

Search Result

Horváth 4G Beteiligungs GmbH	Accounting / financial reports	Consolidated financial statements for the financial year from April 1, 2017 to March 31, 2018	04/11/2019
Surname	Area	information	V. date

Horváth 4G Beteiligungs GmbH

Stuttgart

Consolidated financial statements for the financial year from April 1, 2017 to March 31, 2018

Group management report for the 2017/2018 financial year

of Horváth 4G Beteiligungs GmbH, Stuttgart

Summary

The global economic environment was again favorable in the 2017/2018 financial year. The strong expansion in the summer half of 2017 was mainly supported by the increasing recovery in the commodity-exporting emerging markets. Overall, 2017 saw the highest growth rate in global production since 2011. According to calculations by the IfW, world GDP rose by 3.9 percent in 2017. ¹ The International Monetary Fund assesses the situation as better than it has been for ten years. Three quarters of the entire global economy contributed to global growth, so the situation has brightened significantly since 2016. ²

The euro area continued its strong upswing until the end of 2017. An undiminished increase in employment, rising incoming orders and the good mood among companies speak for an intact dynamic. An important driving force behind the positive economy was the increase in exports over the course of 2017. The upswing has meanwhile reached all countries, and the Greek economy is also expanding noticeably again. Of the southern European member states, GDP increased despite political problems, for example in Catalonia, France, Spain and Italy. In the countries of Central and Eastern Europe in particular, GDP rose sharply, where there is often a boom. ³

The German economy is experiencing a strong upswing. GDP grew by 2.2 percent in 2017, more than in the previous five years. In the fourth quarter it grew a little less than in the previous quarter, but still strong. The growth was mainly driven by foreign trade. ⁴ In spring 2018, the German economy is in a boom. The capacity utilization is high and has risen to the last. ⁵

For the fourth time in a row, the leading German management consultancies exceeded their annual forecast and grew by 12.5 percent in 2017. The international management consultancies in Germany also saw double-digit growth at a similar level. As in previous years, the main growth drivers were the good overall economic situation and the need for transformation by customer companies, triggered by increasing digitalization. The top 10 increase their total sales to around 2 billion euros.

^{6th} The total turnover in the management consulting market in Germany in 2017 amounted to 31.5 billion euros. This corresponds to an increase of 8.5 percent compared to the previous year. Strategy consulting accounted for 24.4 percent of market sales. This corresponds to growth in this segment of 6.7 percent. The consulting field organization and process consulting has a share of 44.1 percent, with a growth rate of 9.9 percent. Consulting topics with particularly high growth were project management (+ 13.6%), finance and process controlling (+ 11.6%) as well as CRM and sales (+ 10.0%). ^{7th}

¹ Cf. Institute for the World Economy at Kiel University (IfW), World Economy in Spring 2018, Kiel Economic

Report No. 39 (2018 / Q1) ² Cf. <http://www.sueddeutsche.de/wirtschaft/iwf-if-not-now-when-then-1.3702189> (10.10.2017) ³ Cf. Institute for the World Economy at the University of Kiel (IfW), World Economy in Spring 2018, Kiel Economic Report No. 39 (2018 / Q1) ⁴ Cf. BMWi: Monthly Report of the Federal Government for Economy and Technology, March 2018 ⁵ Cf. BMWi: Monthly Report of the Federal Government for Economy and Technology, May 2018 ⁶

See Lünendonk list 2018

⁷ See BDU: Facts & Figures on the advisory market 2018

Horváth & Partners ended the 2017/18 financial year with growth of 16.3 percent. The Horváth & Partners Group thus clearly outperforms both economic development in Germany and the growth of the German management consultancy industry.

Sales and earnings of the Horváth & Partners Group

The group turnover of Horváth & Partners increased in the financial year 2017/2018 from EUR 150.2 million by 15.9 percent to EUR 174.1 million.

The consulting volume with subcontractors increased by 33.9 percent to EUR 30.0 million in the 2017/2018 financial year (previous year EUR 22.4 million).

Personnel expenses increased by 15.2 percent compared to the previous year. This figure includes both the increase in staff and the salary increases. In particular, the increase in staff is reflected in this value.

The result (EBIT) increased by 9.2 percent from EUR 18.5 million to EUR 20.2 million. The company's return (EBIT to sales) is 11.6 percent (previous year 12.3 percent). The value is thus at the good level of the previous year.

The following table shows the development of sales, EBIT and net income for the 2015/2016 to 2017/2018 financial years.

	FY 2015/2016 KEUR	FY 2016/2017 KEUR	FY 2017/2018 KEUR	Increase FY 16/17 - FY 17/18
sales	127.725	150.212	174.085	+ 15.9%
EBIT	13,544	18,517	20,212	+ 9.2%
Annual surplus	8,853	11,597	12,846	+ 10.8%

Business development in regions and business areas according to the respective individual financial statements

In Germany, Horváth & Partners's largest market, sales at Horváth & Partner GmbH increased significantly again in the 2017/2018 financial year from EUR 116.7 million to EUR 127.8 million. In terms of EBIT, Horváth & Partner GmbH recorded an increase from EUR 16.3 million in the previous year to EUR 16.6 million in the 2017/18 financial year.

The sales of our Austrian subsidiary increased from EUR 8.8 million in the previous year to EUR 9.8 million. The company also recorded a year-on-year increase in EBIT from EUR 0.2 million to EUR 1.4 million. The company was therefore able to achieve its planned sales and EBIT targets.

The development of the Swiss subsidiary in the 2017/2018 financial year was very positive. Compared to the previous year, sales increased from EUR 16.7 million to EUR 27.5 million in the 2017/2018 financial year. The EBIT increased from EUR 2.9 million in the previous year to EUR 5.0 million in the 2017/2018 financial year. The company's sales and EBIT targets for the 2017/2018 financial year were significantly exceeded.

The Hungarian company was able to increase sales from EUR 6.6 million in the previous year to EUR 7.8 million. The company's EBIT also improved from EUR 0.7 million in the 2016/2017 financial year to EUR 1.2 million. With this result, the company's sales and EBIT targets were exceeded.

At the Romanian subsidiary Horváth & Partner Management Consulting Srl. sales for the 2017/2018 financial year were EUR 2.2 million (previous year EUR 1.6 million). Despite the increase in sales, the company's EBIT in the 2017/2018 financial year was EUR -0.4 million, on a par with the previous year (EUR -0.4 million). The planned sales and EBIT values of the Romanian company for the 2017/2018 financial year were missed.

The situation of Horváth & Partner Middle East GmbH deteriorated further in the 2017/2018 financial year. The significant drop in sales and EBIT of the previous year continued in the 2017/2018 financial year. At EUR 4.1 million, sales are EUR 4.3 million below the previous year's figure (EUR 8.4 million). The company's EBIT decreased from EUR -1.2 million in the previous year to EUR -2.2 million in the 2017/2018 financial year.

The company Horváth Saudi Arabia LLC, Riyadh, which was founded in the 2016/2017 financial year, recorded sales of EUR 2.4 million (previous year EUR 0.9 million) and an EBIT of EUR 14 thousand (Previous year KEUR -148).

The subsidiary Horváth Akademie GmbH ended the 2017/2018 financial year with a significant decline in sales to EUR 3.1 million (previous year EUR 4.5 million). The company's EBIT fell from EUR 46 thousand in the previous year to EUR -170 thousand.

The Horvath & Partners Group has a 51.0 percent share in CONSULT ING Horváth Engineers GmbH, founded in April 2017, via Horváth & Partner GmbH. The company ended the 2017/2018 financial year with sales of EUR 1.0 million and an EBIT of EUR -18 thousand.

The business areas of Horváth & Partners are organized according to competencies (Functional Competence Center) and according to sectors (Industry Competence Center). Three out of four Functional Competence Centers were able to increase their sales compared to the previous year. The business development of the industries also varied in the 2017/2018 financial year. While two Industry Competence Centers suffered a decline in sales, others were able to expand their business volume, in some cases significantly. These differences in the business development of the Industry Competence Centers could also be identified in the past.

Strategic direction

The focus of the strategic orientation in the 2017/2018 financial year was again on the further development of the solution and innovation portfolio. Among other things, the expansion of the advisory services in the areas of digitization, information technology and production was advanced. Where necessary, the solution portfolio was designed to be industry-specific. Our Industry Competence Centers complement the solution portfolio with specific solutions for special topics in the respective industry. Furthermore, the market strategy was further developed through measures in the existing country portfolio and through the evaluation of potential new markets. The implementation of the strategy was organizationally accompanied by the establishment of a joint venture, the realignment of business units and the formation of cross-departmental business segments as well as the strengthening of the teams. Regionally, the team building in Switzerland was pushed ahead and the capacity management in the Middle East and in Romania was further optimized accordingly to the difficult situation in these markets. Internally, programs to improve sales and delivery as well as subcontractor management were further implemented. The corresponding customer-related and internal business processes, IT systems and service areas were further expanded. Last but not least, the control and incentive system was further developed in order to be able to map the strategic and structural adjustments. All of these initiatives and measures serve to increase customer benefits, strengthen competitiveness and further profitable growth.

As an independent management consultancy, we support our customers from the strategic, business and organizational conception through to implementation, accompanying the change processes and tailor-made training. Our consulting approach ensures that the solutions in the areas of corporate management and performance enhancement of processes and organizations fit together. For the IT implementation of these solutions for our customers, we select the best specialists for the respective task and responsibly control the implementation process. The same applies to the required change management.

Regionally, we see growth opportunities in Germany, Austria, Hungary and Romania. In Switzerland, the high level should be secured after the enormous growth in the last financial year. In the Middle East region, with a focus on the United Arab Emirates and Saudi Arabia, the turnaround must now be achieved after the further decline in sales in 2017/2018. There are still uncertainties in the market. We assume, however, that the economic situation will stabilize and that growth will continue, which could be favored by the increased oil price, among other things. The cooperation with the partner companies in the global consulting alliance Cordence Worldwide is also an important element for international growth.

Investments and depreciation

In the 2017/2018 financial year, we invested EUR 1,569 thousand in property, plant and equipment and EUR 368 thousand in intangible assets. Tangible assets include, in particular, investments in information and communication technology to maintain and expand business operations, as well as office and business equipment. The intangible assets include, in particular, license costs and costs for new software modules. The funds invested increased to EUR 1,937 thousand compared to the previous year (EUR 1,568 thousand). The investments are offset by depreciation on intangible assets and tangible assets in the amount of EUR 1,442 thousand.

Cash flow and cash flow statement

The cash flow from operating activities is	EUR 12.9 million
The cash flow from investing activities is	EUR -1.8 million
The cash flow from financing activities is	EUR -9.5 million

Asset and capital structure

The balance sheet total amounts to EUR 82.0 million after EUR 72.2 million in the previous year.

The assets are made up of 5.6 percent long-term and 94.4 percent short-term assets. In terms of current assets, the largest items are cash and cash equivalents with EUR 32.3 million (previous year EUR 30.6 million) and trade accounts receivable with EUR 36.9 million (previous year EUR 31.1 million) .

The capital structure reflects the restructuring of the Horváth & Partners Group in 2007, which was financed through the use of outside capital. According to IFRS, the goodwill of the contributed shares in Horváth AG was not recognized. Equity amounts to EUR 24.7 million.

The long-term debts amount to EUR 13.3 million, of which EUR 10.0 million relate to loans from banks and EUR 1.9 million to long-term provisions. Current liabilities amount to EUR 43.9 million, of which EUR 7.7 million are trade payables. Short-term provisions were taken into account in the 2017/2018 financial year in the amount of EUR 1.9 million.

Number of employees in the Horváth & Partners Group

At the end of the financial year, the group had 837 employees (excluding part-time employees and interns). The group had an average of 791 employees over the year. Of these, an average of 647 people were employed in Germany, Austria and Switzerland and 98 people in Hungary.

We intend to increase the number of employees in the new 2018/2019 financial year in line with growth requirements and to replace fluctuation in principle.

Appreciation and thanks

The again above-average increase in business volume in the 2017/2018 financial year resulted from the increased demand from our customers for our consulting projects. Horváth & Partners owes this in particular to the high level of commitment and the professional, motivated work of our employees. The management would like to warmly thank all colleagues for their contributions to the very good results of the 2017/2018 financial year.

opportunities

For 2018/2019 we see growth opportunities for Horváth & Partners in a challenging and highly competitive economic environment. Our customers are pursuing ambitious growth targets, improving their competitiveness and in some cases realigning their business models and processes. Megatrends such as digitization, electromobility and autonomous driving are changing entire industries. In this context, companies set up major transformation programs and in some cases make significant investments, including in new information technologies. They are moving in a fundamentally positive macroeconomic development, which is characterized by uncertainty and volatility at the same time. For Germany, There are positive forecasts for Europe and the entire world economy. These developments and forecasts also benefit the consulting industry. The general willingness of companies to invest as well as the willingness to invest in consulting services from our range of services are currently given. Horváth & Partners generally sees a positive development for the 2018/2019 financial year and expects sales growth.

Horváth & Partners will continue to develop and consistently implement its strategy. This includes the further development of solutions and innovations in the areas of corporate management and performance optimization. The megatrend of digitization in particular will lead to further growth potential here, which we want to consistently and systematically develop through our strategy. We plan to further strengthen our team in 2018/2019. By concentrating on customer benefit, high quality and a strong focus on implementation, we will further strengthen our competitiveness and positioning in the market. We are confident that on this basis we can successfully continue our growth path.

Even if we look forward to the 2018/2019 financial year with positive expectations regarding the business development of Horváth & Partners, we do not fail to recognize the risks to our sales and earnings development. We also see uncertainties among our current and potential customers, which can limit their willingness to invest, so that we will carefully monitor and control the risks when taking advantage of the opportunities.

Risks

The positive macroeconomic developments and forecasts are offset by uncertainties and crises. In Europe, these are the imminent Brexit, the refugee crisis, nationalistic tendencies in individual EU member states, financial uncertainties due to the new government in Italy as well as the Ukraine crisis and the ongoing conflict with Russia. The trouble spots and armed conflicts in some countries in the Near and Middle East, especially Syria, Iraq and Yemen, as well as the increasing tensions between Saudi Arabia and Iran harbor the risk of widening and pose a potential threat to the economy. In addition, there are political uncertainties worldwide among others due to the uncertain behavior and the implementation of protectionist measures by the USA. These factors can have a negative impact on the markets as well as the sales and earnings development of our customers with corresponding repercussions for Horváth & Partners in the form of reduced budgets for consulting services, reluctance to invest and new project plans or the short-term stop of ongoing projects. In the Middle East, especially in Saudi Arabia, there is also the currently difficult situation for German companies. Disadvantages in the award of contracts in the public sector would affect Horváth & Partners directly. However, we assume that solutions are being worked on at a political level, to end the disadvantages for German companies. All in all, there are numerous risks for growth and economic development in important economies with possible negative effects on our customers and ultimately on Horváth & Partners. In addition, economists warn of overheating and possible "bubbles" and point to an increased risk of recession.

The development of the US dollar or Swiss franc to euro exchange rate represents both an opportunity and a risk. The national deficit in Saudi Arabia and a negative development in the oil price may make a possible devaluation of the Saudi rial an issue again. If there is a corresponding development, course security measures must be checked.

Interest rate risks exist for Horváth & Partners only to a very limited extent. The operative business is usually financed without interest-bearing debt. A long-term bank loan was secured against increases in interest rates by means of a swap (cash flow hedge).

Volatility and uncertainty in the external market require a high degree of flexibility internally. The risk for us is that in the event of market fluctuations and sudden market slumps, capacities and costs cannot be adjusted quickly enough.

There are currently no identifiable risks that threaten the existence of the company.

In order to identify risks at an early stage, risk management is an integral part of strategy and value-oriented corporate management for us. We align our corporate planning and decision-making processes to identify risks at an early stage and to consistently use opportunities in order to secure the long-term existence of the company. The risk management integrated in the control systems is being expanded further in order to identify possible risks at an early stage and to be able to take suitable countermeasures. We control the risk management process within the scope of a comprehensive controlling system with strategically and long-term oriented early warning systems,

Outlook and forecast for the 2018/2019 financial year

For the current financial year, which began in April, the macroeconomic outlook is still very positive. According to estimates by the economic research institutes, the global upswing is not expected to accelerate any further, but rather to lose a little of its dynamism. In spring 2018, the global economy is still on the upswing. However, the mood among companies has recently deteriorated noticeably, probably also as a reaction to the increasing uncertainty about economic policy in the USA. However, the leading German economic institutes consider it unlikely that the current trade policy disputes are dampening the strong economic upward trend to such an extent that the upturn in the world economy comes to a standstill. They therefore expect the world economy to remain strong this year, although the dynamics should slowly flatten out over the course of the year due to the harsher trade climate, among other things.⁸ The International Monetary Fund expects the global economy to grow by 3.9 percent in 2018 and 2019.⁹ The World Bank is assuming global GDP growth of 3.1 percent for 2018 and 3 percent for 2019/2020.¹⁰ The Institute for the World Economy at Kiel University (IfW) expects the world economy to grow by 4.0 percent in 2018 and by 3.8 percent next year.¹¹

For the euro zone, it is expected that the upswing will continue with the same or slightly less dynamic. The international monetary fund is assuming growth of 2.4 percent for 2018 and 2.0 percent for 2019.¹² In its current forecast, the OECD is assuming an increase in GDP in the euro area of 2.3 percent in 2018, after growth of 2.5 percent was recorded in 2017. However, the Brexit process remains a risk factor for the economy.¹³ The reasons for the positive development are both increasing exports and higher consumer demand in Europe.^{14th} It can be assumed that there will be a strong expansion of production in the Central and Eastern European member states of the EU this year.¹⁵ Thanks to growing employment and gradually rising wage increases, private consumption is likely to increase at a somewhat unchanged pace, and the recovery in investment will also continue in 2018.¹⁶

In Germany, the boom will continue this year and next, but the air is getting thinner: The macroeconomic capacities still available are gradually becoming scarcer, so that the economy is losing some of its momentum compared to last year. Nevertheless, the pace remains high: the upturn in the world economy is only gradually losing momentum and will continue to stimulate exports; Even the domestic economy is likely to remain buoyant given an extraordinarily favorable labor market situation. In addition, the new federal government is likely to stimulate demand through the expanded expenditure and tax relief agreed in the coalition agreement. On average for 2018, economic output should expand by 2.2 percent this year, as it did in 2017. The institutes are thus raising their assessment of the growth in gross domestic product in the current year by 0.2 percentage points compared to the 2017 autumn diagnosis. In the coming year 2019, the German economy - then largely supported by the financial policy measures agreed in the coalition agreement - should grow by 2.0 percent, also somewhat more strongly than expected by the institutes in autumn 2017.^{17th}

⁸ See Project Group Joint

Forecast Spring 2018 ⁹ See IMF World Economic Outlook April 2018 ¹⁰ See Worldbank Global Economic Prospects 2018 ¹¹ See Institute for the World Economy at the University of Kiel (IfW), World Economy in Spring 2018, Kiel Economic Report No. 39 (2018 / Q1) ¹² Cf. IMF World Economic Outlook April 2018 ¹³ Cf. BMWi: Monthly Report of the Federal Government for Economics and Technology, May 2018 ¹⁴ Cf. <http://www.sueddeutsche.de/wirtschaft/iwf-Wenn-not-now-when-then-1.3702189> (10.10.2017) ¹⁵

See project group joint forecast spring 2018

¹⁶ Cf. Institute for the World Economy at the University of Kiel (IfW), World Economy in Spring 2018, Kiel Economic Reports No. 39 (2018 / Q1) ¹⁷ Cf. project group joint forecast spring 2018

Demand and optimism in Germany's consulting industry are currently very high. For the current year 2018, a continuation of the growth at the level of 2017 is expected. The Bund Deutscher Unternehmensberater (BDU) anticipates an increase in sales of 8.4 percent for the entire industry, which would lead to total sales of 34.1 billion euros.^{18th} The leading management consultancies are forecasting growth of 12.4 percent. For 2019, these companies are even more confident, with forecast sales growth of 13.0 percent. In order for this growth to be possible, the companies are again planning a series of new hires. However, the shortage of skilled workers is also noticeable in 2018, especially with regard to experienced advisors.^{19th} Following the challenges on the customer side, the management consultants expect high demand for the consulting topics change management (+ 9.9%), business development & innovation (+ 8.8%) as well as customer relationship management (CRM) and sales (+ 8, 9%). A strong growth potential of + 9.5 percent is forecast for the consulting field of IT data protection and security in 2018 - against the background that many companies have special needs for advice with regard to the new General Data Protection Regulation (GDPR), the requirements of which have existed since 25 May 2018 must be taken into account.^{20th}

Horváth & Partners is also aiming for growth for the 2018/2019 financial year. We see the consistent implementation of our strategy as the essential way to master the risks described and the sometimes difficult economic environment and the use of opportunities. We also use our controlling and risk management system for control. The Management Board plans for the Horváth & Partners Group for the 2018/2019 financial year with total output (including other operating income) of EUR 195 million (previous year: EUR 177.3 million), which is a growth of around 10.0 Percent and would therefore be above the estimated industry average. Planning assumes earnings growth and a double-digit return (EBIT to sales). Four new partners have been appointed.

Horváth & Partners is planning investments for the 2018/2019 financial year in particular for the modernization of the IT infrastructure and for replacement investments in the IT area and office equipment.

With regard to sales and EBIT development for the 2019/2020 financial year, Horváth & Partners is assuming a rate of increase in the order of magnitude as for 2018/2019.

¹⁸ See BDU: Facts & Figures on the Consultant Market 2018

¹⁹ See Lünendonk List 2018 ²⁰ See BDU: Facts & Figures on the Consultant Market 2018

The team from Horváth & Partners started the new business year highly motivated. The information available makes us fundamentally optimistic about the achievability of our goals for the 2018/2019 financial year.

Stuttgart, July 2018

The Executive

Kai Essiger

Dr. Andreas Renner

**Consolidated balance sheet
as of March 31, 2018**

of Horváth 4G Beteiligungs GmbH, Stuttgart

	Explanation	31.03.2018 EUR	31.03.2017 EUR
financial assets			
Long-term assets			
Intangible assets	G.1.	1,019	1,211
Property, plant and equipment	G.2.	2,644	2,088
Deferred taxes	G.3.	900	786
		4,563	4,085
Short-term assets			
Stocks	G.4.	3,232	2,855
Requests from deliveries and services	G.5.	36,873	31,134
Income tax claims	G.6.	155	75
Other current assets	G.7.	4,882	3,447
Cash and cash equivalents	G.8.	32,256	30,604
		77,398	68,115
Total assets		81,961	72,200
Equity	G.9.		
Subscribed capital		2,926	2,640
Capital and revenue reserves		19,898	16,415
Changes in value recorded directly in equity		-1,362	-1,066
retained profit		3,181	3,587
Equity excluding minority interests		24,643	21,576
Non-controlling interests		67	123
Total equity		24,710	21,699
Debt			
Long term debt			
Long term loan	G.10.	10,000	10,000
Long-term financial liabilities	G.11.	1,401	566
Long-term provisions	G.12.	1,878	1,831
Deferred tax liabilities	G.13.	56	10
		13,335	12,407
Short term debt			
liabilities from goods and services	G.14.	7,745	6,019
Other current financial liabilities	G.15.	12,724	11,821
Income tax liabilities	G.16.	7,687	5,518
Other current liabilities	G.17.	13,822	12,943
short time provision	G.18.	1,938	1,793
		43,916	38,094
Total debts		57,251	50,501
Total equity and debt		81,961	72,200

**Consolidated income statement
for the period from April 1, 2017 to March 31, 2018**

of Horváth 4G Beteiligungs GmbH, Stuttgart

	Explanation	01.04.2017 - 31.03.2018 EUR	01.04.2016 - 31.03.2017 EUR
1. Sales	F.1.	174.085	150.212
2. Change in the inventory of work in progress	F.2.	377	80
3. Other operating income	F.3.	2,814	2,200
		177.276	152.492
4. Cost of materials	F.4.		
a) Expenses for purchased goods		395	374
b) Expenses for purchased services		29,957	22,364

		01.04.2017 - 31.03.2018	01.04.2016 - 31.03.2017
	Explanation	EUR	EUR
		30,352	22,738
5. Personnel expenses	F.5.		
a) Wages and salaries		80,539	69,763
b) Social security and pension costs		10,685	9,455
		91,224	79,218
6. Depreciation of intangible assets and property, plant and equipment	F.6.	1,442	1,117
7. Other operating expenses	F.7.	34,046	30,902
Operating profit (EBIT)		20,212	18,517
8. Other Interest and Similar Income	F.8.	9	43
9. Interest and Similar Expenses	F.9.	404	452
Financial result		-395	-409
10. EBT		19,817	18,108
11. Taxes on income and earnings	F.10.	7,130	6,592
12. Deferred Taxes	F.10.	-103	-98
13. Group earnings after taxes		12,790	11,614
thereof owner of Horváth 4G Beteiligungs GmbH		12,846	11,597
thereof non-controlling interests		-56	17th

Consolidated statement of comprehensive income for the period from April 1, 2017 to March 31, 2018

of Horváth 4G Beteiligungs GmbH, Stuttgart

		01.04.2017 - 31.03.2018	01.04.2016 - 31.03.2017
		EUR	EUR
Group earnings after taxes		12,790	11,614
Actuarial gains and losses from pension obligations recognized directly in equity		-27	-7
Deferred taxes on pension obligations		8th	2
Other earnings after taxes for components that will not be reclassified to the income statement in future		-19	-5
Currency conversion		-371	110
Valuation of cash flow hedge		136	135
Deferred taxes on cash flow hedge		-42	-42
Other earnings after taxes for components that will be recognized in profit or loss in the future		-277	203
Other earnings after taxes		-296	198
thereof owner of Horváth 4G Beteiligungs GmbH		-296	198
thereof non-controlling interests		0	0
Total earnings after taxes		12,494	11,812
thereof owner of Horváth 4G Beteiligungs GmbH		12,550	11,795
thereof non-controlling interests		-56	17th

Consolidated cash flow statement for the period from April 1, 2017 to March 31, 2018

of Horváth 4G Beteiligungs GmbH, Stuttgart

		2017/2018	2016/2017
		EUR	EUR
Cash flow from operating activities			
Profit for the year before taxes		19,817	18,108
Adjustments for depreciation (+)		1,442	1,117
Losses / gains from disposals of fixed assets (+ / -)		-7	8th
Interest income (-)		-9	-43
Interest expenses and similar expenses (+)		404	452
Operating profit before changes in working capital		21,647	19,642
Increase / decrease in provisions (+ / -)		300	1,115
Increase / decrease in inventories (- / +)		-389	479
Increase / decrease in trade receivables (- / +)		-6,130	-7,182
Increase / decrease in other current assets (- / +)		-1,112	374
Increase / decrease in liabilities (+ / -)		3,501	5,371
Increase / decrease in other assets (- / +)		-485	-359

	2017/2018 EUR	2016/2017 EUR
Increase / decrease in other liabilities (+ / -)	23	-23
Effects of changes in exchange rates	-314	148
Other non-cash expenses / income (+ / -)	34	39
Cash generated from operating activities	17,075	19,604
Interest paid (-)	-404	-452
Income taxes paid (-)	-3,732	-4,289
Net cash from operating activities	12,939	14,863
Cash flow from investing activities		
Payments for investments in property, plant and equipment (-)	-1,569	-1,203
Payments received from disposals of items of property, plant and equipment (+)	117	54
Payments for investments in intangible assets (-)	-368	-365
Payments received from disposals of intangible assets (+)	0	31
Losses / gains from disposals of fixed assets (- / +)	7th	-7
Interest received (+)	9	42
Net cash used for investing activities	-1,804	-1,448
Cash flow from financing activities		
Payments from equity injection (+)	286	88
Dividends paid (-)	-8,569	-5,885
Loan repayment (-)	0	-850
Payments for the sale of own shares (+)	44	132
Payments for the purchase of own shares (-)	-1,256	-2,532
Net cash from financing activities	-9,495	-9,047
Net increase in cash and cash equivalents	1,640	4,368
Changes due to consolidation	12th	0
Cash balance at the beginning of the period	30,604	26,236
Cash balance at the end of the period	32,256	30,604

**Consolidated statement of changes in equity
for the period from April 1, 2017 to March 31, 2018**

of Horváth 4G Beteiligungs GmbH, Stuttgart

	Subscribed capital EUR thousand	Capital and profit reserves EUR	Change in value recorded directly in the EK in EUR thousand	Balance sheet profit TEUR	Shares in third-party ownership EUR thousand	Total KEUR
As of April 1, 2016	2,464	13,704	-1,264	1,679	121	16,704
Period result	0	0	0	11,597	17th	11,614
Other result	0	0	198	0	0	198
Overall result	0	0	198	11,597	17th	11,812
Capital increase	88	0	0	0	0	88
Distributions	0	0	0	-5,871	-15	-5,886
Allocation of retained earnings	0	3,818	0	-3,818	0	0
Disposal of own shares	88	-1,107	0	0	0	-1,019
As of March 31, 2017	2,640	16,415	-1,066	3,587	123	21,699
As of April 1, 2017	2,640	16,415	-1,066	3,587	123	21,699
Period result	0	0	0	12,846	-56	12,790
Other result	0	0	-296	0	0	-296
Overall result	0	0	-296	12,846	-56	12,494
Capital increase	286	0	0	0	0	286
Distributions	0	0	0	-8,557	-12	-8,569
Allocation of retained earnings	0	6,695	0	-6,695	0	0
Withdrawal from retained earnings	0	-2,000	0	2,000	0	0
Addition / disposal of own shares	0	-1,212	0	0	0	-1,212
Access to shares in third-party ownership	0	0	0	0	12th	12th
As of March 31, 2018	2,926	19,898	-1,362	3,181	67	24,710

Further information can be found in the appendix under G. 9

Notes to the consolidated financial statements for the 2017/2018 financial year

of Horváth 4G Beteiligungs GmbH, Stuttgart

A. Commercial register and purpose of the company

The company has its registered office in Stuttgart, Germany, and is registered there at the local court in the commercial register, section B, under no. 724649. The address is Horváth 4G Beteiligungs GmbH, Phoenixbau, Königstrasse 5, 70173 Stuttgart. The object of the company is to perform the tasks of a holding company, in particular by exercising company rights to Horváth AG with its registered office in Stuttgart, entered in the commercial register of the Stuttgart District Court under HRB 21823 and the other investments held by the company as well as the acquisition and holding and selling investments in other companies, whose business purpose is in particular business advice.

The consolidated financial statements as of March 31, 2018 include the company and five domestic and six foreign subsidiaries.

The company's management approved the consolidated financial statements as of March 31, 2018 and the 2017/2018 group management report on July 12, 2018 for submission to the shareholders' meeting.

B. Accounting Policies

The consolidated financial statements of the Horváth & Partners Group are prepared in accordance with Section 315a HGB in accordance with the International Financial Reporting Standards (IFRS).

All standards of the International Accounting Standards Board (IASB) adopted by the EU as part of the endorsement as of the balance sheet date, as well as the rules of interpretation of the International Financial Reporting Interpretations Committee of the IASB (IFRIC), apply. The application of special IFRS can be found in the explanations of the individual items in the financial statements in the further course of the notes to the consolidated financial statements.

The consolidated financial statements are prepared in euros. For better understanding, the values are rounded to the nearest thousand.

Compared to the previous year, the consolidated financial statements are based on uniform accounting and valuation principles.

The following new or amended standards or interpretations were applied for the first time in the 2017/2018 financial year:

	Come into effect	EU endorsement
Changes to standards or interpretations		
Changes to IAS 12: Recognition of deferred tax assets on unrealized losses	1.1.2017	11/6/2017
Changes to IAS 7: Statement of Cash Flows	1.1.2017	11/6/2017

The new or changed accounting standards to be applied for the first time in the current financial year did not have any notable effects on the consolidated financial statements.

Effects of new, not yet applicable accounting standards

In the 2017/2018 financial year, the following new or amended accounting standards that had already been adopted by the IASB, but in some cases not yet adopted by the EU, were not taken into account because there was no obligation to apply them:

IFRS 9: Financial Instruments	01/01/2018	11/22/2016
IFRS 14: Regulatory Deferral Items	01/01/2016	No takeover by the EU
IFRS 15: Revenue from Contracts with Customers	01/01/2018	October 31, 2017
IFRS 16: Leases	01/01/2019	09/22/2016
IFRS 17: Insurance Contracts	01/01/2021	Open
IFRIC 22: Foreign Currency Transactions and Advance Consideration	01/01/2018	28.03.2018
IFRIC 23: Tax Risk Positions	01/01/2019	Expected in the 3rd quarter of 2018

Changes to standards or interpretations:

Changes to IFRS 2: Classification and Evaluation of Business Transactions with Share-Based Payments	01/01/2018	02/26/2018
Miscellaneous: Annual improvements to IFRS 2014-2016	01/01/2017	07.02.2018
Changes to IFRS 4: First-time application of IFRS 9 together with IFRS 4	01/01/2018	03/11/2017
Changes to IFRS 15: Clarifications to IFRS 15	01/01/2018	October 31, 2017
Amendments to IAS 40: Transfer of Investment Property	01/01/2018	14.03.2018
Amendment to IFRS 9: Prepayment rules with negative compensation	01/01/2019	March 22, 2018
Amendments to IAS 28: Long-Term Investments in Associates and Joint Ventures	01/01/2019	Expected in 2018
Miscellaneous: Annual improvements to IFRS 2015-2017	01/01/2019	Expected in 2018
Changes to IAS 19: Plan changes, curtailments or settlements	01/01/2019	Expected in 2018
Change of cross-references to the framework in the IFRS standards	01/01/2020	Expected in 2019
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and an Associate or Joint Venture	Postponed to an unknown time	

IFRS 15: Revenue from Contracts with Customers

The new standard replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and the associated interpretations. IFRS 15 defines a comprehensive framework for determining the amount and time at which revenue is recognized. The core principle of IFRS 15 is that a company should recognize revenue when goods have been delivered or the service rendered. This core principle is implemented in a five-step model within the framework of the standard. For this purpose, the relevant contracts with the customer and the performance obligations contained therein must first be identified. The revenue is then realized in the amount of the expected consideration for each separate performance obligation based on a point in time or over a period of time. In addition, IFRS 15 contains detailed application guidelines on a large number of individual topics (e.g. contract amendments, sales with the right of return, treatment of contract costs, extension options, license revenue, principal-agent relationships, bill-and-hold agreements, consignment agreements, etc.). In addition, the scope of the notes is expanded. The aim of the new disclosure requirements is to provide information about the type, amount,

Furthermore, the IASB published clarifications to IFRS 15 on April 12, 2016. The changes address the identification of performance obligations, principal / agent considerations and licenses, and are aimed at transitional arrangements for modified contracts and concluded contracts.

IFRS 9: Financial Instruments

In July 2014, the IASB completed its project to replace IAS 39 "Financial Instruments: Recognition and Measurement" with the publication of the final version of IFRS 9 "Financial Instruments". IFRS 9 introduces a uniform approach to the classification and measurement of financial assets. The subsequent measurement of financial assets will in future be based on four categories with different measures of value and different recording of changes in value. The categorization is based on both the contractual cash flows of the instrument and the business model in which the instrument is held. For financial liabilities, on the other hand, the existing categorization requirements under IAS 39 were largely adopted in IFRS 9. In addition, IFRS 9 provides for a new impairment model that is based on the expected bad debts or credit losses. IFRS 9 also contains new regulations on the use of hedge accounting in order to better present a company's risk management activities, particularly with regard to the management of non-financial risks. Furthermore, IFRS 9 requires additional disclosures in the notes. IFRS 9 also contains new regulations for the use of hedge accounting in order to better present a company's risk management activities, particularly with regard to the management of non-financial risks. Furthermore, IFRS 9 requires additional disclosures in the notes.

IFRS 16: Leases

According to IFRS 16, the previous distinction between operating and finance leases does not apply to the lessee. For all leases, the lessee accounts for a right to use an asset and a lease liability. The right of use is amortized over the term of the contract in accordance with the regulations for tangible assets. They are shown separately in the income statement as depreciation on the asset and interest on the liability. For short-term leases and leased items of low value, there are easements in accounting. The information in the appendix will expand and should enable the addressees to determine the amount assess the timing and uncertainties associated with leasing agreements. The analysis of the effects of IFRS 16 is not yet fully completed. In principle, long-term assets and financial liabilities will increase. First rough calculations as of April 1, 2018 show an increase in the balance sheet total that is in the double-digit million range.

The Horváth & Partners Group does not apply new or revised standards and interpretations early.

A detailed analysis of the effects of the application of IFRS 15 and IFRS 9 on the consolidated financial statements has not yet been carried out.

The Group does not currently assume that the first-time application of the other new accounting regulations, provided they are adopted by the EU in this form, will have a material impact on the presentation of the consolidated financial statements.

C. Consolidation Principles and Currency Conversion

1. Consolidation principles

The consolidated financial statements include all affiliated companies in which Horváth 4G Beteiligungs GmbH, Stuttgart, directly or indirectly holds the majority of the voting rights or in which there is a control relationship within the meaning of IFRS 10 based on other rights.

The first-time consolidation takes effect on the day on which the company directly or indirectly enters into a control relationship with the subsidiary.

In accordance with IFRS 10, the following companies have been included in the consolidated financial statements of Horváth 4G Beteiligungs GmbH, Stuttgart, in which the company directly or indirectly holds the majority of voting rights:

name and seat	currency	Share in capital %	Time of initial consolidation
Horváth 4G Beteiligungs GmbH, Stuttgart	EUR	-	04/01/2007
Horváth AG, Stuttgart	EUR	100.00	12/22/2000
Horváth & Partner GmbH, Stuttgart	EUR	100.00	December 31, 2000
Horváth & Partner Management Consulting GmbH, Vienna / Austria	EUR	100.00	December 31, 1994
Horváth & Partner Middle East GmbH, Vienna / Austria	EUR	100.00	04/01/2012
Horváth Saudi Arabia LLC, Riyadh / Kingdom of Saudi Arabia	SAR	100.00	07/20/2016
Horváth & Partner AG, Zurich / Switzerland	CHF	100.00	01/22/1999
IFUA Horváth & Partners Consulting Kft., Budapest / Hungary	HOOF	100.00	December 31, 1992
Horváth Academy GmbH, Stuttgart	EUR	70.00	04/01/2004
CSIE GmbH, Oestrich-Winkel	EUR	70.00	04/01/2013
CONSULTING Horváth Engineers GmbH, Berlin	EUR	51.00	04/21/2017
Horváth & Partners Management Consulting SRL, Bucharest / Romania	RON	100.00	11/01/2005

The subgroup consisting of Horváth Akademie GmbH, Stuttgart, and CSIE GmbH, Oestrich Winkel formed the only unit in the 2016/2017 financial year in which there are non-controlling interests. In the 2017/18 financial year, the circle expanded to include CONSULTING Horváth Engineers GmbH, Berlin. Before consolidation measures, in particular the elimination of investment income, the annual surplus of the Horváth Academy, which corresponds to the total result for the period, was KEUR -153 (previous year: KEUR 36). The share of the group capital allocated to the non-controlling interests at the end of the period amounts to EUR 65 thousand (previous year: EUR 123 thousand).

In the past fiscal year CONSULTING Horváth Engineers GmbH, Berlin, was founded with a share capital of EUR 25,000.00. The group has 51% of the capital shares and voting rights. The non-controlling interests are 49%.

Before consolidation measures, the company's annual surplus, which corresponds to the total result for the period, was EUR -21 thousand. The share of the group capital allocated to the non-controlling interests at the end of the period amounts to EUR 2 thousand.

With regard to the earnings components allocated to the non-controlling interests, reference is made to the statements in the statement of comprehensive income.

The annual financial statements of the companies included in the consolidated financial statements are drawn up on the reporting date of the consolidated financial statements.

The consolidated financial statements are based on the annual financial statements of the companies included in the Group, which were drawn up as of March 31, 2018 and audited and unreservedly audited.

Intra-group sales, expenses and income as well as all receivables and liabilities between the consolidated companies have been eliminated. Assets originating from intragroup deliveries were not adjusted for interim results because they were insignificant. In the case of consolidation processes affecting earnings, the income tax effects are taken into account and deferred taxes are included.

2. Currency conversion

The reporting currency of Horváth 4G Beteiligungs GmbH is the euro. The annual financial statements of the group companies are converted into euros. The concept of the functional currency is used when translating the financial statements of the companies included in a foreign currency. Since the group companies operate their business independently, they are accounted for as "foreign entities" within the meaning of IAS 21 (Effects of Exchange Rate Changes). According to this, assets and liabilities are converted at the rate on the reporting date, equity at historical rates and expenses and income at the annual average rate. The resulting difference is offset against equity with no effect on earnings.

	Closing rate		Average rate	
1.00				
EUR	March 31, 2018	March 31, 2017	2017/2018	2016/2017
Romanian lei	4.64	4.54	4,588	4.49
Saudi rials	4.62	3.99	4,362	4.116
Swiss franc	1.17	1.06	1.124	1.078
Hungarian forints	312.27	308.54	310.174	310.862

D. Essential accounting and valuation principles

The consolidated financial statements are based on the cost principle. Unless otherwise stated, assets and liabilities are shown at their nominal value less any necessary value adjustments. The classification of assets and liabilities was in accordance with IAS 1 par. 60 made after their deadline.

Acquired intangible assets are recognized at acquisition cost including incidental acquisition costs. In accordance with IAS 38, the useful life of an intangible asset is reviewed annually. Intangible assets with a limited useful life are reduced by scheduled depreciation using the straight-line method over the expected economic useful life, which is usually three to five years. If the useful life is unlimited in accordance with IAS 38, no depreciation is made. Extraordinary value adjustments in accordance with IAS 36 were not necessary in the year under review.

Acquired subsidiaries are accounted for using the purchase method in accordance with IFRS 3.4. Assets and liabilities that can be identified as part of the business combination are measured at their fair values at the time of acquisition upon initial consolidation. The excess of the acquisition costs over the net assets measured at fair value is recognized as goodwill. The goodwill is shown under intangible assets and checked for impairment annually. Any impairment is recognized as an expense immediately and is not made up for in subsequent years. For the purpose of the impairment test, the goodwill is allocated to cash generating units. The allocation is made to those CGUs according to the identifiable business segments that are expected to benefit from the merger in which the goodwill arose.

Internally generated intangible assets are classified due to the lack of criteria identity with IAS 38 par. 57 not activated.

Property, plant and equipment are valued at acquisition cost in accordance with IAS 16 par. 15 less scheduled depreciation in accordance with IAS 16 par. 50 and 60 accounted for. Extraordinary value adjustments in accordance with IAS 36 were not necessary in the year under review.

Tangible fixed assets are depreciated according to the declining balance or linear method in accordance with their useful economic life. The useful life is usually three to 13 years for furniture and fixtures and 33 years for building investments (Hungary). Significant residual values according to IAS 16 par. 53 were not to be taken into account when calculating the amount of depreciation. Maintenance costs are recognized directly as an expense.

Profits and losses from the disposal of assets are determined as the difference between the net sales proceeds and the book value of the respective item and are recorded in the income statement as "Other operating income" or "Other operating expenses".

The inventory is valued according to IAS 2 par. 19 at production costs according to the work progress. Overheads and profit margins that cannot be allocated are not included in the valuation.

Trade receivables are reported at their nominal value. Sufficient allowances are made for default risks. Lump-sum valuation adjustments are not made.

The Group's financial assets fall into the category of loans and receivables. The classification is based on the purpose pursued with the acquisition of the financial asset. Purchases and sales of financial assets are accounted for on the trading day.

On initial valuation, the financial assets are recognized at fair value plus transaction costs. The subsequent valuation is carried out at amortized cost.

Financial liabilities in the fair value through profit and loss category are measured at fair value. Transaction costs are immediately expensed. To the extent that they cannot be allocated to the fair value through profit and loss category, financial liabilities are valued at amortized cost, using the effective interest method if necessary.

Derivative financial instruments such as B. Forward exchange transactions and interest rate swaps are generally used for hedging purposes in order to reduce currency and interest rate risks from operating business and the resulting financing requirements. In the Group, derivative financial instruments are used to hedge a future cash flow from entered or planned underlying transactions (cash flow hedge). They are not used for trading purposes or for speculative reasons.

The group documents all relationships between hedging transactions and the assigned basic transactions in compliance with IAS 39. This procedure involves linking the derivatives designated as hedging instruments with the forecast future transactions. In the Group, both prospective and retrospective effectiveness measurements for cash flow hedges are carried out using the critical term match or the dollar offset method. The changes in value of the underlying and hedging transactions are set in relation to each other. If the quotient is within the range of 80 to 125 percent defined by IAS 39, the hedge is considered effective.

Derivative financial instruments are accounted for in the case of purchases or sales at the respective acquisition date under other financial receivables or under other financial liabilities. According to IAS 39, all derivative financial instruments are to be measured at fair value, regardless of the purpose for which or the intention with which they were concluded.

The market value of a forward exchange deal corresponds to the difference between the present values of the nominal amount at the fixed forward rate and the nominal amount at the forward rate on the balance sheet date. The market value of an interest rate swap corresponds to the present value of the future cash flows resulting from the derivative. Discounting is carried out using interest rates that match the term in accordance with the yield curve of the respective currency.

If it is a cash flow hedge, the changes in the market value of the part of the hedging instrument classified as effective are initially shown in equity, taking deferred taxes into account, as part of the cumulative changes in equity with no effect on income until the future secured cash flow occurs.

Changes in the fair value of derivative financial instruments that do not meet the requirements for hedge accounting in accordance with IAS 39 are recognized immediately in the income statement.

The Group measures certain financial instruments at their fair value on each reporting date.

The fair value of the financial assets and financial liabilities that are traded on organized markets is stated as the amount for which the instrument in question could be exchanged between willing business partners on the measurement date in an orderly business transaction (except for forced sale or liquidation).

All assets and liabilities for which the fair value is determined or shown in the financial statements are classified in the fair value hierarchy described below, based on the input parameter of the lowest level that is material for the measurement at fair value overall:

- Step 1: Quoted (unadjusted) prices in active markets for like assets and liabilities
- Level 2: Processes in which all input parameters that have a material effect on the recorded fair value can be observed either directly or indirectly
- Level 3: Procedures that use input parameters that have a material effect on the recorded fair value and are not based on observable market data

In the case of assets and liabilities that are recognized on a recurring basis in the financial statements, the Group determines whether regroupings between the levels of the hierarchy have taken place by performing the classification at the end of each reporting period (based on the input parameters of the lowest level used for the valuation on overall fair value is material).

The means of payment contain the cash on hand and the credit balances at banks.

Assets with an indefinite useful life are not amortized, but are subject to an annual impairment test. The book values of the other assets, with the exception of inventories and deferred tax assets, are checked on each balance sheet date to determine whether there are any indications that an asset may be impaired. If there is any such indication, the recoverable amount of the asset is estimated. If the recoverable amount of an asset is less than the book value, the book value is written down to the recoverable amount. An impairment recognized in previous years is canceled,

Provisions are recognized in the amount that, according to the best possible estimate, is necessary to cover all current obligations on the balance sheet date. Future events that could affect the amount required to meet an obligation are taken into account in the provisions, provided they can be predicted with sufficient objective certainty and these obligations result from past events.

In accordance with IAS 19, the pension provisions are formed using the projected unit credit method. Future obligations are calculated on the basis of the proportionate benefit entitlements acquired up to the balance sheet date.

Liabilities are recognized if it is likely that resources embodying economic benefits will flow out to offset an obligation and this amount can be reliably determined. The liabilities are generally stated at amortized cost.

In order to improve the information about the economic obligation from vacation entitlements, vacation obligations are based on the target salaries agreed for the following year and taking 220 working days into account.

Sales are booked as revenue at the time of delivery or the provision of the service to the customer. The degree of completion is determined on the basis of project-related performance records. Sales are shown without sales tax and after deduction of any discounts granted.

Income taxes include expenses and income from actual taxes. The actual income tax liabilities and claims are recognized at the amount in which a payment to or reimbursement from the tax authorities is expected. The calculation is based on the tax rates applicable on the balance sheet date.

Deferred taxes are recognized according to the "liability method" in accordance with IAS 12 on temporary differences between the tax balance sheet and the consolidated financial statements.

Deferred tax claims and deferred tax liabilities are calculated on the basis of the laws and ordinances valid on the balance sheet date.

An asset item for tax loss carryforwards is only capitalized to the extent that it is probable that future taxable income will be available for offsetting.

No deferred tax claims are recognized for the non-tax deductible amortization of goodwill from capital consolidation.

E. Material Judgments and Estimates

The discretionary decisions of the accounting and valuation methods do not have any significant effects on the valuation of the assets and liabilities reported in the financial statements.

Determining the book value of certain assets and liabilities requires an estimate of uncertain future events. Since the estimates are based on assumptions and forecasts, they are subject to risks and uncertainties. Horváth & Partners assumes the following low risks, which arise due to future-related assumptions and estimation uncertainties:

When calculating pension provisions, the choice of premises such as the discount rate or trend assumptions as well as the use of biometric probabilities with the 2005 G mortality tables lead to deviations from the obligations that actually arise over time.

Estimates must be made for the formation of tax provisions.

The assumptions and estimates also relate to the recoverability of goodwill and the definition of useful economic lives. In individual cases, the actual values may differ from the assumptions and estimates made. According to IAS 8, changes are recognized in profit or loss when better knowledge is available.

F. Income Statement

The income statement has been prepared using the total cost method. The income and expenses allocated to the financial year are recognized in profit or loss.

1. Sales

	2017/2018 EUR	2016/2017 EUR
Sales	174.085	150.212

Of the sales revenues, KEUR 125,954 (previous year: KEUR 113,778) are attributable to the Germany region, KEUR 25,204 (previous year: KEUR 14,066) to Switzerland, KEUR 9,089 (previous year: KEUR 7,437) to Austria, KEUR 7,242 (previous year: KEUR 14,066) to Austria V. EUR 5,934 thousand) to Hungary, EUR 5,258 thousand (previous year: EUR 8,164 thousand) to the Middle East and EUR 1,338 thousand (previous year: EUR 833 thousand) to Romania.

The calculated sales result from normal business activity.

2. Change in the inventory of work in progress

	2017/2018 EUR	2016/2017 EUR
Change in the inventory of work in progress	377	80

The valuation of inventories was carried out in accordance with IAS 2 par. 19 made.

3. Other operating income

	2017/2018 EUR	2016/2017 EUR
--	------------------	------------------

	2017/2018	2016/2017
	EUR	EUR
Private vehicle use	1,280	1,119
Income from currency differences	587	445
Subletting income	51	0
Income from asset disposals	11	8th
Income from the release of other provisions	576	335
Rest	309	293
	2,814	2,200

4. Cost of materials

	2017/2018	2016/2017
	EUR	EUR
Expenses for purchased goods	395	374
Expenses for purchased services	29,957	22,364
	30,352	22,738

The services purchased are predominantly purchased consulting services.

5. Personnel expenses

	2017/2018	2016/2017
	EUR	EUR
Wages and salaries	80,539	69,763
Social security contributions and expenses for pensions	10,685	9,455
	91,224	79,218

The report mainly relates to salaries and statutory social contributions. The group employed an average of 791 people (2013: 633).

6. Depreciation of intangible assets and property, plant and equipment

	2017/2018	2016/2017
	EUR	EUR
Depreciation on intangible assets and property, plant and equipment	1,442	1,117

The composition of depreciation results from the development of fixed assets, which is described in Sections G.1. and G.2. is shown.

7. Other operating expenses

	2017/2018	2016/2017
	EUR	EUR
Traveling expenses	13,709	12,784
Additional personnel costs, training costs	4,052	3,803
Car costs	3,579	3,299
Rent, additional rental costs	3,354	2,890
Telephone, postage, internet	1,680	1,688
Legal and consulting costs	1,381	1,362
Advertising and trade fair costs	1,306	1,051
Expense from currency differences	1,009	768
Insurance, fees	719	799
Office supplies, magazines, books	505	481
representation	408	343
Administrative expenses	115	82
Individual bad debt allowances	62	0
Rest	2,167	1,552
	34,046	30,902

The vehicle costs include payments from leases in the amount of EUR 1,401 thousand (previous year: EUR 1,329 thousand).

Other operating expenses include, in particular, license costs for software (EUR 640 thousand; previous year: EUR 696 thousand), maintenance costs for self-used software (EUR 680 thousand; previous year: EUR 197 thousand), donations (EUR 118 thousand; previous year: EUR 37 thousand), fees of the supervisory board and advisory boards (EUR 90 thousand; previous year: EUR 98 thousand), the severely handicapped tax (EUR 79 thousand; previous year: EUR 63 thousand) and losses from the disposal of assets (EUR 3 thousand; previous year: EUR 4 thousand).

8. Other Interest and Similar Income

	2017/2018	2016/2017
	EUR	EUR
Other interest and similar income	9	43

It is interest income from taxes.

9. Interest and Similar Expenses

	2017/2018	2016/2017
	EUR	EUR

	2017/2018 EUR	2016/2017 EUR
Interest and similar expenses	404	452
The interest expenses result essentially from the interest paid on the contributions of silent partners and bank loans. The item also includes interest on income tax back payments of EUR 10 thousand (previous year: EUR 11 thousand).		

10. Income taxes and deferred taxes

The income tax expense is made up as follows:

	2017/2018 EUR	2016/2017 EUR
Current taxes	7.130	6,592
Deferred taxes	-103	-98
	7,027	6,494

Taxes paid or owed on income and earnings as well as deferred taxes are shown as income taxes.

Current taxes include tax expenses of EUR 7 thousand (previous year: EUR 34 thousand) and tax income of EUR 5 thousand (previous year: EUR 85 thousand) from previous years.

The deferred taxes recognized in other comprehensive income amount to a total of EUR 34 thousand (previous year: EUR 40 thousand); EUR - 42 thousand (previous year: EUR - 42 thousand) relate to deferred tax expenses from a cash flow hedge and EUR 8 thousand (previous year: EUR - 42 thousand). V. TEUR 2) on deferred tax income from actuarial losses from pensions.

The income (-) / expense (+) from deferred taxes is made up as follows:

	2017/2018 EUR	2016/2017 EUR
IFRS adjustments		
Stocks	-40	-11
Pension provisions	20th	13
Expense provisions	46	1
Deviation HB I / StB	-129	-101
	-103	-98

The deferred taxes on valuation adjustments were determined using a uniform tax rate of 31% (previous year 31%).

No deferred tax assets were recognized on tax loss carryforwards amounting to EUR 1,076 thousand (previous year: EUR 595 thousand).

The following table shows a reconciliation of the expected income taxes to the actually reported tax expense, based on the effective corporate income tax rate of 15.8% (including solidarity surcharge) plus an effective trade tax rate of 15.2%, i.e. with a total tax rate of 31% (i. V. 31%):

	2017/2018 EUR	2016/2017 EUR
Consolidated earnings before income taxes	19,817	18,108
Computational tax expense	6.143	5,613
Different income tax burdens abroad	-512	-327
Different assessment bases abroad	224	530
Difference in domestic business tax rate	109	92
Non-deductible expenses	-22	182
Difference between the commercial and tax balance sheets	342	56
Business tax corrections	54	30th
Creditable foreign taxes	-54	-97
Tax income / expenses relating to other periods	2	-52
Deferred taxes IFRS	-103	-98
Losses - no capitalization of deferred taxes	881	576
Others	-37	-11
Income taxes according to the consolidated income statement	7,027	6,494

G. Balance

The classification of assets and liabilities was in the reporting year in accordance with IAS 1 par. 60 made after their deadline.

1. Intangible Assets

	Acquired concessions, industrial property rights and similar rights and values as well as licenses to such rights and values in EUR thousand	Goodwill KEUR	Advance payments made in EUR thousand	Total intangible assets EUR thousand
Cumulative acquisition costs				
Status 1.4.2017	3.132	283	28	3,443

	Acquired concessions, industrial property rights and similar rights and values as well as licenses to such rights and values in EUR thousand	Goodwill KEUR	Advance payments made in EUR thousand	Total intangible assets EUR thousand
Currency differences	-3	0	0	-3
Accesses	317	0	51	368
Rebooking	0	0	0	0
Departures	113	0	0	113
As of March 31, 2018	3,333	283	79	3,695
Accumulated depreciation				
Status 1.4.2017	2,231	1	0	2,232
Currency differences	-3	0	0	-3
Accesses	342	219	0	561
Departures	114	0	0	114
As of March 31, 2018	2,456	220	0	2,676
Book value on March 31, 2018	877	63	79	1,019

In the previous year, the intangible assets developed as follows:

	Acquired concessions, industrial property rights and similar rights and values as well as licenses to such rights and values in EUR thousand	Goodwill KEUR	Advance payments made in EUR thousand	Total intangible assets EUR thousand
Cumulative acquisition costs				
Status 1.4.2016	2,832	283	31	3,146
Currency differences	0	0	0	0
Accesses	337	0	28	365
Rebooking	0	0	0	0
Departures	37	0	31	68
As of March 31, 2017	3.132	283	28	3,443
Accumulated depreciation				
Status 1.4.2016	1,980	1	0	1,981
Currency differences	0	0	0	0
Accesses	288	0	0	288
Departures	37	0	0	37
As of March 31, 2017	2,231	1	0	2,232
Book value on March 31, 2017	901	282	28	1,211

Concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets mainly include computer software and licenses. The useful life is usually limited to three to five years. The additions to depreciation are recorded in the item "Depreciation on intangible assets and property, plant and equipment".

The goodwill results from the first-time consolidation of CSIE GmbH, Oestrich-Winkel, in the 2013/2014 financial year (EUR 63 thousand). The goodwill from the first-time consolidation of Horváth & Partner Middle East GmbH, Vienna / Austria, in the 2012/2013 financial year (EUR 219 thousand) was depreciated 100% in the current financial year due to the loss of value (continued sales and EBIT losses). The basis for assessing the intrinsic value was a consideration of the value in use. The impairment loss is included in the item "Depreciation of intangible assets and property, plant and equipment".

An impairment test for the goodwill of CSIE GmbH, Oestrich-Winkel, was not carried out in the financial year for reasons of materiality. The intrinsic value of the goodwill is assumed due to the positive earnings situation. There were no indications of impairment in the financial year.

For the impairment test, the goodwill was previously assigned to cash-generating units. The recoverable amount of the cash-generating units was determined using values in use. The cash flow forecast is based on a plan drawn up by management that covers a period of five years. The planning reflects past experience and expectations about future market developments. The cash flows beyond the five-year planning period were taken into account with an estimated growth rate of 1%. In the previous year, a pre-tax interest rate of 11.8% was used to discount future cash flows.

2. Property, plant and equipment

	Land and buildings including buildings on third-party land EUR k	Operating and office equipment EUR thousand	Vehicles kEUR	Total tangible assets EUR thousand
Cumulative acquisition costs				
Status 1.4.2017	857	5,137	11	6.005
Currency differences	-30	-54	0	-84
Accesses	66	1,503	0	1,569

	Land and buildings including buildings on third-party land EUR k	Operating and office equipment EUR thousand	Vehicles kEUR	Total tangible assets EUR thousand
Departures	0	750	0	750
As of March 31, 2018	893	5,836	11	6,740
Accumulated depreciation				
Status 1.4.2017	622	3,288	7th	3,917
Currency differences	-28	-42	1	-69
Accesses	62	819	0	881
Departures	0	633	0	633
As of March 31, 2018	656	3,432	8th	4,096
Book value on March 31, 2018	237	2,404	3	2,644

The useful life is usually between three and 13 years, and 33 years for building investments (Hungary).

The additions to the depreciation are recorded in the item "Depreciation on intangible assets and property, plant and equipment".

In the previous year, property, plant and equipment developed as follows:

	Land and buildings including buildings on third-party land EUR k	Operating and office equipment EUR thousand	Vehicles kEUR	Total tangible assets EUR thousand
Cumulative acquisition costs				
Status 1.4.2016	779	4,317	11	5.107
Currency differences	11	24	0	35
Accesses	69	1,134	0	1,203
Departures	2	338	0	340
As of March 31, 2017	857	5,137	11	6.005
Accumulated depreciation				
Status 1.4.2016	549	2,792	5	3,346
Currency differences	9	19th	0	28
Accesses	66	761	2	829
Departures	2	284	0	286
As of March 31, 2017	622	3,288	7th	3,917
Book value on March 31, 2017	235	1,849	4th	2,088

3. Deferred Taxes

	31.03.2018 EUR	31.03.2017 EUR
Deferred taxes	900	786

The deferred tax assets developed as follows:

	2017/2018 EUR	2016/2017 EUR
Status on 1.4.	786	727
increase	460	106
Decrease	346	47
As of March 31	900	786

The differences in recognition and valuation determined between the results of the tax balance sheet and the commercial balance sheet as well as the adjustments to the commercial balance sheets of the companies included to IFRS led to deferred tax assets in the following items:

	31.03.2018 EUR	31.03.2017 EUR
Deviation HB / StB	628	500
Inventory valuation	80	40
Pension RSt	58	71
Cash flow hedge	134	175
	900	786

A tax rate of 31% (previous year 31%) was used to determine this.

4. Inventories

	31.03.2018 EUR	31.03.2017 EUR
unfinished tasks	3.215	2,838
Prepayments made	17th	17th
	3,232	2,855

The inventories are ongoing consulting projects that could not be invoiced to the customer on the balance sheet date. The valuation of inventories was carried out in accordance with IAS 2 par. 19 made. Advance payments were mainly made to subcontractors for services in consulting projects that had not yet been billed.

5. Accounts receivable from deliveries and services

	31.03.2018	31.03.2017
	EUR	EUR
Requests from deliveries and services	36,873	31,134
Expenses from the addition to individual value adjustments were incurred in the financial year in the amount of KEUR 62 (previous year: KEUR 0). The addition and reversal of the value adjustment for impaired receivables are shown under "Other operating expenses" or "Other operating income" in the income statement.		

As of the balance sheet date, there were no indications of a need for value adjustments for the trade receivables that were not impaired.

The individual value adjustments contained in the trade accounts receivable have developed as follows:

	KEUR
As of April 1, 2016	597
Feed resolution	0
As of March 31, 2017	597
Feed consumption	62
As of March 31, 2018	0
	659

Receivables in foreign currency are recognized in accordance with IAS 21 par. 21 converted into the functional currency at the closing rate of the transaction and subsequently as a monetary item in accordance with IAS 21 par. 23 valued at the rate on the balance sheet date. The difference is offset in profit or loss.

6. Income tax claims

	31.03.2018	31.03.2017
	EUR	EUR
Corporation tax	56	23
Business tax	99	52
	155	75

7. Other current assets

The other current assets are made up as follows:

	31.03.2018	31.03.2017
	EUR	EUR
Active prepaid expenses	1,623	1,144
social benefits	732	481
Prepayments made	220	13
Security deposits	1,514	1,342
value added tax	475	249
Other taxes	59	68
Rest	259	150
	4,882	3,447

The prepaid expenses and deferred income mainly include training and conference costs, contributions and fees, maintenance and license payments - insofar as these were spent for the 2018/2019 financial year.

8. Cash and cash equivalents

The means of payment are made up as follows:

	31.03.2018	31.03.2017
	EUR	EUR
Cash on hand	22nd	17th
Bank balances	32,234	30,587
	32,256	30,604

The development of the means of payment that make up the financial resources in accordance with IAS 7 is shown in the cash flow statement.

9. Equity

For the development of equity, please refer to the statement of changes in equity (Appendix 5).

The share capital of Horváth 4G Beteiligungs GmbH amounts to EUR 2,926,000.00 and has been paid in full. It consists of the cash contributions made in the founding year 2007/2008 in the amount of EUR 1,058,050.00 as well as the contributions in kind (shares in Horváth AG) in the amount of EUR 987,950.00, the capital increase in the financial year 2008/2009 in the amount of EUR 264,000.00, the capital increase in the financial year 2009/2010 in the amount of EUR 242,000.00, the capital increase in the financial year 2016/17 in the amount of EUR 88,000.00 and the capital increase in the financial year 2017/18 in the amount of EUR 286,000.00 together.

At the beginning of the 2013/2014 financial year, the company had own shares with a nominal value of EUR 88 thousand, which were deducted from the subscribed capital. With a contract dated July 29, 2013, Horváth 4G Beteiligungs GmbH acquired the shares at a nominal value of EUR 132 thousand from a departed shareholder. At the same time, Horváth 4G Beteiligungs GmbH sold shares at a nominal value totaling EUR 154 thousand to three new shareholders. As of March 31, 2014, the company had its own shares with a nominal value of EUR 66 thousand. With a contract dated July 1, 2014, Horváth 4G Beteiligungs GmbH sold shares with a nominal value of EUR 66 thousand to a new shareholder. With the contract of 2. In October 2014, Horváth 4G Beteiligungs GmbH acquired shares at a nominal value totaling EUR 44 thousand from two departed shareholders. With an agreement dated August 13, 2015, Horváth 4G Beteiligungs GmbH acquired shares at a nominal value totaling EUR

176 thousand from two departed shareholders. At the same time, Horváth 4G Beteiligungs GmbH sold shares at a nominal value totaling EUR 198 thousand to three new shareholders. With a contract dated January 29, 2016, Horváth 4G Beteiligungs GmbH acquired shares at a nominal value totaling EUR 66 thousand from another shareholder who had left the company. As a result of the purchase and sale of the shares, the reported subscribed capital has increased to EUR 2 thousand.

With a contract dated August 18, 2016, Horváth 4G Beteiligungs GmbH acquired shares at a nominal value totaling EUR 44 thousand from a shareholder. At the same time, Horváth 4G Beteiligungs GmbH sold shares at a nominal value totaling EUR 132 thousand to two new shareholders. With a further contract dated August 18, 2016, the share capital was increased by EUR 66,000.00 to EUR 2,618,000.00. The capital increase took place by way of a cash contribution by a new partner. With the contract dated October 31, 2016, the share capital was increased by EUR 22,000.00 to EUR 2,640,000.00. The capital increase took place by way of a cash contribution by another shareholder who joined the company.

With the contract dated August 9, 2017, the share capital was increased by EUR 286,000.00 to EUR 2,926,000.00. The capital increase was carried out by way of a cash contribution by four new shareholders. With a notarized contract dated August 9, 2017 (document roll no.2413 / 2017 of the notary Hagen Krzywon, Stuttgart), a shareholder sold a share of his shares with a nominal value of EUR 44 thousand to the company, at the same time one shareholder has acquired this stake in the company.

As a result of the purchase and sale of the shares and the capital increase, the total reported subscribed capital increased by EUR 286 thousand from EUR 2,640 thousand to EUR 2,926 thousand compared to the previous year.

The changes in value recorded directly in equity are broken down as follows:

	Pension obligations in EUR thousand	Cash flow hedges TEUR	Deferred taxes TEUR	Currency reserve KEUR	Changes in value recorded directly in the EK in EUR thousand
As of April 1, 2016	-446	-700	354	-472	-1,264
Other result	-7	135	-40	110	198
As of March 31, 2017	-453	-565	314	-362	-1,066
As of April 1, 2017	-453	-565	314	-362	-1,066
Other result	-27	136	-34	-371	-296
As of March 31, 2018	-480	-429	280	-733	-1,362

For the 2017/2018 financial year, the management is proposing a distribution of EUR 5.5 million. The annual financial statements of Horváth 4G Beteiligungs GmbH, prepared in accordance with German commercial law, are decisive for the distribution. The distribution is made from the balance sheet profit. The remaining amount will be transferred to the reserves.

10. Long term loans

	31.03.2018 EUR	31.03.2017 EUR
Bank loan	10,000	10,000

11. Long-term financial liabilities

	31.03.2018 EUR	31.03.2017 EUR
Market value of interest rate swap (from cash flow hedge)	430	566
Contributions of silent partners	971	0
	1,401	566

The silent partner contributions include the contributions to Horváth & Partner GmbH, Stuttgart. In the previous year, these were reported under other current financial liabilities.

12. Long-term provisions

The development of the pension provision in the financial year is shown in the following table.

	Projected unit credit 1.4.2017 EUR thousand	Current service cost EUR thousand	Interest expense kEUR	Actuarial losses due to changes in financial assumptions EUR thousand
Pension provisions	1,831	50	94	10
	Actuarial losses as a result of experience adjustments EUR thousand		Pension payments / utilization of TEUR	Balance at 03.31.2018 EUR
Pension provisions		16	-123	1,878

In the previous year, the pension provisions developed as follows:

	Projected unit credit 01.04.2016 EUR thousand	Reclassification of TEUR	Current service cost EUR thousand	Interest expense kEUR	Actuarial losses due to changes in financial assumptions EUR thousand
Pension provisions	1,628	99	114	27	12th
	Actuarial losses as a result of experience adjustments EUR thousand		Pension payments / utilization of TEUR	Balance at 03.31.2017 EUR	
Pension provisions		-4	-45		1,831

The following table shows the projected unit credit of the original pension provisions in the event of a change in the relevant discount rate.

	31.03.2018 EUR	31.03.2017 EUR
Interest rate increase by 0.5%	1,649	1,593
Reduction of interest by 0.5%	1,758	1,711

The pension provisions consist of the pension provisions of Horváth AG, Stuttgart (EUR 953 thousand; previous year: EUR 915 thousand), Horváth & Partner GmbH, Stuttgart (EUR 749 thousand; previous year: EUR 735 thousand), and the severance pay provisions of Horváth & Partner Management Consulting GmbH, Vienna / Austria (EUR 21 thousand; previous year: EUR 14 thousand), Horváth und Partner Middle East GmbH (EUR 139 thousand; previous year: EUR 164 thousand) and Horváth Saudi Arabia LLC (EUR 16 thousand; previous year: EUR 164 thousand) V. EUR 3 thousand) together. The pension provisions of Horváth AG, Stuttgart, and Horváth & Partner GmbH, Stuttgart, are based on actuarial reports dated April 18, 2018 based on the probability values according to the 2005 G mortality tables by Prof. Dr. Klaus Heubeck.

The pension provisions relate to two issues:

- Pension obligations exist towards a former managing director of Horváth & Partner GmbH, Stuttgart.
- One current and three retired members of the Board of Management of Horváth AG, Stuttgart, and the current managing director of Horváth & Partner GmbH, Stuttgart, were granted individual commitments. These individual commitments include a one-off payment of the lump-sum payment upon reaching the age of 65. In the event of early departure, payment will be made on a pro rata basis.

Pension provisions are determined in accordance with IAS 19 using the projected unit credit method (projected unit credit method). The future obligations are calculated on the basis of the (non-forfeitable) benefit entitlements acquired on a pro rata basis up to the balance sheet date. The actuarial result is recognized directly in equity in other comprehensive income.

The calculations are based on an actuarial interest rate of 1.7% (p / y 1.8%). A pension trend was not taken into account, as the pension commitments granted and the entitlements to pension capital will not be increased for the time being.

In the income statement in the current financial year, current service cost from pensions i. H. v. EUR 50 thousand (previous year: EUR 114 thousand) in personnel expenses and interest expenses in the previous year. H. v. EUR 94 thousand (previous year: EUR 27 thousand) recognized in the financial result. In the year under review, pension benefits of EUR 123 thousand (previous year: EUR 45 thousand) were paid.

13. Deferred Tax Liabilities

The deferred tax liabilities developed as follows:

	2017/2018 EUR	2016/2017 EUR
Status on 1.4.	10	10
increase	46	0
Decrease	0	0
As of March 31	56	10

The differences in recognition and valuation determined between the results of the tax balance sheet and the commercial balance sheet as well as the adjustments to the commercial balance sheets of the companies included to IFRS led to deferred tax liabilities in the following items:

	31.03.2018 EUR	31.03.2017 EUR
Expense provisions	56	10

A tax rate of 31% (previous year 31%) was used to determine this.

14. Trade accounts payable

	31.03.2018 EUR	31.03.2017 EUR
liabilities from goods and services	7,745	6,019

Trade payables exist exclusively to companies not included in the group.

15. Other current financial liabilities

	31.03.2018 EUR	31.03.2017 EUR
Royalties	12,448	10,725
Wages and salaries	122	99
Contributions of silent partners	27	879
Rest	127	118
	12,724	11,821

Most of the silent partner contributions are shown under long-term financial liabilities for the first time in the year under review.

16. Income Tax Liabilities

	31.03.2018 EUR	31.03.2017 EUR
Income tax liabilities	7,687	5,518

Income tax liabilities essentially include corporation tax and trade tax still to be paid, as well as foreign income taxes comparable to these.

17. Other current liabilities

	31.03.2018 EUR	31.03.2017 EUR
Vacation entitlements	4,047	3,659
Wage and church tax	4,045	3,483
Advance payments received on orders	1,555	2,285
Input tax / sales tax	2,383	1,899
Deferred income	530	509
Social security liabilities	160	179

	31.03.2018	31.03.2017
	EUR	EUR
Rest	1.102	929
	13,822	12,943

The advance payments received relate to consulting services.

The deferred income mainly includes payments from license, maintenance, conference and seminar fees insofar as they relate to the 2018/2019 financial year, as well as a relocation allowance in accordance with the rental agreement of June 9 and 16, 2010 in connection with renting the office space in the building at Cecilienallee 10, Düsseldorf, in which a local office of Horváth & Partner GmbH is located.

The item Other includes in particular liabilities to employees (usually travel expenses) amounting to EUR 497 thousand (previous year: EUR 503 thousand).

18. Short-term provisions

	Balance at 01.04.2017	Currency differences in EUR thousand	Consumption / dissolution of TEUR	Allocation / transfer posting TEUR	Balance at 03.31.2018
	EUR				EUR
Year-end costs	196	-4	166	203	229
Rest	1,597	-29	1,412	1,553	1,709
Total					
Other provisions	1,793	-33	1,578	1,756	1.938

The other provisions cover all recognizable obligations towards third parties in accordance with IAS 37. They are set at the probable amount.

The information on consumption / dissolution (EUR 1,578 thousand; previous year: EUR 729 thousand) includes income from liquidations of EUR 576 thousand (previous year: EUR 335 thousand).

The outflows from short-term provisions are expected in the course of the 2018/2019 financial year.

H. Financial risks, capital management

1. Risk categories within the meaning of IFRS 7

The risk of default in receivables is limited by assessing the creditworthiness of the customer upon conclusion of the contract, short payment periods and periodic partial invoices. Outstanding accounts are continuously monitored and an active accounts receivable management is carried out. Default risks are taken into account by means of individual value adjustments. Additions to individual value adjustments on receivables were made in the amount of EUR 62 thousand (previous year: EUR 0 thousand). As of the balance sheet date, there were no further indications that customers would not meet their obligations. Since there are overdue receivables from several independent customers for whom no bad debts have been recorded in the past,

The maturity analysis of overdue, non-impaired receivables results in:

	31.03.2018	31.03.2017
	EUR	EUR
Up to 3 months	5,980	6.097
3-6 months	1,499	690
more than 6 months	265	216
	7,744	7.003

As of March 31, 2018, trade receivables in the amount of EUR 29,129 thousand (previous year: EUR 24,131 thousand) were not yet overdue.

The receivables decreased in the 2017/2018 financial year by bad debt losses of EUR 1 thousand (previous year: EUR 0 thousand).

The maximum default risk is essentially reflected in the book values of the financial assets recognized in the balance sheet. As of the reporting date, there were no significant agreements that would reduce the maximum risk of default.

Liquidity risks arise from the possible inability to meet financial obligations, for example towards suppliers and employees. Group-wide liquidity is regularly monitored by Controlling, Treasury and the CFO. In addition to managing the capital employed and liquid funds, we reduce the liquidity risk through credit lines with various financial institutions. The credit lines are currently not being used.

The maturity analysis of the financial liabilities with contractual remaining terms of the financial year is shown in the following table:

	Total amount 03.31.2018	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term over 5 years in
	EUR	kEUR	kEUR	EUR thousand
Long term loan	10,000	0	2,000	8,000
Long-term financial liabilities	1,401	0	971	430
liabilities from goods and services	7,745	7,745	0	0
Other current financial liabilities	12,724	12,724	0	0
Other current liabilities	13,822	13,822	0	0
	45,692	34,291	2,971	8,430

The maturity analysis of the financial liabilities with contractual remaining terms of the previous year can be found in the following table:

	Total amount 03.31.2017	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term over 5 years in
	EUR	kEUR	kEUR	EUR thousand
Long term loan	10,000	0	0	10,000
Long-term financial liabilities	566	0	0	566
liabilities from goods and services	6,019	6,019	0	0
Other current financial liabilities	11,821	10,972	849	0

	Total amount 03.31.2017 EUR	Remaining term up to 1 year kEUR	Remaining term 1 to 5 years kEUR	Remaining term over 5 years in EUR thousand
Other current liabilities	12,943	12,943	0	0
	41,349	29,934	849	10,566

The company is exposed to market risks mainly through currency risks. Interest rate and other price risks are of minor importance.

Currency risks in the operative business within the individual national companies exist to a limited extent, since each company usually invoices in the local currency. Currency risks exist with foreign customers who are not processed in the functional currency. Hedging transactions to hedge the currency of the operative business are currently being examined. Risks are limited by agreeing the shortest possible payment deadlines and by using sub-suppliers for foreign currency projects, whose invoices are also issued in foreign currency.

Currency risks from receivables and liabilities within the group are minimized by short-term balancing of cash flows.

In the financing area, there are loans in non-functional currency only between the various group companies. Risks currently only exist with regard to CHF, RON, HUF, AED, SAR and USD.

In the previous financial year, due to the low oil price and the associated national deficit of Saudi Arabia, speculation was raised about a possible abandonment of the peg of the SAR to the USD and the associated devaluation of the SAR. In order to counteract the risk of a noticeable loss in the event of a sudden, unexpected devaluation of the SAR, Horváth und Partner Middle East GmbH has decided to conclude six forward exchange transactions for ongoing projects that are invoiced in SAR in the amount of 50% of the planned incoming payments. Five of these had already been processed by the end of the 2016/2017 financial year. The last was due on June 29, 2017 in the current financial year. In addition,

Due to the comparatively low impact of currency risks on the company, a separate sensitivity analysis was dispensed with with reference to the materiality principle.

Group planning and targets for the companies are based on euros, taking into account forecast exchange rates.

Due to the financing structure and hedging strategy, the company is only subject to interest rate risks with financing instruments to a limited extent. The operative business is usually financed without interest-bearing debt.

To ensure long-term liquidity, a long-term bank loan of EUR 10,000 thousand was taken out in the 2015/2016 financial year. This was secured against increases in interest rates by means of an interest rate swap (cash flow hedge), so that there are no interest rate risks with this loan. The market value of the swap on the balance sheet date was EUR - 430 thousand (previous year: EUR - 566 thousand). This was taken into account in the item long-term financial liabilities. The interest rate swap was valued using the present value method. The bank loan has a term until March 31, 2026.

As of March 31, 2018, the Group held the following derivative financial instruments measured at fair value:

- Interest rate swap - hedging relationship

The Horváth & Partners Group uses the following hierarchy to determine and report the fair values of financial instruments for each valuation method:

Level 1: quoted (unadjusted) prices in active markets for similar assets and liabilities

Level 2: Process in which all input parameters that have a material effect on the recorded fair value can be observed either directly or indirectly

Level 3: Procedures that use input parameters that have a significant effect on the recorded fair value and are not based on observable market data

No assets were measured at fair value.

The derivative financial liabilities were valued in accordance with the fair value hierarchy as follows.

	Balance sheet items 31.03.2018 EUR	Level 1 kEUR	Level 2 kEUR	Level 3 kEUR
Financial liabilities measured at fair value without affecting income				
Interest rate swap - hedging relationship	-430	-	-430	-
	Balance sheet items 31.03.2017 EUR	Level 1 kEUR	Level 2 kEUR	Level 3 kEUR
Financial liabilities measured at fair value without affecting income				
Interest rate swap - hedging relationship	-566	-	-566	-

During the 2017/2018 and 2016/2017 financial years, there were no transfers to or from fair value valuations for Level 1 and Level 3.

Due to the comparatively low impact of interest rate risks on the company, a separate sensitivity analysis was dispensed with with reference to the materiality principle.

There are no other price risks according to IFRS 7 - for example due to stock exchange prices or indices.

There are currently no identifiable existential risks for the company. Opportunities and risks are presented in detail in the management report.

2. Additional information on financial instruments in accordance with IFRS 7

The Group's financial assets and financial liabilities are accounted for as of March 31, 2018 in accordance with IAS 39 using the following valuation methods:

	Balance sheet items 31.03.2018 EUR	Fair value kEUR	Amortized cost of EUR k	Carrying amount of other TEUR
financial assets				
Short-term assets				
Requests from deliveries and services	36,873	0	36,873	0
Other current assets	4,882	0	1,598	3,284
Cash and cash equivalents	32,256	0	32,256	0
	74.011	0	70,727	3,284
liabilities				
Long term debt				
Long term loan	10,000	0	10,000	0

	Balance sheet items 31.03.2018 EUR	Fair value kEUR	Amortized cost of EUR k	Carrying amount of other TEUR
Long-term financial liabilities	1,401	430	971	0
Short term debt				
liabilities from goods and services	7,745	0	7,745	0
Other current financial liabilities	12,724	0	12,724	0
Other current liabilities	13,822	0	0	13,822
	45,692	430	31,440	13,822

The financial assets measured at amortized cost can only be allocated to the category loans and receivables. The financial liabilities measured at fair value without affecting profit or loss do not belong to any category under IAS 39.

The book values shown correspond with sufficient accuracy to the fair value of the financial instruments.

The Group's financial assets and financial liabilities are accounted for as of March 31, 2017 in accordance with IAS 39 using the following valuation methods:

	Balance sheet items 31.03.2017 EUR	Fair value kEUR	Fortge led cost EUR	Carrying amount of other TEUR
financial assets				
Short-term assets				
Requests from deliveries and services	31,134	0	31,134	0
Other current assets	3,447	0	1,372	2,075
Cash and cash equivalents	30,604	0	30,604	0
	65,185	0	63.110	2,075
liabilities				
Long term debt				
Long term loan	10,000	0	10,000	0
Long-term financial liabilities	566	566	0	0
Short term debt				
liabilities from goods and services	6,019	0	6,019	0
Other current financial liabilities	11,821	0	11,821	0
Other current liabilities	12,943	0	0	12,943
	41,349	566	27,840	12,943

The net gains and losses from financial instruments as of March 31, 2018 are as follows:

	Interest kEUR	Value adjustment / loss of EUR thousand	Total KEUR
Financial assets	0	-63	-63
Financial liabilities	-360	0	-360
	-360	-63	-423

For the previous year (March 31, 2017) the following net gains and losses from financial instruments result:

	Interest kEUR	Value adjustment / loss of EUR thousand	Total KEUR
Financial assets	0	0	0
Financial liabilities	-405	0	-405
	-405	0	-405

3. Capital management

Horváth & Partners controls the company according to the value proposition concept. The aim is to ensure the return on the invested assets and to develop the highest possible increase in the value of the group and its sub-areas.

In accordance with the value contribution concept, the subject of capital management is the "net operating assets", ie the assets minus the deductible capital from non-interest-bearing assets. The aim is to exceed the minimum interest rate of 7% after taxes (WACC). As in previous years, this target was also achieved in Reporting year can be achieved in full and a clearly positive value contribution can be achieved.

With regard to the structure between equity and debt, the goal of capital management is to keep the debt ratio (net debt / EBIT) below a target of 3: 1. The leverage coefficient has been agreed as a covenant with the lending banks and fell significantly below this in the year under review.

I. Cash flow statement

The cash flow statement (Annex 4) shows how the cash fund has changed in the course of the reporting year due to inflows and outflows of funds. In accordance with IAS 7, a distinction is made between cash flows from operating and investing activities and from financing activities.

The effects of changes in the scope of consolidation are eliminated.

The composition of the cash and cash equivalents corresponds to the amount of cash and cash equivalents shown in the balance sheet on the balance sheet date.

J. Other notes

1. Other financial obligations

The company has other financial obligations in connection with rental and leasing agreements.

The resulting financial obligations are taken into account in the following presentation:

	31.03.2018 EUR	31.03.2017 EUR
Rental and leasing obligations		
Remaining term up to 1 year	3,879	3,535
Remaining term 1 -5 years	7,026	6,392
Remaining term over 5 years	2,288	2,747
	13,193	12,674

2. Relationships with related companies and persons

There are no significant claims or liabilities towards members of the management.

Remuneration for consulting activities amounting to EUR 70 thousand (previous year: EUR 79 thousand) was paid to shareholders. In addition, a provision of EUR 35 thousand (previous year: EUR 23 thousand) was set up in the 2017/2018 financial year for consultancy activities by a partner.

The members of the management hold the following shares in Horváth 4G Beteiligungs GmbH:

- Kai Essiger, Prien	2.26%
	(p / y 2.50%)
- Dr. Andreas Renner, Stuttgart	4.51%
	(p / y 5.00%)

3. Management information

Are managing directors

Kai Essiger, Prien

Dr. Andreas Renner, Stuttgart

The managing directors have sole power of representation.

The tasks of the managing directors include, on behalf of the shareholders, the control and monitoring of the acquisition, holding and sale of investments in other companies, whose corporate purpose is in particular business advice. The managing directors perform these tasks equally.

4. Significant events after the balance sheet date

There were no events after March 31, 2018 that would be of particular importance for the assessment of the earnings, financial and asset position of the Horváth & Partner Group.

5. Auditor's Fees and Services

The expenses for the group auditor (Ebner Stolz GmbH & Co. KG, Stuttgart) break down as follows in the 2017/2018 financial year:

Audit services	KEUR 82
----------------	---------

6. Additional Disclosure Requirements

With reference to Section 264 (3) HGB, the management report for Horváth & Partner GmbH, Stuttgart, has not been prepared.

With reference to Section 264 (3) of the German Commercial Code (HGB), the annual financial statements of Horváth AG, Stuttgart, and Horváth & Partner GmbH, Stuttgart, are not disclosed.

Stuttgart, July 12, 2018

Horváth 4G Beteiligungs GmbH

Managing directors

Kai Essiger

Dr. Andreas Renner

Auditor's report

We have audited the consolidated financial statements prepared by Horváth 4G Beteiligungs GmbH, Stuttgart - consisting of the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes - as well as the group management report for the financial year from April 1, 2017 to March 31, 2018. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as they are to be applied in the EU, and the additional provisions of commercial law to be applied in accordance with Section 315a (1) of the German Commercial Code (HGB) and the additional provisions of the articles of association are the responsibility of the company's legal representatives. Our job is

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB), taking into account the generally accepted German auditing principles established by the Institute of Auditors (IDW). Accordingly, the audit must be planned and performed in such a way that inaccuracies and violations that have a significant impact on the presentation of the asset, financial and earnings position conveyed by the consolidated financial statements in accordance with the applicable accounting regulations and the group management report are detected with sufficient certainty will. When determining the audit activities, knowledge of the business activities and the economic and legal environment of the group as well as expectations of possible errors are taken into account. As part of the audit, the effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are assessed primarily on the basis of random samples. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, defining the scope of consolidation, the accounting and consolidation principles used and the significant estimates made by the legal

representatives as well as the assessment of the overall presentation of the consolidated financial statements and the group management report. We are of the opinion that our audit forms a sufficiently secure basis for our assessment.

With the exception of the following restriction, our audit did not lead to any objections: The notes do not contain the information required by IAS 24 analogous to Section 314 (1) No. 6a of the German Commercial Code.

With this restriction, in our opinion, based on the knowledge gained during the audit, the consolidated financial statements comply with IFRS as they are to be applied in the EU, and the additional commercial law provisions to be applied in accordance with Section 315a (1) of the German Commercial Code (HGB) as well as the additional provisions of the articles of association and conveyed in compliance these regulations provide a true and fair view of the Group's asset, financial and earnings position. The group management report is consistent with the consolidated financial statements, complies with the legal requirements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, July 13, 2018

Ebner Stolz GmbH & Co. KG
auditing company tax consulting company

Matthias Spingler, auditor

Andreas Groß, auditor

Information according to § 328 HGB

The consolidated financial statements of Horváth 4G Beteiligungs GmbH, Stuttgart, for the 2017/2018 financial year were approved by resolution of the shareholders' meeting on September 17, 2018.
