

*signed Holger Pralle*

*signed Ronald Wermann*

*signed Gyde Wortmann*

*signed Peter Grendel*

*signed Björn lamp*

*signed Andreas Arp*

## Balance sheet

### ASSETS

	December 31, 2018	December 31, 2017
	€	€
A. Fixed assets	1,347,799.27	1,291,749.04
I. Intangible Assets	46,600.83	58,641.35
Purchased concessions, industrial property rights, etc. Rights and values as well as licenses to such rights and values	46,600.83	58,641.35
II. Tangible assets	741,077.18	752,986.43
Other equipment, factory and office equipment	741,077.18	752,986.43
III. Financial assets	560,121.26	480,121.26
Shares in affiliated companies	560,121.26	480,121.26
B. Current Assets	24,580,770.83	22,069,331.15
I. Inventories	192,790.57	1,443,537.31
Work in progress, work in progress	192,790.57	1,443,537.31
II. Receivables and other assets	14,905,214.65	14,310,746.21
1. Trade accounts receivable	13,816,548.14	13,117,569.52
2. Claims against shareholders	307,431.74	244,775.94
3. Claims against affiliated companies	2,175.66	2,618.54
4. Other assets	779,059.11	945,782.21
III. Cash on hand, bank balances	9,482,765.61	6,315,047.63
C. Prepaid expenses	168,001.52	159,791.96
	26,096,571.62	23,520,872.15

### LIABILITIES

	December 31, 2018	December 31, 2017
	€	€
A. Equity	10,709,181.69	9,079,355.64

	December 31, 2018 €	December 31, 2017 €
I. Drawn capital	358,050.00	358,050.00
Nominal amount of treasury shares	-12,800.20	-16,699.20
Capital issued	345,249.80	341,350.80
II. Capital reserve	127,760.53	127,760.53
III. Profit carried forward	7,978,319.06	6,944,910.15
IV. Net income	2,257,852.30	1,665,334.16
B. Provisions	8,160,585.53	5,807,382.29
1. Tax provisions	612,162.00	35,613.00
2. Other provisions	7,548,423.53	5,771,769.29
C. Liabilities	7,222,435.50	8,628,903.17
1. Advance payments received on orders	14,852.25	876,237.50
2. Trade accounts payable	494,146.96	523,777.79
3. Liabilities to affiliated companies	4,799,963.29	5,869,219.90
4. Liabilities to shareholders	2,404.63	1,968.85
5. Other Liabilities	1,911,068.37	1,357,699.13
of which from taxes € 626,689.50 (previous year € 1,182,798.54)		
of which in the context of social security € 139,118.86 (previous year € 5,844.78)		
D. Prepaid expenses	4,368.90	5,231.05
	26,096,571.62	23,520,872.15

### Profit and Loss Account

	2018 €	2017 €
1. Sales	54,557,280.66	51,375,477.49
2. Reduction / increase in the number of work in progress	-1,250,746.74	74,533.62
3. Other operating income	1,282,399.56	1,161,572.23
Overall performance	54,588,933.48	52,611,583.34
4. Cost of materials	-16,899,250.41	-21,208,902.11
5. Personnel expenses	-26,479,171.68	-23,234,406.27
a) Wages and salaries	-23,273,090.84	-20,417,726.77
b) Social contributions	-3,206,080.84	-2,816,679.50
6. Depreciation on intangible assets and property, plant and equipment	-398,736.22	-332,165.40
7. Other operating expenses	-7,449,365.96	-6,913,451.51
8. Income from participations	45,900.00	1,139,176.03
- of which from affiliated companies € 45,900.00 (previous year € 1,139,176.03)		
9. Other Interest and Similar Income	23,573.55	22,269.06
- of which from affiliated companies € 10,815.70 (previous year € 9,432.13)		
10. Interest and Similar Expenses	-16,086.24	-15,511.73
Profit of common business operation	3,415,796.52	2,068,591.41
11. Taxes on income and earnings	-1,096,964.71	-357,001.06
12. Other taxes	-60,979.51	-46,256.19
Annual surplus	2,257,852.30	1,665,334.16

### attachment

#### I. General

Abat AG is based in 28217 Bremen. The company is entered in the commercial register of the Bremen District Court under no. HRB 20251 HB.

The 2018 annual financial statements were prepared in accordance with the accounting regulations of the Commercial Code. The company is a large corporation because the size criteria according to Section 267 Paragraphs 2 and 3 HGB were exceeded on the reporting date and on December 31, 2017. In addition, company law had to be taken into account.

The balance sheet is structured in accordance with Section 266 of the German Commercial Code, the income statement is structured in accordance with the total cost method in accordance with Section 275 (2) of the German Commercial Code.

#### II. Accounting and valuation principles

Purchased intangible assets were shown at cost and, if they were subject to wear and tear, reduced by scheduled straight-line depreciation. The normal useful life is 3 years.

Tangible fixed assets were valued at acquisition or production cost and, if they were subject to wear and tear, reduced by scheduled straight-line depreciation. The normal useful lives are from 3 to 13 years.

Since the 2018 annual financial statements, the acquisition costs of wear-and-tear movable fixed assets, the acquisition costs of which do not exceed EUR 800.00, have been deducted in full as operating expenses in accordance with Section 6 (2) of the Income Tax Act

The shares in affiliated companies were valued at the cost of acquisition or the lower applicable value.

Work in progress was stated at production cost, if the value to be attributed was lower, this was accounted for.

The trade accounts receivable were recognized at their nominal value, taking into account all identifiable risks. H. v. 1% of the claims were taken into account. Individual value adjustments were made to the required extent.

Receivables from shareholders, receivables from affiliated companies, other assets and liquid funds were stated at their nominal value.

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

The tax provisions, determined with their settlement amount, contain the trade taxes pertaining to the financial year that have not yet been assessed.

The other provisions take into account all recognizable risks and uncertain obligations on the basis of a careful commercial assessment with the necessary settlement amount. Warranty provisions are estimated at a flat rate of 0.5% on the basis of adjusted sales.

The advance payments received were accounted for with their repayment amount (excluding sales tax).

The liabilities were recognized at their settlement amount.

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

Receivables and liabilities in foreign currencies were valued at the mean spot exchange rate on the balance sheet date in accordance with Section 256a HGB.

### III. Notes on the balance sheet

#### 1. Development of fixed assets (asset history sheet) as of December 31, 2018

The development of fixed assets and the annual depreciation can be found in the appendix to the notes.

#### 2. Current Assets

The receivables from affiliated companies include trade receivables in the amount of EUR 1,840.10 (previous year: EUR 0.00) and other assets in the amount of EUR 305,591.64 (previous year: EUR 244,775.94).

The receivables from shareholders contain other assets in the amount of EUR 2,175.66 (previous year: EUR 2,618.54).

#### 3. Equity

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

### 4. Balance sheet profit / proposal for the appropriation of profit

The balance sheet profit according to Section 158 (1) AktG is as follows:

	Euro
Profit brought forward from previous year	8,610,244.31
Sale of own shares above par	168,074.75
Distributions	-800,000.00
Annual surplus 2018	2,257,852.30
retained profit	10,236,171.36

It is proposed that the 2018 net income be carried forward to the new account.

#### 5. Own shares

As of December 31, 2018, the company held 9,143 treasury shares, which corresponds to a share in the share capital of EUR 12,800.20 (around 3.57%).

The following changes were made in the 2018 financial year:

	Number of shares pieces	The amount of the share capital EUR attributable to these shares	Share of share capital %	Purchase or sale price in euros
Stock holdings				
01/01/2018	11,928	16,699.20	4.66	
Alienation				
09/30/2018	1,506	2,108.40	0.59	92,995.50
Alienation				
December 18, 2018	1,279	1,790.60	0.50	78,978.25
Stock holdings				
December 31, 2018	9,143	12,800.20	3.57	

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

#### 6. Other provisions

The other provisions are made up as follows:

	KEUR
Royalties	3,390
vacation	2,482
Follow-up costs	508

	KEUR
Warranties	204
Rest	964
	7,548

## 7. Liabilities

There are no liabilities with a remaining term of more than one year.

Liabilities to affiliated companies include trade accounts payable in the amount of EUR 4,799,963.29 (previous year: EUR 5,869,219.90).

The liabilities to shareholders include other liabilities in the amount of 2,404.63 euros (previous year: 1,968.85 euros).

## 8. Other Financial Obligations

	KEUR
From rental contracts for premises and parking spaces	1,903
From leasing contracts for company cars	1,691
From leasing contracts for company bicycles	67
	3,661

The use of certain assets is based on leasing contracts. The conclusion of leasing contracts helps to reduce the capital commitment and leaves the investment risk with the lessor.

**IV. Notes on the income statement**

## 1. Sales

The sales revenue of EUR 54.557 million includes foreign sales of EUR 980 thousand.

## 2. Income and expenses relating to other periods

The other operating income includes income from other accounting periods in the amount of EUR 94 thousand (previous year: EUR 100 thousand). The other operating expenses include expenses unrelated to the accounting period in the amount of EUR 26 thousand (previous year: EUR 10 thousand).

## 3. Income and expenses from currency conversion

The other operating income includes income from currency conversions in the amount of EUR 5 thousand (previous year: EUR 3 thousand). The other operating expenses include expenses from currency conversions in the amount of EUR 2 thousand (previous year: EUR 15 thousand).

**V. Other information**

## 1. Company organs and employees

Board members with sole power of representation are:

Mr. Hinrich Meisterknecht, Sandstedt, graduate engineer

Mr. Holger Pralle, Bremen, graduate industrial engineer

Mr. Ronald Wermann, Achim, IT businessman

Ms. Gyde Wortmann, Bremen, qualified business IT specialist

Mr. Björn Lampe, Bremen, graduate in business administration

Mr. Andreas Arp, Axstedt, graduate physicist

Mr. Peter Grendel, Sandhausen, business graduate

The total remuneration for active and former members of the Management Board in 2018 was EUR 1,865 thousand.

The following members have been appointed to the Supervisory Board:

Mr. Claus Brüggemann (Chairman)

Prof. Dr. Dieter Viefhues, professor

Mr. Hartwig Mosebach, entrepreneur

The total remuneration of the members of the Supervisory Board amounted to 10,000.00 euros in the financial year.

An average of 284 people were employed in the financial year (excluding the Management Board and excluding trainees).

## 2. Auditor's fees

The auditor's fees amount to EUR 27 thousand for audit services.

## 3. Information on shareholdings in other companies

In accordance with Section 285 No. 11 of the German Commercial Code (HGB), reports on the affiliated companies are:

Company Name	Seat	Share in%	Annual result in EUR thousand	Equity in EUR thousand	Note
STAA BELabat	Minsk / Belarus	51	299	645	1
MEXabat SA DE CV	Puebla / Mexico	100	35	-1	1
abatUS	Atlanta / USA	100	174	723	1
abat + GmbH	St. Ingbert	52	778	3,080	1
ID-IMPULS GmbH	Oldenburg	51	-92	120	1

The number of the note means:

1 = annual financial statements as of December 31, 2017

**Special events after the end of the financial year**

In spring 2019, a joint venture was entered into with the US company adah international as part of the reorganization of the US service business. Abat US and adah International are now both 100% subsidiaries of the abatadah Group. The previous sole owner of adah International, Kirk Atkinson, owns 31% and abat AG owns 69% of the abatadah Group.

**Bremen, September 25, 2019**

*signed Hinrich Meisterknecht*

*signed Holger Pralle*

*signed Ronald Wermann*

*signed Gyde Wortmann*

*signed Peter Grendel*

*signed Björn lamp*

*signed Andreas Arp*

### **Auditor's report**

#### **Examination Opinions**

We have prepared the annual financial statements of abat AG, Bremen, - consisting of the balance sheet as of December 31, 2018 and the income statement for the financial year from January 1, 2018 to December 31, 2018 as well as the notes, including the presentation of the accounting and valuation methods - checked. In addition, we have audited the management report of abat AG, Bremen, for the financial year from January 1, 2018 to December 31, 2018.

According to our assessment based on the knowledge gained during the audit

- The attached annual financial statements comply in all material respects with the German commercial law regulations applicable to corporations and give a true and fair view of the assets and financial position of the company as of December 31, 2018 as well as its earnings position for the financial year, taking into account the German principles of proper accounting from January 1, 2018 to December 31, 2018 and

- the attached management report gives an overall accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with Section 322 (3) sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any objections to the correctness of the annual financial statements and the management report.

#### **Basis for the examination results**

We carried out our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB), taking into account the generally accepted German auditing principles established by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these regulations and principles is further described in the section "Auditor's Responsibility for the Audit of the Annual Financial Statements and Management Report" of our auditor's report. We are independent of the company in accordance with German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe

#### **Responsibility of the legal representatives and the supervisory board for the annual financial statements and the management report**

The legal representatives are responsible for the preparation of the annual financial statements, which comply in all essential respects with the German commercial law regulations applicable to corporations, and for ensuring that the annual financial statements, in compliance with the German principles of proper bookkeeping, give a true and fair view of assets and finance - and the company's earnings. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with the German principles of proper accounting to enable the preparation of the annual financial statements,

When preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue business operations. They are also responsible for disclosing issues relating to the going concern of the company, if relevant. In addition, they are responsible for accounting for going concern based on the accounting principle, unless actual or legal circumstances conflict with this.

In addition, the legal representatives are responsible for the preparation of the management report, which as a whole provides an accurate picture of the company's position and is consistent with the annual financial statements in all material respects, complies with German legal requirements and accurately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a management report in accordance with the applicable German legal regulations and to provide sufficient suitable evidence for the statements in the management report can.

The Supervisory Board is responsible for overseeing the company's accounting process for the preparation of the annual financial statements and the management report.

#### **Auditor's responsibility for the audit of the annual financial statements and the management report**

Our objective is to obtain sufficient certainty as to whether the annual financial statements as a whole are free of material - intentional or unintentional - misrepresentation and whether the management report as a whole gives an accurate picture of the company's position and, in all material matters, with the annual financial statements as well is in line with the findings of the audit, complies with German legal requirements and correctly presents the opportunities and risks of future development, as well as issuing an auditor's report that includes our audit opinions on the annual financial statements and the management report.

Adequate security is a high level of security, but no guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) in accordance with the German principles of proper auditing established by the Institute of Auditors (IDW) will always reveal a material misrepresentation.

Misrepresentations can result from violations or inaccuracies and are regarded as material if it could reasonably be expected that they individually or collectively influence the economic decisions made by the addressees on the basis of these annual financial statements and management report.

During the examination, we exercise our due discretion and maintain a critical attitude. Furthermore

- we identify and assess the risks of material - intentional or unintentional - misrepresentations in the annual financial statements and in the management report, plan and carry out audit procedures in response to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinions. The risk that material misrepresentations are not detected is higher in the case of violations than inaccuracies, since violations can involve fraudulent cooperation, forgeries, intentional incompleteness, misleading representations or the overriding of internal controls.



- We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of making an audit opinion on effectiveness of these systems of society.
  - We assess the appropriateness of the accounting methods used by the legal representatives as well as the acceptability of the estimated values presented by the legal representatives and related information.
  - we draw conclusions about the appropriateness of the accounting principle applied by the legal representatives for going concern and, on the basis of the audit evidence obtained, whether there is any material uncertainty in connection with events or circumstances, the significant doubts about the company's ability to continue as a going concern. Can raise corporate activity. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the annual financial statements and in the management report in the auditor's report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, mean that the company can no longer continue its business activities.
  - We assess the overall presentation, structure and content of the annual financial statements, including the information, as well as whether the annual financial statements represent the underlying business transactions and events in such a way that the annual financial statements, in compliance with German generally accepted accounting principles, provide a true and fair view of the assets and finances - and the company's earnings.
  - We assess the consistency of the management report with the annual financial statements, its compliance with the law and the picture it provides of the company's position
  - we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient suitable audit evidence, we particularly review the significant assumptions on which the future-oriented information is based on the legal representatives and assess whether the future-oriented information was properly derived from these assumptions. We do not issue an independent audit opinion on the future-oriented information or the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.
- Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system that we discover during our audit.

**Bremen, October 1st, 2019**

**RKH GmbH & Co. KG**  
**auditing company**  
*signed Hüffmeier, auditor*  
*signed Kieselhorst, auditor*

### **Supervisory Board Report**

Dear shareholders,

In the 2018 reporting year, the Supervisory Board performed the duties incumbent on it under the Articles of Association and the law. We regularly advised the Board of Management and monitored the management. The Supervisory Board was informed in detail and promptly by the Management Board in joint meetings or via conference calls. All relevant points of the strategic development, the business process and the corporate planning were explained to the Supervisory Board in detail. Questions were answered comprehensively.

To the meetings of the supervisory board

In the reporting year, on 08/30 and on December 20th Ordinary meetings of the Supervisory Board take place at which all members were present. These meetings were chaired by the Chairman of the Supervisory Board, Mr. Claus Brüggemann. At the meetings, the Supervisory Board was informed in detail about all company matters. Furthermore, on June 11, 2018, the Management Board was authorized by telephone vote to found a new company in the USA as Inc. with Kirk Atkinson and his Adah Inc and to bring abat US LLC 100% into this new company.

The chairman of the supervisory board also regularly inspected the financial status, which shows, among other things, how the earnings and financial position of abat AG is developing. Upon receipt, the documents were checked in detail by the chairman of the supervisory board for plausibility, correctness and completeness based on empirical values and discussed with the management board. In addition, there was a report on abat innovation management, as the contents of this area ensure that abat remains competitive and that employees learn new technologies in good time.

Annual financial statements and management report

At the meeting on August 30, 2018, the 2017 annual financial statements and management report for the 2017 financial year were discussed.

The annual financial statements and management report as of December 31, 2017 prepared by the Management Board were audited by RKH GmbH & Co. KG Wirtschaftsprüfungsgesellschaft in accordance with HGB principles. The auditing company has issued an unqualified audit certificate.

The audited annual financial statements with management report with total assets of EUR 23,520,872.15, an annual surplus of EUR 1,665,334.16 and a profit carried forward of EUR 6,944,910.15 were presented, examined by the Supervisory Board and then unanimously approved. The annual financial statements are therefore deemed to be adopted.

It is proposed to distribute a dividend of EUR 800,000 to the shareholders from the net profit of EUR 8,610,244.31 distributed over the shares entitled to subscribe.

At the meeting on December 20th, 2018, the current status of abat AG was presented and discussed. In the subsequent general meeting, the proposals were approved and approved by the AR.

General

Abat AG held its own well in a complex economic environment. The supervisory board agrees with the management board's market assessment. Strategic decisions have been made and implemented in order to ensure the company's success. The corporate strategy pursued has proven to be fundamentally correct and is reflected in the positive earnings development in the company.

Against this background, we would like to thank the employees and the Executive Board for their commitment and commitment.

**Bremen, October 28th, 2019**

*signed Brüggemann*

**Other part of the report**

Information to identify the company according to the registry court:

Company name: abat AG

Headquarters: Bremen

Register entry: Commercial register

Register court: Bremen

Register no .: HRB 20251

Signature of the management:

**Bremen, September 25, 2019**

*signed Hinrich Meisterknecht*

*signed Holger Pralle*

*signed Ronald Wermann*

*signed Gyde Wortmann*

*signed Peter Grendel*

*signed Björn lamp*

*signed Andreas Arp*

Approval of the annual financial statements:

The annual financial statements were adopted on September 25, 2019.

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