



● MAX NOTES 2019

GENERAL INFORMATION

Company

MAX Automation SE (hereinafter "Company" or "the MAX Group") is a stock corporation domiciled in Germany. The registered office and principal place of business of the Company is Dusseldorf.

The main remit of the Company is to act as a managing holding company, i.e. combining enterprises under a single management, advising these enterprises, and assuming other business management duties. The Group companies operate internationally as high-tech mechanical engineering enterprises and leading providers of integrated turnkey solutions and complex systems and components. The business operations are divided into the segments Process Technologies, Environmental Technologies and Evolving Technologies. MAX Automation SE therefore assumes the role of lead parent company of the Group.

Consolidated financial statements

The Company has prepared its consolidated financial statements with reference to Section 315e (1) of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU, and in line with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC). All the IFRS rules which were mandatory for the past financial year were applied.

The consolidated financial statements were prepared in euro (EUR). Unless specified otherwise, all the amounts are stated in thousands of euro (kEUR).

The statement of comprehensive income was structured in line with the total expenditure format.

The consolidated financial statements for the financial year ending 31 December 2018, duly audited and issued with an unqualified audit certificate, were approved by the Supervisory Board on 4 March 2019. The audited consolidated financial statements for the year ending 31 December 2019 are expected to be approved by the Supervisory Board on 13 March 2020.

ACCOUNTING POLICIES

The accounts of the domestic and foreign subsidiaries included in the consolidated financial statements were prepared in accordance with the IFRS accounting and valuation regulations, applying uniform standards.

When applying the IFRS, estimates and assumptions need to be made in certain cases which have a corresponding impact on the net assets, financial position and results of operations of the Company. The assumptions and estimates which were made could have been entirely different in the same reporting period for equally understandable reasons. The assumptions and estimates which were made are routinely reviewed and adjusted. The Company would point out that actual future results may be at variance with the estimates and assumptions made.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have approved a number of amendments to existing International Financial Reporting Standards (IFRS) as well as some new IFRS rules and interpretations, which are mandatory for the MAX Group from the financial year of 2019 onwards, and they have also adopted some further standards and interpretations as well as amendments to existing standards which are not yet mandatory in the EU. The amendments, standards and interpretations are as follows.

Announcement	Title	Mandatory application for the MAX Group from	Expected effects on the presentation of the net assets, financial position and results of operations of the MAX Group
New and amended standards and interpretations			
IFRS 16	Leases	01/01/2019	With regard to the effects, reference is made to the separate disclosures in the notes to IFRS 16
IFRIC 23	Uncertainty regarding the income tax treatment	01/01/2019	No significant effects
Amendments to IFRS 9	Amendments to IFRS 9 Early Redemption Provisions with Negative Settlement	01/01/2019	No significant effects
Amendments to IAS 28	Amendments to IAS 28 Non-current Investments in Associates and Joint Ventures	01/01/2019	No significant effects
Amendments to IAS 19	Amendments to IFRS 19 Plan amendments, reductions and settlements	01/01/2019	No significant effects
Diverse	Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and an associate or joint venture (IAS 12 and IAS 23)	01/01/2019	No effects
New standards and interpretations to be applied in future			
Diverse	Changes to references to the Framework in IFRS standards	01/01/2020	The Company does not currently expect any significant effects on the net assets, financial position and results of operations of the Company
IFRS 3	Changes to the definition of a business operation	01/01/2020	The Company does not currently expect any significant effects on the net assets, financial position and results of operations of the Company
Diverse	Amendments to IAS 1 and IAS 8 Definition of "material"	01/01/2020	The Company does not currently expect any significant effects on the net assets, financial position and results of operations of the Company
IFRS 9, IAS 39, IFRS 7	Interest Rate Benchmark Reform (IBOR)	01/01/2020	The Company does not currently expect any significant effects on the net assets, financial position and results of operations of the Company
IFRS 17	Insurance contracts	01/01/2021	No effects
Diverse	Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and an associate or joint venture	tbd	The Company does not currently expect any significant effects on the net assets, financial position and results of operations of the Company

Assets

Acquired intangible assets

Acquired intangible assets (patent rights, licenses, IT software, know-how, technology, trademark rights, industrial property rights, websites, order backlogs, customer relationships and development projects) are carried at cost less amortization. Amortization is calculated using the straight-line method over the economic life, which is between 1 and 15 years.

Internally generated intangible assets

Internally generated intangible assets (development costs) are also recognized. The economic life is between 4 and 5 years. Development costs for new products for which technical feasibility and marketability tests have been performed are capitalized at the directly or indirectly attributable manufacturing costs, provided that a clear allocation of expenses is possible and also that the products are both technically feasible and can be marketed. The development work must also be sufficiently likely to generate future cash inflows; borrowing costs are not capitalized. Amortization is based on the expected economic life of the products. Development costs capitalized as of the date of the statement of financial position in cases where the development project has not yet been completed are tested for impairment using the license price analogy method.

Goodwill

If the acquisition costs for a business combination exceed the sum of the wholly revalued assets and liabilities including contingent liabilities, a positive difference is capitalized as goodwill. A negative difference is recognized in profit or loss after a reassessment.

The Group has identified the Process Technologies and Environmental Technologies business units as well as the individual companies of Evolving Technologies as cash-generating units. Goodwill is subjected to an impairment test in accordance with IAS 36 on each reporting date. A decline in value is recognized immediately as an expense in the statement of comprehensive income and is not reversed in subsequent periods.

The goodwill arising from acquisitions made prior to the date of transition to IFRS on 1 January 2004, was taken from the previous HGB financial statements

and tested for impairment at this time. Goodwill amortized in previous periods has not been reversed.

The impairment test of goodwill is usually carried out at the level of a cash-generating unit. The impairment test is based on the calculation of the recoverable amount. The recoverable amount is either fair value less costs to sell or value in use, whichever is higher. Impairment tests in the MAX Group are carried out as a rule by comparing the value in use and the carrying amount, whereby in individual cases the use of fair value less costs to sell is also possible.

If the carrying amount of the cash-generating unit to which the goodwill was allocated exceeds its recoverable amount, the goodwill allocated to this cash-generating unit is reduced by the difference. If the impairment loss exceeds the goodwill, the additional impairment loss is allocated pro rata to the assets allocated to the cash-generating unit (IAS 36.104 et seq.). The fair values or values in use (where quantifiable) of the individual assets are regarded as the lower limit.

The carrying amount of the cash-generating unit represents the so-called net assets and is composed of the assets required for business operations (operating assets) plus disclosed hidden reserves (especially goodwill) and minus liabilities resulting from the operations.

When calculating the fair value less costs to sell, the procedure is conducted primarily with reference to market prices. The value in use is calculated on the basis of the discounted cash flow (DCF) method.

The weighted average cost of capital (WACC) approach is applied here (IDW RS HFA 16 (30)). The market risk premium amount is selected with reference to the pronouncements issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer - IDW). The risk-free base rate is calculated using a system recommended by the IDW (Svensson method). The beta factor, the borrowing rate and the debt-equity ratio are calculated with reference to capital market data relating to comparable companies (peer group) in the same sector.

The following input requirements must be taken into account:

- Under IAS 36.50, cash flows from financing and for income taxes are not to be included in the calculation of the value in use.
- The capitalization rate is a pre-tax interest rate which reflects current market estimates of the time value of money and the specific risks of the valuation object. Since the returns on risk-bearing equity securities which can be observed in the capital markets routinely include tax effects, the weighted capitalization rate must be adjusted for these tax effects.
- The cost of equity is calculated on the basis of the Capital Asset Pricing Model. This calculation involves the risk-free rate, a risk premium and the beta factor of the respective business unit's peer group. The borrowing rate used similarly results from the specific peer group. The weighted average costs of capital below reflect the individual debt-equity ratio.
- A value of 7% in accordance with the range of 6 – 8% recommended by IDW was used as the market risk premium.

Pre-tax cost of capital

Business Unit	2019	2018
Process Technologies	7.51%	10.75%
Environmental Technologies	9.99%	10.75%
NSM Magnettechnik GmbH	10.07%	10.75%
Mess und Regeltechnik Jücker GmbH	10.11%	10.75%
MA micro automation GmbH	10.08%	10.75%
iNDAT Robotics GmbH	9.83%	10.75%
AIM Micro Systems GmbH	9.98%	10.75%

The value in use is determined on the basis of the present value of the cash flow from two periods of growth. The first period is based on the five-year plan prepared by the management of the respective cash-generating unit and approved by the Supervisory Board. Any new information which has come to light in the meantime has been taken into account. A perpetuity equal to the permanently recoverable amount according to the last year of the detailed forecast period is taken as a basis for the second period, allowing for a growth rate of 1%. Based on the order backlog

and the chronological completion of the orders, the chosen planning horizon mainly reflects the following assumptions for short-term to medium-term market developments: sales trend, market shares and growth rates, raw material costs, customer acquisition and retention costs, personnel development and investments. The MAX Group envisages slight increases in sales and EBIT for the period from 2020 to 2024. The assumptions are essentially determined internally and mainly reflect past experience or are compared with external market values.

A sensitivity analysis for the cash-generating units to which significant goodwill was allocated yielded the assumption that the discount rates would increase by one percentage point and that the cash flows would decrease by 10% at the same time. No need for impairment was determined in the process.

Equity accounted investments

Enterprises over which MAX Automation SE has a significant, but not controlling influence are recognized using the equity method. At the time of initial inclusion, the enterprise is valued at the cost of acquisition. In subsequent periods, the valuation of the investment is maintained. Attributable annual profits or annual losses increase or decrease the carrying value of the investment, and this value can be written down to a maximum of 0 euro. Dividends received by the enterprise are deducted from the carrying value.

Property, plant and equipment

Property, plant and equipment are capitalized at acquisition or production cost and are reduced by regular physical depreciation and – where necessary – write-downs.

For land and buildings, the MAX Group has used the revaluation model of IAS 16 since the 2019 fiscal year. The reason for the change to the revaluation model is that the MAX Group intentionally makes adjustments for the effects of inflation when recognizing assets with a very long useful life. The effects of inflation can cause the replacement cost of this property, plant and equipment to be significantly higher than the historical acquisition or production cost reduced by write-downs. Therefore, the revaluation model has a capital preservation function.

Revaluation is not restricted to acquisition or production cost as an upper limit. Excesses over purchase and production cost occur above all with land since it is normally not subject to the erosion of economic life. The revaluation is done at fair value, which is performed for land and buildings by calculating their income value. Independent appraisers assess the income value. The income approach involves a model with input factors which are based on unobservable market data (level 3 according to IFRS 13). The revaluation is performed at intervals of five years.

At the time of revaluation, the cumulative depreciation is eliminated against the gross carrying amount. The remaining carrying amount is subject to revaluation. From this revaluation until the next time of revaluation, depreciation occurs over the remaining useful life on a fair value basis.

The revaluation occurs outside profit or loss through the revaluation reserve in equity via other comprehensive income.

Property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Expected useful lives	
Building	5 to 50 years
Outdoor facilities	5 to 33 years
Technical equipment and machinery	1 to 14 years
Other plant and machinery	1 to 17 years

The calculation of the economic life takes account of the estimated physical wear and tear, technological obsolescence and legal and contractual restrictions.

Assets under construction are carried at cost. These assets start to depreciate on their completion or when they are ready for operational use.

If there are indications pointing to impairment, the recoverable amount of the asset or the cash-generating unit is calculated on the basis of its value in use in order to determine the extent of the impairment. The impairment is recognized in profit or loss.

If the past cause of an impairment ceases to apply, the carrying amount of the asset is increased again accordingly.

The increase in the carrying amount is limited to the value which would have resulted if no impairment loss had been recognized for the asset in previous years. The reversal of the impairment loss is also recognized in profit or loss.

Investment property

Investment property consists of property held for rental income and/or for capital appreciation purposes. Given the increased significance of recognizing investment property for the MAX Group, the management of MAX Automation SE has decided to make a change in accounting policies by applying the fair value model instead of the cost model to all investment property beginning in the 2019 fiscal year. In the view of management, the fair value model is the more relevant form of presenting a more accurate picture of the net assets, financial position and results of operations of the MAX Group. The calculation of fair value was done by means of the income approach, which involves a model with input factors that are based on unobservable market data (level 3 according to IFRS 13).

An investment property is derecognized upon disposal if it should no longer be permanently used or no future economic benefits are expected from the disposal. The gain or loss from the disposal is determined as the difference between the net realizable value and the carrying amount of the asset and is recognized in the statement of comprehensive income in the disposal period.

Non-current financial assets

Financial assets are measured at cost at the time of acquisition.

Loans are carried at amortized cost.

Financial assets which are not carried at fair value are regularly tested for impairment. Financial assets which are impaired are written down to the recoverable amount in profit or loss. If the reason for write-downs in earlier periods no longer applies, a write-up is recognized in profit or loss.

Inventories

Inventories are carried at acquisition or production cost or at net realizable value, whichever is lower. In addition to the materials and wages, the production costs include indirect material costs and production

overheads which must be disclosed as assets. Discounts are made for lack of movement and marketability. The acquisition and production costs are allocated to the inventory types by means of specific allocation, the average cost method or the FIFO method (first in, first out).

Impairment losses are recognized when the net realizable value of an asset falls below its carrying amount.

Contractual assets

The companies of the MAX Group generate their revenue to a large extent from the creation and delivery of customer-specific equipment and machinery. For these orders, revenue and the anticipated gross margin are recognized according to the percentage-of-completion method (POC method) in line with the percentage of completion of an order over the period of performance.

The IFRS 15 criteria for this are:

- The constructed asset does not indicate any alternative opportunity for use.
- The Group has a legally enforceable claim to remuneration for services that have already been rendered.

If both criteria are met, the percentage of completion is determined on the basis of the costs incurred for the work carried out in relation to the total expected costs (cost-to-cost method). As a result of this accounting method, both revenue and the associated costs are recognized systematically. Consequently, the results are recognized on an accrual basis during the period in which the power of disposal, the good or the service is transferred. Customer payments are contractually agreed upon and are oriented toward progress on a project and predetermined milestones. This ensures that customer payments and performance progress do not diverge too much temporally. The Group came to the conclusion that the input-based method is most suitable for determining the percentage of completion since the individual companies use an IT-supported calculation procedure and can reliably estimate the planning costs and oversee the total costs using individualized project controlling.

Revenue from contracts with customers corresponds to the transaction price. The transaction price

includes variable consideration only if there is a high probability that if a variable consideration, such as a contractual penalty, actually were to occur, revenue would not be substantially disrupted. The transaction price is not adjusted for a financing component since in particular the period between the transfer of goods and services and the payment by the customer is generally less than 12 months.

If a reliable estimate of performance progress is not possible for orders either on the basis of output factors or input factors, the zero profit method is used, provided that it can be assumed that the companies can recover the costs incurred during fulfillment of the performance obligation. In case of this method, revenue and associated costs are recognized in the same amount until a reliable estimate for measuring progress is possible. The gross margin here is at least partially retroactively adjusted in profit or loss only at a later stage of the order.

The other part of revenue from contracts with customers is generated both from the sale of standard machinery, replacement parts and other goods as well as from the rendering of services. This revenue is recognized at the time when the customer obtains control over the promised asset. This is usually the time when the machinery is delivered to the customer so that it acquires ownership or acceptance has been completed. Services rendered are recognized as sales upon their fulfillment. For standard machinery and replacement parts, the customer payment occurs after invoicing, which depending on the structure of the contract occurs following delivery or acceptance. Payments on account are also presented to customers here.

The disclosure of orders occurs under contractual assets or contractual liabilities. If the cumulative work (contract costs and contract net profit) exceed down payments, construction contracts are disclosed on the assets side under contractual assets. If a negative balance remains after deducting the down payments, it is disclosed as an obligation from construction contracts on the liabilities side under contractual liabilities. Already invoiced partial services are recognized under trade receivables. Anticipated contractual losses are considered on the basis of recognizable risks and immediately included in the contract net profit in full. Contractual revenue and contract modifications, meaning contractual changes and amendments, are recognized as contract revenue in accordance with IFRS 15. Contractual assets are usually recognized within a business cycle

of the MAX Group. Therefore, they are disclosed under current assets in accordance with IAS 1, even if the recognition of the entire receivable extends over a period longer than one year.

Contractual assets are tested for impairment using the simplified procedure. For a more detailed explanation, please refer to the section "Risk management."

Performance obligations

The Group divides its contracts with customers into performance obligations, differentiating between performance obligations that are met either at a point in time or over a period of time in accordance with the contract terms. Customer contracts are analyzed in terms of separable performance obligations. In addition to the performance obligation to construct machinery or equipment for the customer, above all spare part packages and partial reconstructions are presented in the business units as separable performance obligations.

Current financial assets

In accordance with IAS 32, financial assets include trade receivables, receivables from banks, derivative financial instruments and other miscellaneous marketable financial assets. The Company assumes that the reported values of the financial instruments are generally consistent with their fair values.

Trade receivables are tested for impairment using the simplified procedure. For a more detailed explanation, please refer to the section "Risk management."

Cash and cash equivalents

Cash and cash equivalents are liquid assets measured at cost. They comprise cash in hand, bank deposits at call and other highly liquid current financial assets with a maximum term of three months at the time of acquisition. The underlying funds for financing purposes in the cash flow statement are consistent with the definition of cash and cash equivalents given here.

Equity and liabilities

Equity procurement costs

Equity procurement costs are deducted from the capital reserve after allowing for the taxes applicable to them.

Adjustment item for minority interests

The development of the adjustment item is based on the attributable annual results.

Pension obligations

The measurement of provisions for post-employment benefits is done in accordance with the actuarial projected unit credit method prescribed in IAS 19 "Employee benefits". Here, future obligations are measured on the basis of the pro rata benefit entitlements as of the reporting date. The measurement takes into account assumptions (e.g. regarding salary development or the pension trend) for the relevant factors that affect the amount of benefit. The calculation is based on the 2018 G life expectancy reference tables issued by K. Heubeck. Account is taken not only of the pensions and vested benefits known on the reporting date but also of expected future changes in salaries and pensions. The service cost is included in the personnel expenses in the statement of comprehensive income. Actuarial gains and losses, as well as gains and losses from the revaluation of plan assets, are recognized in "Other comprehensive income", net of retained earnings. Interest expense is reported under net interest.

Provisions for taxes

Provisions for taxes include obligations from current income taxes. Income tax provisions are offset with corresponding tax refund claims if they exist in the same tax jurisdiction and their type and due dates are the same.

Other provisions

Other provisions take into account all recognizable obligations as of the reporting date that arise from past transactions or past events and whose amount and/or due dates are uncertain. Provisions are recognized at their respective expected settlement amounts, meaning taking into account price and cost

increases, and are not offset against reimbursement claims. Provisions are formed only if they are based on a legal or factual obligation to third parties. Non-current provisions are recognized at their settlement amount discounted to the reporting date and disclosed under non-current liabilities.

Provisions for a restructuring are formed provided that a detailed, formal plan has been prepared and shared with the affected parties.

Liabilities

Trade payables and other original financial liabilities are recognized at amortized cost. Other liabilities are accounted for at their settlement amount.

Liabilities from leases are recognized at the start of the lease at the present value of the minimum lease payments.

Discounts and transaction costs are accounted for using the effective interest method. Non-current non-interest-bearing liabilities are stated at their present value.

Contract liabilities

Contractual liabilities constitute an obligation to customers if partial invoices submitted and payments received from customers prior to the performance of the promised service have been collected or become due. Contractual liabilities from partial invoices submitted and payments received from customers are written down against the work in progress as soon as it has been performed. If a contract contains several separate performance obligations, however, only a contractual asset or a contractual liability is to be determined from this contract on a net basis.

Statement of comprehensive income

Revenue is recognized when the significant risks and rewards of ownership of the goods and products sold have been transferred to the customer. This is usually the case when the goods are delivered to the customer and simultaneously accepted by the customer (acceptance reports).

Production orders for specific customers are accounted for using the percentage of completion method

(PoC) provided that the criteria of IFRS 15 are met for time period-based revenue recognition. For customer-specific production, in case the contract is canceled by the customer, not only must the expenses be reimbursed but also remuneration must be received in the form of a pro rata margin. Here, the costs incurred in the fiscal year and the revenue accruing to the fiscal year must be recognized in profit or loss according to the percentage of completion. The percentage of completion is calculated according to the expenses incurred (cost-to-cost method). This involves the following:

Expenses relating to the development of new products and processes, including significant improvements and refinements to existing products, are recorded as expenses as incurred, unless the criteria for capitalization as development costs are met.

Other operating income is recognized when the service is rendered or the entitlement arises. Interest income and interest expenses are recognized on an accrual basis.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered predominantly through a sale transaction rather than through continued use and the sale is highly probable. They are measured at their carrying amount or the fair value minus selling costs, whichever is lower, with the exception of assets like deferred tax assets, assets arising from employee benefits, financial assets and investment property carried at fair value, and contractual rights under insurance contracts which are explicitly excluded from this rule.

An impairment loss is recognized for first-time or subsequent write-downs of the asset (or of the disposal group) to the fair value minus selling costs. A gain is recognized for subsequent increases in the fair value of an asset (or of the disposal group) less selling costs, but not in excess of a cumulative impairment loss previously recognized. A gain or loss not previously recognized until the time of disposal of the non-current asset (or of the disposal group) is realized at the time of disposal.

Non-current assets (including those which are part of a disposal group) are not subject to depreciation if they are classified as held for sale. Interest and similar expenses which are attributable to the liabilities of a disposal group classified as held for sale will continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are reported separately from the other assets in the statement of financial position. The liabilities of a disposal group which is classified as held for sale are also presented separately from other liabilities in the statement of financial position.

A discontinued operation is a part of the entity which was sold or is classified as held for sale and which constitutes a separate major business unit or a geographical business sector which is part of a single coordinated plan to dispose of such a business unit, or which is a business sector or constitutes a subsidiary which was acquired solely for the purpose of resale. The results from discontinued operations are shown separately in the statement of comprehensive income.

Earnings per share

The undiluted earnings per share are calculated by dividing the portion of earnings after tax attributable to the shareholders of MAX Automation SE by the weighted average number of shares in circulation during the financial year, adjusted for bonus shares issued during the financial year and excluding any treasury shares.

The diluted earnings per share are calculated on the assumption that all potentially dilutive securities are converted or exercised.

Currency translation

Transactions in foreign currencies are translated into the functional currency of the respective company at the average spot exchange rate on the day of the transaction. At the end of the reporting period, the Company values monetary assets and liabilities denominated in foreign currencies in the functional currency at the then applicable average spot exchange rate. Gains and losses from the currency valuations are recognized in the other operating income or other operating expenses in profit or loss.

The annual accounts of the foreign subsidiaries included in the consolidated financial statements whose functional currency is not the euro are translated into the Group currency, the euro, on the basis of their functional currency, which is the local currency in any given case.

The statements of financial position are translated from their functional currency into the reporting currency at the average spot exchange rate on the date of the statements of financial position using the closing rate method.

The statements of comprehensive income are translated at the average exchange rate for the reporting period.

Equity is translated at historical exchange rates.

Gains and losses from currency translation are recognized in equity outside profit or loss.

		Balance sheet: reporting date rate		Income statement: average rate	
	EUR=	31/12/2019	31/12/2018	31/12/2019	31/12/2018
China	CNY	7.82050	7.87510	7.73388	7.80735
UK	GBP	0.85080	0.89453	0.87730	0.88475
Hong Kong	HKD	8.74010	8.96750	8.67441	8.90259
Poland	PLN	4.25680	4.30140	4.29753	4.26058
Switzerland	CHF	1.08540	1.12690	1.09252	1.12929
Singapore	SGD	1.51110	1.55910	1.50813	1.55953
USA	USD	1.12340	1.14500	1.11959	1.18149

		Balance sheet: reporting date rate		Income statement: average rate	
	HKD=	31/12/2019	31/12/2018	31/12/2019	31/12/2018
China	CNY	0.89400	0.87818	0.89891	0.88062

Financial instruments

A financial instrument is a contract that gives rise to a financial asset at one entity and to a financial liability or equity instrument at another.

Financial assets and liabilities are divided into the categories prescribed by IFRS. Only the categories "at amortized cost" and "at fair value with changes in value in profit or loss" are currently relevant to the MAX Group in this regard.

A financial asset is measured at amortized cost if both of the following conditions are met and it has not been designated as FVTPL:

- It is held as part of a business model whose purpose is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise at specified dates to cash flows, which exclusively represent repayments and interest payments on the outstanding principal amount.

The Group does not make any use of the option of classifying financial assets and liabilities upon initial recognition as recognized in profit and loss at fair value (fair value option).

In determining whether the default risk of a financial asset has increased significantly since initial recognition and in estimating expected credit losses, the Group considers appropriate and reliable information that is relevant and available without an inappropriate expenditure of time and money. This includes both quantitative and qualitative information and analyses based on the Group's past experience and well-founded assessments, including forward-looking information using CDS spreads.

A financial asset is considered to be in default if it is unlikely that the debtor will be able to pay the Group for its credit obligation in full. The asset is written down if no legitimate expectation exists that the contractual cash flows will be realized.

Derivative financial instruments and hedging transactions

Derivatives are initially recognized at their fair value at the time of entering into a derivative transaction and are subsequently reassessed at their fair value at the end of the reporting period. The recognition of subsequent changes in the fair value will depend

on whether the derivative is designated as a hedging instrument and, if this is the case, on the nature of the underlying hedging relationship.

The Group's derivative instruments do not satisfy the prerequisites for recognition as hedging transactions. If derivatives do not satisfy the criteria for the recognition of hedging relationships, they are classified for accounting purposes as "held for trading" and recognized in profit or loss at fair value. They are presented as current assets and liabilities insofar as they are expected to be settled 12 months after the end of the reporting period.

Further details are provided in the section on risk management.

Income taxes

Income tax expense represents the sum of current tax expense and deferred taxes.

Current or deferred taxes are recognized in the Group income statement unless they are related to items which are recognized either in other comprehensive income or directly in equity. In this case, the current or deferred taxes are recognized in other comprehensive income or directly in equity. If current or deferred taxes result from the initial recognition of a business combination, the tax effects are reflected in the accounting for the business combination.

Current taxes

Current tax expense is calculated on the basis of taxable income for the current fiscal year. Taxable income differs from the profit for the year from the Group income statement due to expenses and revenue that are tax deductible in subsequent years or are never taxable. The Group's obligation for current taxes is calculated on the basis of the respectively valid tax rates.

Deferred taxes

Deferred taxes are recognized for differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding carrying values used in the calculation of taxable income. Deferred taxes are generally recognized for all taxable temporary differences; deferred tax assets are recognized to the extent that it is likely that taxable profits, for which deductible

temporary differences can be used, are available. Deferred tax assets and deferred tax liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (except for business combinations) of assets and liabilities which result from incidents that do not involve either taxable income or the profit for the year.

For taxable temporary differences that emerge from shares in subsidiaries, deferred tax liabilities are formed unless the Group can control the reversal of the temporary differences and it is likely that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets that arise from temporary differences in connection with shares in subsidiaries are recognized only to the extent to which it is likely that sufficient taxable income is available with which the claims from the temporary differences can be used. In addition, it must be possible to assume that these temporary differences will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed every year on the reporting date and impaired in value if it is no longer likely that sufficient taxable income will be available in order to realize the claim in full or in part.

Deferred tax liabilities and tax claims are calculated on the basis of anticipated tax rates and tax laws, which are expected to be in effect at the time of settling the debt or realizing the asset. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequence that results from the way in which the Group expects to settle the liability or realize the asset on the reporting date.

Leases (IAS 17 until 2018)

Up to and including the 2018 fiscal year, leases were classified as finance leases if all the risks and rewards associated with their ownership were essentially transferred to the lessee through the lease agreement. All other leases were classified as operating leases. This provision continues to apply only in those cases in which the MAX Group functions as the lessor. The provisions of IAS 17 and IFRS 16 are congruent to this extent.

Assets held under finance leases were recognized by the lessee at the inception of the lease as assets

at fair value or at the present value of the minimum lease payments, whichever was lower. The corresponding liability to the lessor was reported in the consolidated statement of financial position under other financial liabilities, depending on its maturity.

The lease payments were divided into financing costs and repayment of the lease liability, thereby achieving a constant periodic interest rate on the remaining liability. The financing costs were recognized as interest expense in the statement of comprehensive income. If a finance lease resulted in a depreciable asset, a depreciation charge was incurred in each period. Depreciation was calculated in accordance with the relevant provisions for the asset in any given case in IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets.

Lease payments under operating leases were recognized by the lessee as expenses on a straight-line basis over the term of the lease, unless another systematic basis was more representative of the period of use for the MAX Group. Contingent lease payments under operating leases were recognized as expenses in the period in which they were incurred.

Regarding new provisions for lease accounting, we refer to the separate section regarding the introduction of the new leasing standard IFRS 16.

Impact of the initial application of IFRS 16

The impact of the initial application of IFRS 16 is discussed and the accounting policies newly applied since 1 January 2019 are disclosed below.

The initial application of IFRS 16 occurred in accordance with the transitional provisions of IFRS 16, modified retrospectively with the simplified approach for rights of use, so that there is no impact on retained earnings as of 1 January 2019. The comparable figures for the 2018 fiscal year were not adjusted.

With the initial application of IFRS 16, the MAX Group recognized leasing liabilities for leases previously classified under IAS 17 as operating leases. These liabilities are measured as the present value of the remaining lease payments, discounted at the incremental borrowing rate of the MAX Group as of 1 January 2019. As of 1 January 2019, the incremental borrowing rate was 2.1% worldwide, with the exception of the USA, where it was 4.43%. In the case of the

MAX Group, the incremental borrowing rate is derived from the syndicated loan as well as a subordinated line of credit associated with the syndicated loan in the USA. In accordance with the derivation from the syndicated loan, the incremental borrowing rate was applied to all asset classes. Beginning on 1 October 2019, the incremental borrowing rate was 3.1% as a result of an adjustment to the interest rate of the syndicated loan.

With the exception of one property, there was no lease previously classified as a finance lease as of 1 January 2019. A value of kEUR 1,666 (of this amount, kEUR 261 short-term) was recognized as of 1 January 2019 for this property classified as a finance lease. The starting point for operating lease liabilities obligations as of 31 December 2018, differs from the value reported in the previous year in the amount that accrues to IFRS 5 companies.

in kEUR	2019
Operating lease commitments disclosed as of 31 December 2018	21,428
+ Liabilities from finance leases recognised as of 31 December 2018	1,666
Discounted using the lessee's incremental borrowing rate at the time of first-time adoption of IFRS 16	0
+ Present value of contracts classified as operating leases as of 31 December 2018	16,778
- Short-term leases recognised on a straight-line basis as expense	-354
- Low-value leases recognised on a straight-line basis as expense	0
- Variable leasing payments	0
- Contracts reassessed as service agreements	0
+ / - Adjustments as a result of a different treatment of extension and termination options	0
+ / - Adjustments relating to changes in the index or rate affecting variable payments	0
Lease liabilities from operating leases recognised on 1 January 2019	16,424
Lease liabilities from finance leases recognised as of 1 January 2019 (31 December 2018)	1,666
Total leasing liabilities as of January 01, 2019	18,090
Of which are:	0
Current lease liabilities	3,367
Non-current lease liabilities	14,723

The recognized rights of use relate to the following types of assets:

in kEUR	31/12/2019	01/01/2019
Land and buildings	13,903	10,787
Technical equipment and machinery	381	464
Other plant and office equipment (vehicles - passenger cars)	1,800	1,564
Other plant and office equipment (industrial vehicles)	117	215
Other plant and office equipment (others)	1,030	794
Total right-of-Use Assets	17,232	13,824

The change in accounting policy affected the following statement of financial position items as of 1 January 2019:

Right-of-Use Assets	11,358
Lease liabilities	16,424

The rights of use and lease liabilities differ due to the offsetting of a provision for impending losses of kEUR 2,600 euro formed in 2018 against the rights of use asset. At the time of the adoption of the transition, this simplification was used.

The net effect on retained earnings as of 1 January 2019, was 0 EUR.

EBITDA rose as a result of the change in accounting policy as of 31 December 2019:

in kEUR	2019
EBITDA	1,949
Adjustment impact IFRS 16	-3,979
Adjusted EBITDA	-2,029

As a result of the initial application of IFRS 16, earnings per share decreased for the period from

1 January 2019, to 31 December 2019, by 0.01 euro due to the so-called front-loading effect.

Applied simplifications

During the initial application of IFRS 16, the MAX Group took advantage of the following simplifications:

- The application of a single discount rate on a portfolio of similarly designed leases.
- The assumption of earlier assessments regarding whether a lease is onerous.
- The recognition of leases with a remaining term of less than twelve months as of 1 January 2019, as short-term leases.
- The non-consideration of initial direct costs during the measurement of user rights at the time of initial application

The MAX Group has decided not to review leases that were concluded before the transition date whether a contract constitutes or includes a lease at the time of initial application, but instead to retain the previous assessment under IAS 17 and IFRIC 4.

Impact of the initial application of IFRS 16 Leases on the statement of financial position

in kEUR	2019	2018
Additions land and buildings	6,823	0
Additions technical equipment and machinery	347	0
Additions other plant and office equipment (vehicles - passenger cars)	1,698	0
Additions other plant and office equipment (industrial vehicles)	0	0
Additions other plant and office equipment (others)	940	0
Disposals land and buildings	0	0
Disposals technical equipment and machinery	0	0
Disposals other plant and office equipment (vehicles - passenger cars)	53	0
Disposals other plant and office equipment (industrial vehicles)	0	0
Disposals other plant and office equipment (others)	0	0

Along with additions and disposals, a reclassification to investment property was made in the amount of kEUR 771. Disposals of rights of use assets from leases leads to an accounting loss of kEUR 33.

Impact of the initial application of IFRS 16 Leases on the statement of comprehensive income

The following table shows write-downs in connection with rights of use assets:

in kEUR	2019	2018
Depreciation of land and buildings	2,105	0
Depreciation of technical equipment and machinery	167	0
Depreciation of other plant and office equipment (vehicles - passenger cars)	1,004	0
Depreciation of other plant and office equipment (industrial vehicles)	97	0
Depreciation of other plant and office equipment (others)	508	0
Depreciation of right-of-use-assets	3,880	0

The following table shows interest expense in connection with leases by category of underlying asset:

in kEUR	2019	2018
Interest for land and buildings	301	0
Interest for technical equipment and machinery	8	0
Interest for other plant and office equipment (vehicles - passenger cars)	40	0
Interest for other plant and office equipment (industrial vehicles)	3	0
Interest for other plant and office equipment (others)	29	0
Total interest leases	382	0

The following table shows expenses in connection with leases:

in kEUR	2019
2019 Leasing agreements according to IFRS 16	
Interest expenses for leasing contracts	382
Income from the subleasing of rights of use, shown under other sales	0
Expenses for short-term leasing contracts	370
Expenses for leases for an asset of low value	206
Expenses for variable leasing payments	0
in kEUR	2018
2018 Leasing agreements according to IAS 17	
Lease expenses	3,064

Cash outflows in connection with leases

The following table shows cash outflows in connection with leases:

in kEUR	2019
Total cash outflows for leases	4,106

Extension options

Two property leases include an extension option, which has not been recognized as a lease liability to date and is exercisable by the MAX Group up to a year before expiration of the non-cancelable contract term. The MAX Group determines on the availability date whether the exercise of an extension option is sufficiently certain. The MAX Group determines again whether the exercise of an extension option is sufficiently certain if a significant event or significant change in circumstances that is under its control occurs.

The MAX Group estimates that potential future lease payments would lead to a lease liability of about kEUR 5,090 if the extension option is exercised.

Leasing activities of the MAX Group and their accounting treatment

The MAX Group leases various office and production buildings, technical equipment and machinery, vehicles as well as operating and office equipment. Leases are usually concluded for fixed time periods, but they can provide for extension options. The lease terms are negotiated individually and involve a large number of different conditions.

Up to and including 2018, leases were classified either as finance or operating leases. Payments in the context of operating leases (less any incentives received from the lessor) were recognized on a straight-line basis over the term of the lease in profit or loss.

Since 1 January 2019, leases are recognized as a right of use and a corresponding lease liability at the time when the leased object is available to be used by the MAX Group. Each lease installment is divided into repayment and interest portions. The financing costs are recognized in profit or loss over the term of the lease so that a constant periodic interest rate applies to the remaining amount of the liability for each period. The right of use is amortized on a straight-line basis over the shorter of the two time periods involving the useful life and the term of the lease.

Assets and liabilities from leases are recognized at their present value upon initial recognition. Lease liabilities include the present value of the following lease payments:

- Fixed payments (including de facto fixed payments, less any lease incentives to be obtained).
- Variable lease payments which are linked to an index or (interest) rate.
- Expected residual payments from the residual value guarantees of the lessee.
- The exercise price of a purchase option if the exercise by the lessee is sufficiently certain.
- Penalty payments for the cancellation of the lease if the term considers that the lessee will take advantage of the cancellation option.

Lease payments are discounted at the implicit interest rate underlying the lease provided that it can be determined. Otherwise, discounting is done at the incremental borrowing rate of the MAX Group, i.e., the interest rate that the MAX Group would have to pay if it had to borrow in order to acquire an asset of comparable value under comparable conditions in a comparable economic environment.

Rights of use are measured at their acquisition cost, which is broken down as follows:

- The amount of the initial valuation of the lease
- All lease payments made prior to delivery minus any lease incentives obtained
- All initial direct costs incurred by the lessee and
- Estimated costs that arise for the lessee for dismantling or removing the underlying asset, for restoring the site where it was located to its pre-vious condition or for returning the underlying asset to the condition stipulated in the lease.

Payments for short-term leases and leases whose underlying assets are of minimal value are expensed on a straight-line basis in profit or loss. Lease agreements with a term up to 12 months are regarded as short-term leases. Assets with minimal value are, for example, IT equipment and smaller operating and office equipment objects. The MAX Group considers assets with a fair value of 5,000 euro, to the extent this can be objectively determined, to be assets of minimal value, in accordance with the Basis for Conclusions of IFRS 16.

The leases of the MAX Group have the following terms:

Remaining lease term	max	min
Land and buildings	15	5
Technical equipment and machinery	5	2
Other plant and office equipment (vehicles - passenger cars)	5	3
Other plant and office equipment (industrial vehicles)	5	4
Other plant and office equipment (others)	10	2

Correction of errors

During the audit of the annual financial statements of iNDAT Robotics GmbH irregularities were discovered and confirmed regarding the valuation of inventories in 2018 and earlier years. Accordingly, the irregularities have an impact on the recognition of contractual assets and revenue in connection with projects which are realized on a time period basis in accordance with the cost-to-cost method. These irregularities are primarily attributable to deficiencies in the internal control system of iNDAT Robotics GmbH. The correction of errors was performed in accordance with the correction provisions of IAS 8. The following table shows the affected items in the statement of financial position and the statement of comprehensive income as well as the adjustments made in detail.

The errors corrected for the 2018 fiscal year have a total impact on profit or loss of kEUR 2,572 after taxes. Earnings were overstated by this amount.

Due to inadequate information, it was not possible to assign an error with an after-tax impact on profit or loss of kEUR 906 directly to any of the previous years. Accordingly, this error was corrected on 1 January 2019, via retained earnings outside profit or loss.

Furthermore, a valuation allowance in profit or loss of kEUR 650 was made in borrowing costs for a non-recoverable receivable from the purchaser of Finnah Packtec GmbH ("Finnah Packtec," previously: NSM Packtec GmbH). In addition, a clawback claim of a drawn guarantee credit in the amount of kEUR 3,980 from a customer project of Finnah Packtec GmbH had to be value-adjusted in other operating expenses. These corrections were also performed in accordance with the provisions of IAS 8.

Effects of error correction					
in kEUR	31/12/2018 as previously reported	Adjustment affecting net income	12/31/2018 adjusted	Adjustment not affecting net income	1/1/2019 adjusted
Assets					
Contract Assets	59,730	-900	58,830	-351	58,479
Inventories	88,451	-2,694	85,757	-915	84,842
Prepayments an accrued income, and other	13,434	-4,630	8,804	0	8,804
Deferred tax	6,482	1,022	7,504	360	7,864
Equity	91,584	-7,202	84,382	-906	83,476
thereof revenue reserve	29,214	0	29,214	-906	28,308
thereof retained earnings	17,855	-7,202	10,653	0	10,653

in kEUR	2018 as previously reported	Adjustments	2018 adjusted
Statement of comprehensive income			
Sales	404,886	-900	403,986
Change in finished goods and work-in-progress	1,940	-2,694	-754
Other operating expenses	-65,017	-3,980	-68,997
Financial expenses	-3,431	-650	-4,081
Income taxes	2,813	1,022	3,835
Net income	-36,353	-7,202	-43,555

The disclosures in the Notes regarding the respective items were presented not only as reported in the previous year, but also as adjusted in the previous year. This also applies to the affected accounts.

Adjustment of figures for the previous year

On 25 September 2018, the Supervisory Board of MAX Automation SE decided that the Group would withdraw from the construction of special-purpose machines and assembly lines for automotive customers in the Mobility Automation division. The assets and liabilities of the Group companies to be divested were reported in total as discontinued operations for 2018 in accordance with IFRS 5. This meant that the contributions to revenue and operating income of the IWM Automation Group, ELWEMA Automotive GmbH and of the 51% holding MAX Automation (Shanghai) Co., Ltd. were no longer included in the statement

of comprehensive income. The earnings after tax of the companies to be sold were shown in a separate item after the earnings of continuing operations. The net profit of the Group as a whole for the period was calculated from the sum of the two results. In September 2019, the twelve-month deadline ended that IFRS 5 provides for the sales to be consummated. Accordingly, the previously discussed presentation as discontinued operation was reversed. The respective comparable figures for the previous year's period were readjusted accordingly. The consolidated financial statements as of 31 December 2018, again include the assets and liabilities of all companies under their original items, which as discontinued operations had been disclosed in the 2018 consolidated financial statements separately in the items "assets held for sale" and "liabilities in connection with assets held for sale." The operating business of IWM Automation Bodensee GmbH was discontinued as of 31 December 2019. The operational business activities of IWM Automation GmbH were also shut down as of 30 September 2020.

kEUR	2018 as previously reported	Reclassifica- tion IFRS 5	Suspend depre- ciation 2018	2018
Assets				
intangible assets	3,643	10,085	420	14,148
goodwill	42,067	7,346	0	49,413
property, plant and equipment	25,136	9,550	154	34,840
other financial assets	6,668	429	0	7,097
inventories	48,955	39,496	0	88,451
trade receivables	30,164	23,890	0	54,054
Contract assets	19,776	39,954	0	59,730
other assets	11,248	2,186	0	13,434
cash	31,779	1,739	0	33,518
Total assets of discontinued operations	134,675	-134,675	0	0

Equity and liabilities				
loans	77,854	4,239	0	82,093
provisions	10,318	4,215	0	14,533
Other non-current liabilities	150	7,838	0	7,988
trade payables	47,637	52,892	0	100,529
Contract liabilities	23,420	6,773	0	30,193
Lease liabilities	0	1,666	0	1,666
payables to associated companies	0	137	0	137
other liabilities	21,741	3,259	0	25,000
Total liabilities of discontinued operations	81,019	-81,019	0	0

Changes in presentation

In addition, beginning in the 2019 fiscal year, the Company has reported contractual assets and liabilities separately. In 2018, disclosure was made within trade receivables or trade payables.

CONSOLIDATION PRINCIPLES

MAX Automation SE and its subsidiaries, over which it exerts control, are included in the consolidated financial statements. Control exists if MAX Automation SE is subject to fluctuating returns from the relationship with the investee and by means of its power of disposal over the investee has the opportunity to influence these returns.

The consolidation of a subsidiary begins on the day on which the Group obtains control over the subsidiary and ends as soon as the Group loses control. All intra-Group assets and liabilities, equity, income and expenses, as well as cash flows from transactions that occur between Group companies are fully eliminated during consolidation.

Scope of consolidation

All active Group companies are included in the scope of consolidation. These are majority holdings.

The scope of consolidation as of the reporting date encompasses MAX Automation SE and a total of 28 subsidiaries and second-tier subsidiaries as well as

MAX Automation (Asia Pacific) Co.Ltd., Hong Kong, which is accounted for using the equity method.

IWM Automation Bodensee GmbH is currently still among the four companies in the non-core area. Following the closure of the operational business, the legal entity is assigned to the Evolving Technologies segment.

The existing companies were subdivided into the Process Technologies, Environmental Technologies, Evolving Technologies and Non-Core Business segments in line with the clear strategic direction.

The scope of consolidation is comprised as follows:

Number of companies included	2019	2018
Process Technologies	7	7
Environmental Technologies	9	8
Evolving Technologies	8	8
Non-core	4	6
Group	28	29

Changes in the scope of consolidation

On 30 April 2019, the transitional consolidation from full consolidation to equity method accounting occurred for MAX Automation (Asia Pacific) Co. Ltd., Hong Kong, in which MAX Automation SE has a 51% equity interest. MAX Automation (Asia Pacific) Co. Ltd., Hong Kong in turn has a 100% holding in MAX Automation (Shanghai) Co. Ltd. The transition to the equity method occurred in accordance with the provisions of IFRS 10 due to the loss of control over the company.

With notarial certification as of 26 June 2019, the shares in the associated company ESSERT GmbH, Ubstadt-Weiher were sold. The closing occurred on 30 June 2019. Previously, MAX Automation SE held 44.5% of the shares in the company, which was included in the consolidated financial statements using the equity method.

EXPLANATORY NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(1) Intangible assets

The following tables show the development and breakdown of intangible assets.

KEUR	Concessions, industrial property rights and similar rights and assets, and licenses to such rights and assets	Internally in-tangible assets	Advances paid	Total
Cost				
01/01/2019	41,243	13,288	235	54,765
Changes in scope of consolidation	-7,956	0	0	-7,956
Currency differences	369	0	1	370
Additions	879	1,381	106	2,366
Disposals	-1,742	-2,730	0	-4,472
Reclassifications	320	-159	-161	0
31/12/2019	33,113	11,780	180	45,074
Accumulated amortization				
01/01/2019	31,658	8,910	50	40,617
Changes in scope of consolidation	-2,185	0	0	-2,185
Currency differences	120	0	0	120
Additions	2,598	1,518	1	4,117
Disposals	-1,654	-2,730	0	-4,384
Reclassifications	0	0	0	0
31/12/2019	2,576	4,082	129	6,787
Carrying amount				
31/12/2019	30,537	7,698	51	38,286

kEUR	Concessions, industrial property rights and similar rights and assets, and licenses to such rights and assets	Internally intangible assets	Advances paid	Total
Cost				
01/01/2018	33,271	12,106	1,144	46,521
Changes in scope of consolidation	7,288	285	50	7,623
Currency differences	-102	0	-2	-104
Additions	663	1,495	334	2,493
Disposals	-98	-598	-1,133	-1,829
Reclassifications	220	0	-159	62
31/12/2018	41,243	13,288	235	54,765
Accumulated amortization				
01/01/2018	27,457	5,264	133	32,854
Changes in scope of consolidation	-158	186	0	28
Currency differences	11	0	-2	10
Additions	4,536	4,166	0	8,702
Disposals	-98	-388	-82	-569
Reclassifications	49	0	1	50
Adjustment	-139	-318	0	-458
31/12/2018	31,658	8,910	50	40,617
Carrying amount				
31/12/2018	9,585	4,378	185	14,148

Intangible assets include licenses, computer software, technologies, development projects, websites,

trademarks and customer relationships. The internally generated intangible assets are primarily capitalized development costs of the Group companies.

(2) Right-of-use Assets

Regarding Right-of-use Assets that stem from leases, separate information can be found in the section on the initial application of IFRS 16.

kEUR	Right-of-use Assets
Cost	
01/01/2019	0
Changes in scope of consolidation	0
Currency differences	4
Additions	19,315
Disposals	-53
Reclassifications	1,779
31/12/2019	21,046
Accumulated amortization	
01/01/2019	0
Changes in scope of consolidation	0
Currency differences	-1
Additions	3,834
Disposals	-20
Reclassifications	0
31/12/2019	3,813
Carrying amount	
31/12/2019	17,232

kEUR	Right-of-use Assets
Cost	
01/01/2018	0
Changes in scope of consolidation	0
Currency differences	0
Additions	0
Disposals	0
Reclassifications	0
31/12/2018	0
Accumulated amortization	
01/01/2018	0
Changes in scope of consolidation	0
Currency differences	0
Additions	0
Disposals	0
Reclassifications	0
Adjustment	0
31/12/2018	0
Carrying amount	
31/12/2018	0

(3) Goodwill

The disclosed goodwill figures break down in detail as follows:

kEUR	Goodwill	Total
Cost		
01/01/2019	68,838	68,838
Changes in scope of consolidation	-6,039	-6,039
Currency differences	259	259
Additions	0	0
Disposals	0	0
Reclassifications	0	0
31/12/2019	63,058	63,058
Accumulated amortization		
01/01/2019	19,424	19,424
Changes in scope of consolidation	-5,512	-5,512
Currency differences	231	231
Additions	2,676	2,676
Disposals	0	0
Reclassifications	0	0
31/12/2019	16,819	16,819
Carrying amount		
31/12/2019	46,239	46,239

kEUR	Goodwill	Total
Cost		
01/01/2018	63,057	63,057
Changes in scope of consolidation	5,894	5,894
Currency differences	-114	-114
Additions	0	0
Disposals	0	0
Reclassifications	0	0
31/12/2018	68,838	68,838
Accumulated amortization		
01/01/2018	9,966	9,966
Changes in scope of consolidation	0	0
Currency differences	53	53
Additions	9,405	9,405
Disposals	0	0
Reclassifications	0	0
31/12/2018	19,424	19,424
Carrying amount		
31/12/2018	49,413	49,413

Goodwill fell during the financial year to kEUR 46,239 (previous year: kEUR 49,413). The decline resulted in part from writing down the goodwill of IWM Automation GmbH in the amount of kEUR 2,676 as well as from the transitional consolidation of MAX

Automation (Shanghai) Co. Ltd. in the amount of kEUR 506. There is also an increase of kEUR 7 resulting from currency translation in the Environmental Technology subgroup.

in kEUR	31/12/2019	31/12/2018
Goodwill	46,239	49,413
Process Technologies	6,163	6,163
- thereof bdtronic group	6,163	6,163
Evolving Technologies	29,512	29,512
- thereof NSM Magnettechnik	12,124	12,124
- thereof MA micro automation GmbH	11,661	11,661
- thereof iNDAT Robotics GmbH	3,463	3,463
- thereof Mess- und Regeltechnik Jücker GmbH	1,403	1,403
- thereof AIM Micro Systems GmbH	861	861
Environmental Technologies	6,399	6,392
- thereof Vecoplan group	6,399	6,392
None-Core	4,165	7,346
- thereof ELWEMA Automotive GmbH	4,165	4,165
- thereof IWM Automation group	0	2,676
- thereof MAX Automation (Shanghai) Co. Ltd.	0	505

(4) Property, plant and equipment

For land and buildings, the MAX Group has been using the revaluation model of IAS 16 since the 2019 fiscal year. The reason for the change to the revaluation model is that the MAX Group intentionally makes adjustments for the effects of inflation when recognizing assets with a very long useful life. The effects of inflation can cause the replacement cost of this property, plant and equipment to be significantly higher than the historical acquisition or production cost reduced by write-downs. Therefore, the revaluation model has a capital preservation function.

Revaluation is not restricted to acquisition or production cost as an upper limit. Excesses over

acquisition or production cost occur above all with land since it is normally not subject to the erosion of economic life. The revaluation is done at fair value, which is performed for land and buildings by calculating their income value. Independent appraisers assess the income value. The income approach involves a model with input factors which are based on unobservable market data. The revaluation is performed at intervals of five years.

As a result of the application of the revaluation model, the carrying amount of land and buildings increased by kEUR 12,999.

kEUR	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction	Prepayments made	Total
Cost						
01/01/2019	46,807	19,560	21,170	100	42	87,679
Change in the scope of consolidation	-365	-206	-369	0	-44	-984
Currency differences	62	21	69	0	2	154
Additions	93	1,602	2,996	1,487	0	6,177
Additions from revaluation	2,187	0	0	0	0	2,187
Disposals	-2	-2,428	-561	-30	0	-3,021
Disposals from revaluation	-6,852	0	0	0	0	-6,852
Reclassifications	-2,550	0	0	0	0	-2,550
31/12/2019	39,380	18,549	23,305	1,557	0	82,791
Accumulated depreciation						
01/01/2019	21,649	15,505	15,686	0	0	52,839
Change in the scope of consolidation	-100	-84	-221	0	0	-405
Currency differences	26	14	46	0	0	86
Additions	1,346	1,016	1,921	0	0	4,283
Disposals	0	-2,183	-504	0	0	-2,687
Disposals from revaluation	-17,664	0	0	0	0	-17,664
Reclassifications	0	0	0	0	0	0
31/12/2019	5,257	14,269	16,927	0	0	36,453
Carrying amount						
31/12/2019	34,123	4,280	6,378	1,557	0	46,338

kEUR	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction	Prepayments made	Total
Cost						
01/01/2018	41,946	15,111	20,485	126	0	77,668
Change in the scope of consolidation	3,428	3,592	917	0	0	7,937
Currency differences	149	21	90	0	0	259
Additions	644	1,903	1,866	93	42	4,548
Disposals	562	-1,052	-2,239	-5	0	-2,734
Reclassifications	78	-15	51	-114	0	0
31/12/2018	46,807	19,560	21,170	100	42	87,679
Accumulated depreciation						
01/01/2018	18,656	12,093	15,438	0	0	46,187
Change in the scope of consolidation	1,005	3,207	602	0	0	4,814
Currency differences	61	28	73	0	0	162
Additions	1,459	1,055	1,798	0	0	4,312
Disposals	566	-855	-2,193	0	0	-2,482
Reclassifications	0	-14	14	0	0	0
Adjustment	-98	-9	-47	0	0	-154
31/12/2018	21,649	15,505	15,686	0	0	52,839
Carrying amount						
31/12/2018	25,158	4,055	5,484	100	42	34,840

(5) Investment property

Given the increased significance of recognizing investment property for the MAX Group, the management of MAX Automation SE has decided to make a change in accounting policies by applying the fair value model to all investment property beginning in the 2019 fiscal year. In the view of management, the fair value model is the more relevant form of presenting a more accurate picture of the net assets, financial position and results of operations of the MAX Group. The calculation of fair value was done by means of the income approach, which involves a model with input factors that are based on unobservable market data.

The investment property item essentially includes the lease for the leased property on Kesselbachstrasse in Bermatingen. As a result of the closure of the operational business of IWM Automation Bodensee GmbH the property is no longer owner occupied and given the intention to lease it, it has been classified since 30 June 2019, as an investment property. Due to the transfer of the property to investment property, the adjustment to fair value in the amount of kEUR 2,828 occurred outside profit or loss via the revaluation reserve as well as in the amount of

kEUR 2,600 in profit or loss as a reversal of an impairment loss in other operating income.

The period from 1 July 2019, to 31 December 2019, does not include any rental income from these objects in the statement of comprehensive income. The marketing of the areas had not yet been concluded as of 31 December 2019.

The adjustment to fair value did not affect the statement of comprehensive income during the fiscal year.

No adjustment was made to previous year's figures since the Dettenhausen property had already been recognized at its fair value as of 31 December 2018. The carrying amount corresponded to the fair value at that time.

The amount incurred for the maintenance of investment property during the fiscal year was kEUR 39 (previous year: kEUR 0). As shown in the following table, the development of investment properties conforms to the traditional presentation of an assets analysis due to the conversion to the fair value model

for the first time during the fiscal year:

kEUR	Investment properties
01/01/2019	1,254
Changes in the scope of consolidation	0
Additions	0
Disposals	0
Transfer from owner-occupied property	3,372
Adjustment of the fair value through the revaluation reserve	2,828
31/12/2019	7,454

kEUR	Investment properties
01/01/2018	1,379
Changes in the scope of consolidation	0
Additions	62
Disposals	0
Transfer from owner-occupied property	0
Net gain (loss) from fair value adjustments	63
31/12/2018	1,254

(6) Equity accounted investments

On 30 April 2019, the transitional consolidation from full consolidation to equity method accounting occurred for MAX Automation (Asia Pacific) Co. Ltd., Hong Kong, in which MAX Automation SE has a 51% equity interest. The transitional consolidation did not have any effect on earnings. MAX Automation (Asia Pacific) Co. Ltd., Hong Kong in turn has a 100% holding in MAX Automation (Shanghai) Co., Ltd. The transition to the equity method occurred in accordance with the provisions of IFRS 10 due to the loss of control over the company.

With notarial certification as of June 26, 2019, the shares in the associated company ESSERT GmbH, Ubstadt-Weiher were sold. The closing occurred on 30 June 2019. Previously, MAX Automation SE held 44.5% of the shares in the company, which was included in the consolidated financial statements using the equity method.

The net profit for the period of associated companies accounted for using the equity method in the 2019 fiscal year amounted to kEUR -411. Of this amount for the period until 30 June 2019, kEUR -332 applied to ESSERT GmbH, Ubstadt-Weiher and kEUR -78 applied to MAX Automation (Asia Pacific) Co. Ltd., Hong Kong, whose investment carrying amount using the equity method was kEUR 0 as of 31 December 2019.

(7) Other financial assets

Other long-term financial assets of kEUR TEUR 6,692 (previous year: kEUR 7,097) include two vendor loans amounting to kEUR 827 (previous year: kEUR 885) and a dormant holding of kEUR 800 (previous year: kEUR 800). Both the vendor loans and the dormant holding were created in 2016 in connection with the management buyout at altmayerBTD GmbH & Co. KG.

A tenant loan of kEUR 449 also exists (previous year: kEUR 338).

The increase in other long-term financial assets is primarily attributable to a vendor loan as well as a bridge loan of kEUR 4,589 to the former associated company ESSERT GmbH. Of this amount, kEUR 2,528 related to the vendor loan and kEUR 2,062 related to the bridge loan. With notarial certification as of 26 June 2019, the shares in the associated company ESSERT GmbH, Ubstadt-Weiher were sold. The closing occurred on 30 June 2019. Previously, MAX Automation SE held 44.5% of the shares in the company.

Other non-current financial assets include security deposits of kEUR 28 (previous year: kEUR 170).

(8) Deferred taxes

Deferred taxes are attributable to the following statement of financial position items as they arise:

in kEUR	31/12/2019		31/12/2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Long-term balance sheet items				
A. Non-current assets	24,506	8,161	14,539	4,357
I. Intangible assets	167	1,862	194	3,544
II. Property, plant and equipment	225	6,241	204	755
III. Non-current financial assets	0	58	25	58
IV. Deferred tax assets for tax losses carried forward	24,114	0	14,116	0
B. Non-current liabilities	1,258	0	231	0
Short-term balance sheet items				
C. Current assets	1,842	2,747	3,425	2,517
I. Inventories and trade payables	1,842	2,747	3,425	2,517
II. Current financial assets	0	0	0	0
D. Current liabilities	1,517	4	1,246	0
Subtotal	29,123	10,912	19,441	6,874
Value adjustments on losses carried forward	-12,655	0	-7,155	0
Netting	-6,085	0	-4,782	0
Total	10,383	10,912	7,504	6,874

The deferred tax assets and liabilities resulting from production orders were netted, as were deferred tax assets and liabilities within the Group entities.

Domestic trade tax losses of kEUR 11,597 (previous year: kEUR 4,808) were carried forward at the parent company of the Group with deferred tax assets of kEUR 1,568 (previous year: kEUR 688), and domestic corporation tax losses of kEUR 11,803 (previous year: kEUR 4,245) were carried forward with deferred tax assets of kEUR 1,868 (previous year: kEUR 672).

In addition, there are domestic trade tax loss carry-overs of kEUR 68,319 (previous year: kEUR 37,329), and corporate tax loss carry-overs of kEUR 70,114 (previous year: kEUR 38,477) with deferred tax assets totaling kEUR 19,685 (previous year: kEUR 10,765) with a write-down of kEUR 11,811 (previous year: kEUR 5,558). Foreign losses carried forward amount to kEUR 4,686 (previous year: kEUR 8,737) and the resulting deferred tax assets of kEUR 993 (previous year: kEUR 1,991) were written down by kEUR 845 (previous year: kEUR 1,596).

Minimum taxation must be observed in Germany when assessing the recoverability of the losses carried forward. Loss carry-forwards can be offset indefinitely against positive results in subsequent years up to kEUR 1,000, and beyond this up to 60%.

The recoverability of the deferred tax assets on loss carry-overs was reviewed and guaranteed with sufficient certainty.

Of the deferred tax assets on losses carried forward after value adjustments of kEUR 11,458, an amount of kEUR 7,634 (previous year: kEUR 4,782) is covered by deferred tax liabilities. Deferred tax assets on losses carried forward which are not covered by deferred tax liabilities, and in connection with which losses occurred in previous periods, amount to kEUR 3,824 (previous year: kEUR 896). Measures geared to the short-term exploitation of losses have been and will be put in place. In addition, an improvement in the operating results of the Group is expected.

The following amounts are shown in the consolidated statement of financial position:

in kEUR	31/12/2019	31/12/2018
Deferred tax assets:		
- from deductible differences	5,009	5,325
- from tax losses carried forward	11,459	6,961
- Netting with deferred tax liabilities	-6,085	-4,782
Total deferred tax assets:	10,383	7,504
Deferred tax liabilities:		
- from taxable temporary differences	10,912	6,874

Deferred tax liabilities on temporary differences in shares in subsidiaries of kEUR 1,409 (previous year: kEUR 1,128) were not recognized since it is not probable that they will reverse in the foreseeable future.

In the amount of kEUR 4,389 (previous year: kEUR 152 with a resulting increase in equity) deferred taxes were taken into account in the statement of financial position with a resulting decrease in equity, which applied directly to income and expense recognized

in equity. Of this amount, kEUR 3,704 (previous year: kEUR 0) involved the revaluation of property, plant and equipment, kEUR 784 (previous year: kEUR 0) involved the change in use of property and kEUR 40 (previous year: kEUR 93) involved actuarial gains and losses from employee benefits with a resulting increase in equity, and kEUR 59 (previous year: kEUR 59) involved the delimitation of IPO expenses with a resulting increase in equity.

(9) Other non-current assets

Other non-current assets in the amount of kEUR 286 (previous year: kEUR 330) mainly consist of non-current trade receivables of kEUR 283 (previous year: kEUR 327).

(10) Inventories

in kEUR	31/12/2019	31/12/2018 (adjusted)	31/12/2018
Raw materials and supplies	20,086	19,007	19,007
Unfinished goods and services	22,843	55,029	57,723
Finished goods and services	7,333	7,062	7,062
Advance payments made	3,767	4,659	4,659
Inventories	54,029	85,757	88,451

Compared with the previous year, there was a change in inventories of finished goods and work in progress of kEUR -28,542 (previous year (adjusted): kEUR -754), which is reported in the statement of comprehensive income. Variances from the corresponding statement of financial position items result from exchange

rate-related changes in the value of inventories of foreign Group companies.

The inventories include valuation allowances of kEUR 7,281 (previous year: kEUR 8,320).

(11) Contractual assets and trade receivables

in kEUR	31/12/2019	31/12/2019 (adjusted)	31/12/2018
Contract assets	41,044	58,830	59,730
thereof receivables from construction contracts	165,966	159,855	160,756
thereof advances received for construction contracts	-124,922	-101,026	-101,026
Trade receivables	48,098	56,952	56,952
specific loss allowance	-2,629	-2,504	-2,504
expected credit losses	-125	-375	-375
Total	86,388	112,903	113,803

The decline in contractual assets and trade receivables was primarily attributable to the Group's withdrawal from the area of special-purpose machine construction for the automotive sector. For this reason, the companies IWM Automation GmbH and

IWM Automation Bodensee GmbH are being closed. Accordingly, the operational business of these companies has already been reduced significantly.

The development of contractual assets is presented in detail below:

Contract assets	in kEUR
31/12/2018	59,730
Adjustments	-900
31/12/2018 (adjusted)	58,830
Transfers from contract assets to trade receivables	-37,164
Changes due to the adjustment of progress	24,848
Impairment of contract assets	-57
Changes due to deconsolidation	-5,470
31/12/2019	40,987

(12) Receivables due from related parties

Receivables from related companies amounted to kEUR 0 (previous year: kEUR 19).

The previous year exclusively related to trade receivables due from ESSERT GmbH. Shares held in this company were sold in the 2019 fiscal year. Further details about this can be found in the section "Changes in the scope of consolidation."

(13) Prepayments and accrued income, and other current assets

in kEUR	31/12/2019	31/12/2018 (adjusted)	31/12/2018
Receivables towards tax authorities	7,106	6,090	6,090
Accruals and deferred income	1,691	1,765	1,765
Creditors with debit balances	356	487	487
Receivables from employees	239	192	192
Receivables from sales contracts	0	0	4,624
Other receivables	576	270	276
Total	9,968	8,804	13,434

Regarding the adjustment of receivables from purchase contracts, please refer to the section "Correction of errors."

(14) Cash and cash equivalents

Cash and cash equivalents of kEUR 40,596 (previous year: kEUR 33,518) include cash in hand, checks and deposits with banks.

Equity and liabilities

Equity

The changes in equity in the financial year are shown separately in the consolidated statement of changes in equity.

(15) Subscribed capital

The fully paid-in share capital of the Company amounts to EUR 29,459,415.00.

It is divided into 29,459,415 no-par shares issued in the name of the bearer. Each share therefore has a theoretical value of 1.00 euro.

The Supervisory Board determines the form of the share certificates as well as dividend and renewal coupons. The same applies to bonds.

The Company may issue multiple share certificates (global shares) representing a combination of individual shares. The shareholders have no entitlement to certification of their shares.

The Supervisory Board is authorized to increase the share capital of the Company once or several times until 17 May 2024, by up to a total of 4,418,912.00 euro by issuing new individual bearer shares in return for cash contributions (Authorized Capital 2019).

The shareholders are fundamentally entitled to a subscription right. The shares should be underwritten by banks or other entities that fulfill the prerequisites of Section 186 (5) (1) of the German Stock Corporation Act (AktG) with the obligation to offer them for subscription to the shareholders. However, the Supervisory Board is authorized to exclude this subscription right for shareholders

- for fractional amounts;
- if the new shares are issued at a price that is not substantially less than the stock market price, and the shares issued pursuant to Section 186 (3) (4) AktG, subject to the exclusion of the subscription

right, do not exceed a total of 10% of the share capital, specifically neither at the time this authorization takes effect nor at the time that it is exercised

The sum total of shares issued in return for cash, subject to the exclusion of the subscription right, may not exceed a proportionate amount of the capital stock of 2,945,941.00 euro. This limit should include shares that are to be issued to service conversion rights or warrants or conversion obligations from bonds (including participation rights) provided that the bonds or participation rights are issued during the term of this authorization subject to the exclusion of the subscription right.

The Supervisory Board is further authorized to determine all additional rights attached to the shares and the conditions governing their issuance.

The Company has not exercised this right to date.

In the previous year, the Supervisory Board was authorized to increase the share capital of the Company once or several times until 29 June 2020 by up to a total of 4,019,000.00 euro by issuing new individual bearer shares (with voting rights) in return for cash contributions (Authorized Capital I). The new shares were to be offered to the shareholders to purchase, whereby an indirect subscription right as defined in Section 186 (5) (1) AktG would also suffice. The Supervisory Board was authorized, however, to exclude subscription rights for fractional amounts from the shareholders. The Supervisory Board was further authorized to set a start date for profit-sharing rights that deviated from legislation, as well as further details relating to the implementation of capital increases from Authorized Capital I. The Supervisory Board was authorized to amend the wording of the Articles of Association after the full or partial implementation of the capital increase from Authorized Capital I or after the expiration of the authorization period in accordance with the scope of the capital increase from Authorized Capital I.

The Company did not exercise this right. At the General Meeting on 17 May 2019, Authorized Capital I was revoked upon the effective date of the new Authorized Capital 2019.

(16) Capital reserves and retained earnings

The composition of, and changes in, the capital reserves and retained earnings are shown in the consolidated statement of changes in equity.

The capital reserves include the premium of kEUR 15,990 from the capital increase from Authorized Capital II approved on 15 August 2017. Costs for the capital increase minus the relevant taxation in the amount of kEUR 138 are deducted from this amount.

Retained earnings reflect the actuarial gains and losses of the pension provisions and income taxes. They amounted to kEUR -97 in 2018 (previous year: kEUR -177).

Retained earnings also include the adjustments to entries with respect to IFRS 15 (Revenue from Contracts with Customers) in the opening statement of financial position as of 1 January 2018. Retained earnings were reduced by a total of kEUR 4,044 as a result of the changeover in accordance with the modified retrospective methods. The adjustments included in this figure are a reduction in trade receivables of kEUR 48,193, an increase in inventories of kEUR 42,543, and an increase in deferred taxes of kEUR 1,606.

Retained earnings also include an adjustment for the correction of an error in the amount of kEUR -3,478. The correction of the error is discussed in detail in the section "Correction of errors".

(17) Revaluation reserve

Recognized in the revaluation reserve are changes in value from the application of the revaluation reserve in accordance with IAS 16 as well as value adjustments for

property, which is reclassified from real estate used by the company to investment property. The amount of kEUR 11,340 is composed of land and buildings that were revalued in 2019 in the amount of kEUR 12,998 as well as related deferred tax liabilities of kEUR 3,703 and kEUR 2,828 from value adjustments for property as a result of its reclassification to investment property, as well as deferred taxes of kEUR 783.

(18) Unappropriated retained earnings

Under German stock corporation law, the amount available for dividend payments to shareholders is based on the unappropriated retained earnings for the year or on the other retained earnings of MAX Automation SE (individual annual accounts) and is determined in accordance with German commercial law. For 2019 unappropriated retained earnings of kEUR -41,778 is reported in the separate financial statements of MAX Automation SE.

The Supervisory Board proposes a dividend payout of 0 euro per share from the unappropriated retained earnings for the year. The corresponding amount to be distributed is kEUR 0.

Capital management

The conditions for optimal capital management are framed by the strategic direction of the MAX Group. The focus is on long-term appreciation in value in the interests of investors, employees and customers through a continuous improvement in operating profit through growth and increased efficiency.

The capital structure is managed in such a way as to keep all options open in the capital markets by maintaining maximum possible flexibility. This enables optimal pricing in the procurement of equity and debt capital.

Non-current liabilities

(19) Non-current financial liabilities

in kEUR	31/12/2019	31/12/2018
Non-current loans excl. current proportion	120,574	76,768
Residual term 1-5 years	120,508	76,238
Residual term > 5 years	65	530
Non-current lease liabilities	15,438	1,405
Residual term 1-5 years	10,831	1,216
Residual term > 5 years	4,607	188
Other non-current liabilities	300	7,988
Residual term 1-5 years	300	7,987
Residual term > 5 years	0	0
Total	136,312	86,159

The non-current loans relate to liabilities to banks and include the syndicated loan of the parent company in the amount of kEUR 118,049 (previous year: kEUR 73,322).

In the previous year, other non-current liabilities essentially included purchase price payments in connection with MAX Automation (Shanghai) Co. Ltd.

Non-current debt less current portion

At the end of July 2017, MAX Automation SE increased the syndicated loan taken out in 2015 and extended it at the same time until 2022. An increase of mEUR 40 in the syndicated loan to a total of mEUR 190 was agreed (including a guarantee facility for advance payments, warranties and contract performance). MAX Automation took advantage of the continuing favorable financing terms to increase the syndicated loan. The agreement includes improved conditions and beneficial framework conditions (covenants) which relate to the consolidated financial statements prepared in accordance with the IFRS regulations. They are based on key figures from the statement of financial position and earnings. In 2019, the MAX Group adhered to all the covenants agreed with the lending banks or the review was suspended beginning in the third quarter.

The liabilities from the syndicated loan are reported under long-term loans and not under short-term loans at the Company's discretion.

On 18 February 2020, the Company filed an application for contract modification at the administrative office for the syndicated loan contract. The essential objective of this application for a contract modification was a readjustment of the covenants of the syndicated loan. On 28 February 2020, the bank syndicate accepted the application.

The enterprises included in the syndicated loan are jointly and severally liable for the obligations under this contract. A drawdown is considered unlikely as the creditworthiness of the debtors is ensured by their affiliation with the MAX Group. The interest rate on the syndicated loan depends on the statement of financial position ratios in the consolidated financial statements. The interest rate is based on the EURIBOR plus an additional margin resulting from the key ratios.

The loans in the Group are subject to fixed and variable interest rates. The interest rates were between 1.40% and 3.80% in 2019, depending on the term of the contract.

(20) Provisions for pensions

The pension provisions recognized in the statement of financial position result from commitments to employees of a subsidiary. The defined benefit obligations in the MAX Group are not financed through funds.

The following main assumptions were made in the actuarial calculations:

in kEUR	31/12/2019	31/12/2018
Interest rate	0.80%	2.05%
Salary growth	1.5%	1.5%
Pension indexation	2.0%	2.0%
Aggregate fluctuation	None	None
Aggregate retirement age	65	65

Cost trends in health care were not taken into account in the actuarial assumptions. The present value of the pension obligations developed as follows:

in kEUR	31/12/2019	31/12/2018
As of 01/01	950	963
Service cost	0	0
Interest cost	19	19
Actuarial gains/losses	133	21
Pensions paid	-54	-53
Offsetting of pension liability insurance	0	0
Pension provisions	1,048	950

Actuarial gains and losses were recorded outside profit or loss.

The development of pension obligations over the past five years is shown in the following table:

in kEUR	2019	2018	2017	2016	2015
Balance sheet value of pension provisions	1,048	950	963	1,033	1,082
Allocated plan assets	0	0	0	0	0

Experience suggests that no significant adjustments to pension obligations are expected.

In 2020, in addition to the pension payments (kEUR 55), it is likely that pension costs (interest and current service cost) will amount to kEUR 141.

A sensitivity analysis was not carried out with respect to the pension obligations due to their relative insignificance for the net assets, financial position and results of operations of the MAX Group.

(21) Trade payables

in kEUR	2019	2018
Trade payables	22,900	41,325
Prepayments received which do not relate to production orders	16,971	51,640
Liabilities from deliveries still to be invoiced and outstanding assembly services	8,589	7,227
Obligations to subcontractors	1,359	337
Trade payables	49,818	100,529

(22) Contractual liabilities

Contract liabilities	in kEUR
01/01/2019	30,193
Revenue included in contract liabilities at the beginning of the period	-8,534
Increase due to customer payments received less the amount recognised as revenue during the period	15,322
Changes due to the adjustment of progress	-18,227
Other changes	-118
31/12/2019	18,637

The change resulted primarily from the processing of projects for which advance payments were received in the previous year.

(23) Current loans and current portion of non-current loans

Current bank loans of kEUR 1,327 (previous year: kEUR 5,325) were drawn on at interest rates which are calculated at the usual market conditions.

(24) Liabilities to related companies

Liabilities to related companies from the previous year resulted from trade payables to ESSERT GmbH in the amount of kEUR 137.

(25) Other current financial liabilities and lease liabilities

in kEUR	31/12/2019	31/12/2018
Salaries and wages	8,731	7,515
Holiday pay and overtime	3,692	3,903
Social security liabilities	854	780
Customers with credit balances	424	1,155
Negative fair values of derivative financial instruments	124	57
Obligations from purchase contracts	0	3,974
MAX Shanghai purchase price due	0	500
Other current liabilities	1,845	2,166
Total	15,670	20,050
Lease liabilities	4,257	261
Total lease liabilities	4,257	261

The obligations from purchase contracts in the amount of kEUR 3,974 result from the sale of Finnah Packtec GmbH (formerly: NSM Packtec GmbH) which belonged to the MAX Group until 9 March 2018. This is offset by a receivable of the same amount. This obligation has been settled by the payment of a drawn down payment guarantee.

Wages and salaries include bonuses and profit shares amounting to kEUR 8,243 (previous year: kEUR 6,695).

Regarding lease liabilities, please refer to the separate section on the initial application of IFRS 16.

(26) Provisions and liabilities from income taxes

Taxes and charges incurred commercially up to the date of the statement of financial position but still to be quantified are covered by the provisions for taxes. The MAX Group is typically subject to two types of income tax in Germany: trade tax and corporation tax.

tax rate is about 14% on average, resulting in an average domestic tax rate of 29.83%. Outside Germany, the MAX Group primarily generates taxable income in the USA. The average tax rate in the USA is 22.58 %.

The uniform tax rate of 15% plus a 5.5% solidarity surcharge applies to corporation tax, while the trade

Provisions for taxes have developed as follows:

in kEUR	31/12/2018	Changes in the scope of consolidation	Depletion	Releases	Additions	31/12/2019
Corporation tax with solidarity surcharge	1,610	0	-1,276	-85	816	1,065
Trade tax	2,174	0	-1,615	-184	444	818
Other Taxes	151	0	-30	0	142	263
Total provisions	3,935	0	-2,921	-270	1,402	2,146
Tax liabilities	390	0	-390	0	62	62
Provisions and liabilities from income taxes	4,325	0	-3,311	-270	1,464	2,208

The changes from currency translation are negligible and are therefore not shown separately but are included in the additions to provisions.

Further explanatory notes on income taxes are provided in section 35 "Income taxes".

(27) Other provisions

The other provisions are comprised as follows:

in kEUR	31/12/2018	Usage	Reversals	Reclassi- fication	Additions	Chang- es in scope of consoli- dation	31/12/2019
Non-current warranty provisions	3,746	2,705	71	65	1,423	0	2,456
Non-current personnel cost provisions	1,265	66	0	0	560	0	1,759
Other miscellaneous non-current provisions	9	0	0	0	0	0	9
Total other non-current provisions	5,020	2,772	71	65	1,983	0	4,224
Warranty provisions	3,532	335	1,563	65	3,522	0	5,092
Personnel cost provisions	358	98	78	0	306	0	487
Other miscellaneous provisions	5,623	2,153	1,641	1	8,278	62	10,045
Total other current provisions	9,513	2,587	3,282	64	12,106	62	15,625

Warranty and guarantee provisions

Liabilities were recognized for warranty and guarantee obligations for sold products. Measurement was based on figures from past experience. The assumptions underlying the calculations are based on currently available information about complaints for all sold products within the warranty or guarantee period. It is expected that the costs will accrue within the respective warranty periods.

Miscellaneous other provisions

Miscellaneous other provisions include all obligations and risks from which the Group is likely to incur an outflow of funds that can be reliably estimated. They cover various obligations for such items as restructuring in the amount of kEUR 3,592 (previous year: kEUR 0), legal costs/damages of kEUR 1,785 (previous year: kEUR 678), audit and consultancy costs of kEUR 1,622 (previous year: kEUR 1,856), subsequent invoices of EUR 910 (previous year: kEUR 665) and miscellaneous of kEUR 2,137 (previous year: kEUR 2,423). It is expected that the costs will accrue within the next fiscal year.

Other provisions correspond to the best possible estimate of costs to arise in the future. The changes from currency translation are negligible and are therefore not shown separately but are included in the additions to provisions.

(28) Other current liabilities

This item in the amount of kEUR 4,479 (previous year: kEUR 4,950) mainly consists of wage tax and church tax in the amount of kEUR 2,305 (previous year: kEUR 1,505) and value added tax in the amount of kEUR 2,174 (previous year: kEUR 3,444).

Notes to the income statement

(29) Revenue

The following tables show revenue by segment:

2019	Process Technologies	Environmental Technologies	Evolving Technologies	Non-Core Business	Reconciliation	Total
Total segment revenues	73,377	127,637	136,213	89,806	-1,546	425,488
Intercompany sales	54	4	1,296	199	-1,552	0
Revenue with external customers	73,323	127,633	134,918	89,608	6	425,488
Timing of revenue recognition						
At a certain time	54,443	74,818	47,990	42,813	6	220,070
Over a period of time	18,880	52,815	86,927	46,795	0	205,418

2018	Process Technologies	Environmental Technologies	Evolving Technologies	Non-Core Business	Reconciliation	Total
Total segment revenues	53,653	110,601	115,000	127,706	-2,074	404,885
Intercompany sales	616	2	1,465	204	-2,287	0
Revenue with external customers	53,037	110,599	113,535	127,502	213	404,885
Timing of revenue recognition						
At a certain time	43,673	71,431	38,575	43,476	213	197,368
Over a period of time	9,363	39,168	74,960	84,026	0	207,517

The following tables show revenue by geographic market:

in kEUR	2019	2018
Germany	156,689	149,643
EU	116,352	99,198
North America	71,569	62,515
China	9,405	39,806
Rest of the world	71,472	53,723
Total	425,488	404,885

(30) Other operating income

in kEUR	2019	2018
Income from the release of provisions	3,623	1,389
Income from the reduction of value adjustments	1,090	683
Income from the intended use of personnel-related liabilities	751	924
Income from currency differences	668	534
Income from the disposal of property, plant and equipment	185	96
Income from damages	141	296
Income from written-off receivables	0	30
Income from deconsolidations	0	2,863
Other	4,665	1,806
Total	11,123	8,621

The "Other" item in the amount of kEUR 4,665 (previous year: kEUR 1,806) includes write-ups of kEUR 2,600. They involve the reversal of an impairment loss in connection with the property on Kesselbachstrasse

in Bermatingen. The "Other" item also includes, for example, remunerations in kind of kEUR 739 (previous year: kEUR 693).

(31) Cost of materials

in kEUR	2019	2018
Cost of goods purchased	154,679	176,400
Cost of services purchased	48,026	63,823
Total	202,705	240,224

(32) Personnel expenses

in kEUR	2019	2018
Salaries and wages	118,078	105,444
Social security contributions	21,047	19,466
- of which expenses for pensions and benefits	1,177	603
Total	139,125	124,909

In the 2019 fiscal year, wages and salaries include expenses arising in connection with the closure of IWM Automation Bodensee GmbH. This includes the following itemized expenses: kEUR 4,277 for

severance payments, kEUR 2,761 for the transfer company for employees, and kEUR 500 for so-called value time. In the previous year, personnel expenses included severance payments of kEUR 171.

Average number of employees excluding trainees	2019	2018
Wage-earners	645	656
Salaried employees	1,170	1,116
Total	1,815	1,772

(33) Depreciation, amortization and write-downs

in kEUR	2019	2018
On intangible assets	7,949	8,261
On other property, plant and equipment	2,976	2,910
On goodwill	2,676	9,405
On buildings, leasehold improvements and outside facilities	1,307	1,249
On investment property	0	63
- in the above write-downs from purchase price allocations	3,864	12,761
Total	14,908	21,888

The depreciation on goodwill relates to a special write-down of the goodwill of IWM Automation GmbH.

Write-downs on intangible assets include special write-downs of kEUR 208 (previous year: kEUR 1,508).

The conversion of the subsequent measurement of investment properties from the amortized cost model to the fair value model occurred during the 2019 fiscal year.

(34) Other operating expenses

in kEUR	2019	2018 (adjusted)	2018
Legal and consultancy fees	10,209	10,148	10,148
Travel expenses	6,850	6,771	6,771
Warranty expenses	5,205	2,313	2,313
Outbound freight expenses	4,232	4,442	4,442
Maintenance expenses	4,314	2,954	2,954
Personnel expenses (incl. training)	3,942	2,915	2,915
Postage, telephone and IT expenses	2,859	3,100	3,100
Sales commissions	1,937	2,796	2,796
Advertising expenses	1,792	2,187	2,187
Utility expenses	1,680	1,778	1,778
Trade fair expenses	1,606	1,286	1,286
Insurance expenses	1,446	1,464	1,464
Expenses from currency effects	1,249	765	765
Packaging material	1,153	1,335	1,335
Expenses for individual and general bad-debt allowances	988	1,208	1,208
Tools	877	771	771
Other miscellaneous expenses	19,105	22,763	18,784
Total	69,444	68,996	65,017

Other operating expenses increased by kEUR 4,427 (adjusted: kEUR 448) to kEUR TEUR 69,444 (previous year: kEUR 65,017, previous year (adjusted): kEUR 68,996). The change resulted primarily from an increase in expenses for warranties by kEUR 2,892 and an increase in expenses for maintenance by kEUR 1,360.

Miscellaneous other operating expenses in 2018 (adjusted) include a valuation allowance of kEUR 3,979 for the clawback of a drawn guarantee credit from a customer project of the former Group company Finnah Packtec GmbH (previously NSM Pactec GmbH). The correction was made in accordance with IAS 8.

(35) Financial result

in kEUR	2019	2018 (adjusted)	2018
Interest income	744	69	69
Depreciation on loans	-9,867	-1	-1
Other financial expenses	-4,538	0	0
Interest expense	-4,451	-4,081	-3,431
Financial result	-18,111	-4,013	-3,363

Write-downs on loans include the valuation allowance of kEUR 4,999 for a loan to equity investment MAX Automation (Asia Pacific) Co. Ltd. as well as the valuation allowance of kEUR 650 for a receivable from the sale of the former Group company Finnah Packtec GmbH (previously: NSM Packtec GmbH).

Other borrowing costs involve the utilization of a bank guarantee for MAX Automation (Shanghai) Co. Ltd. in the amount of kEUR 4,537.

Interest expense mainly comprises expenditure incurred for the syndicated loan. In addition, interest expense includes kEUR 382 interest in connection with lease liabilities.

The financial result includes expenses from the compounding of non-current provisions in the amount of kEUR 30 (previous year: kEUR 53) and income from the discounting of non-current provisions in the amount of kEUR 2 (previous year: kEUR 14).

The above financial results solely from the financial assets and financial liabilities which were not measured at fair value in profit or loss.

The following table shows the net gains or net losses on financial instruments included in the statement of comprehensive income which are not reported under net interest:

in kEUR	2019	2018
Financial assets and liabilities measured at fair value through profit and loss	55	-108
Loans, receivables and payables	-939	-1,043

The net profits or net losses on financial assets and liabilities assessed at fair value in profit or loss include not only the results from the market shift but also the current expenses and income with respect to these financial instruments.

In addition to current income/expenses, the net profits or net losses on loans, receivables and liabilities include write-ups and impairments on trade receivables, write-ups and impairments on contractual assets and income from the derecognition of trade payables.

(36) Income taxes

Earnings before income taxes amount to kEUR TEUR -34,323 (previous year: kEUR -42,760).

in kEUR	2019	2018
Current income taxes	-3,108	-2,530
Taxes relating to other periods	373	1,874
Deferred taxes	1,581	4,491
- thereof taxes from losses carried forward	-4,481	-3,545
Total	-1,154	3,835

The current and deferred taxes are calculated with reference to the income tax rates applicable in the respective country. The domestic income tax rates are changing primarily as a result of the allocation of the trade tax within the fiscal unity entities as well as adjustments to the assessment rates in the municipalities. The impact of changes in the tax rates were recognized in profit or loss in tax expense unless they involved items that were previously reported outside profit or loss. In the previous year, the change to the tax rate primarily involved a reduction in the U.S. federal tax rate from 34% to 21%.

The main statement of financial position items for deferred taxes are explained in section 8 "Deferred taxes."

A provision was reversed in the previous year in view of the withdrawal without replacement of the circular issued by the Federal Ministry of Finance (Bundesministerium der Finanzen - BMF) in 2017 in relation to Section 8c of the German Corporation Tax Act (Körperschaftsteuergesetz - KStG). This is shown in the taxes relating to other periods.

The expected income tax expense is calculated by multiplying the annual result before income taxes by the Group income tax rate. This is derived from the tax rates of the companies included. The effective tax rate for 2019 has been significantly reduced due to various special items. Aside from write-downs on goodwill of kEUR 808 (previous year: kEUR 2,482), non-deductible business expenses include write-downs of kEUR 4,764 in connection with equity investments.

Further information on the deferred taxes can be found in section 7 "Deferred taxes".

The following table shows the reconciliation of the imputed income tax expense to the taxes on income and earnings recorded for the Group as a whole:

in kEUR	2019	2018
Earnings before taxes	-34,323	-47,390
Group income tax rate	30.19%	28.08%
Calculated income tax expense	-10,361	-13,307
Differences from tax rates	-14	347
Divergent tax burdens (country-specific features)	-234	34
Deductable income taxes	-132	
Impairment of goodwill	808	2,482
Deviations in tax base (tax balance sheets)	-311	359
Tax-free income	-100	-49
Non-deductable expenses	5,060	1,654
Impairment / Non-recognition of deferred tax assets for losses carried forward	6,641	6,970
Usage of losses carried forward	-204	-227
Impairment / Non-recognition of deferred tax assets	74	-156
Taxes relating to other periods / Adjustment of prior years' deferred taxes	-288	-1,850
Non-recognition of deferred taxes related to IFRS 16	38	
Taxes to be borne by third parties	-2	-10
Differences in current year's tax calculation	76	-19
Consolidation effects	115	-108
Others	-12	45
Income taxes	-1,154	3,835
Effective tax rate	-3.36 %	8.09 %

A management participation exists at a subsidiary of the MAX Group that in the legal view of the responsible tax office is typically to be qualified as a silent partnership. This evaluation does not lead to conclusive legal certainty since in the course of a business audit the judgment might be made that this management participation involves an atypical silent partnership. A different interpretation would cause the income tax fiscal unities to no longer be recognized. However, the MAX Group assumes that a different interpretation is unlikely to emerge in a business audit. A different interpretation would lead to higher income tax expense of approximately kEUR 760.

Other disclosures relating to the consolidated financial statements

Consolidated cash flow statement

The consolidated cash flow statement is presented using the indirect method. The change in deferred taxes is included in the other non-cash operating expenses and income.

The table below shows the change in liabilities from financing activities:

kEUR	31/12/2018	Payments out	Pay-ments in	Other changes	Changes in scope of consolida-tion	New lease contracts	Chan-ges in fair value	Cur-rency effects	31/12/2019
Non-current financial liabilities to banks	76,768	-32,795	77,500	-899	0	0	0	0	120,574
Current financial liabilities to banks	5,325	-268	0	883	-4,613	0	0	0	1,327
Lease liabilities	1,666	-3,741	0	11,358	0	10,412	0	0	19,696
Total	83,759	-36,999	77,500	11,537	-4,613	10,412	0	0	141,596

Other changes in connection with lease liabilities involve the effect of the conversion to IFRS 16.

Research and development

Development costs totaling kEUR 2,676 were incurred in 2019 (previous year: kEUR 2,669). Of these, intangible assets amounting to kEUR 947 (previous year: kEUR 1,495) had to be capitalized in accordance with IAS 38. This corresponds to a capitalization rate of 35% (previous year: 56%). Depreciation on development costs amounted to kEUR 1,263 (previous year: kEUR 4,166), of which kEUR 208 (previous year: kEUR 1,249) relates to write-downs for technologies no longer in line with strategy.

Risk management

General information on financial risks

The MAX Group can be exposed to various risks through financial instruments. These are as follows:

- Credit risks
- Liquidity risks
- Market price risks

Credit risks essentially arise from trade receivables. It is particularly important to assess the risks in

connection with the project business, as in the provisional financing of orders, for example.

Liquidity risks ensue from the potential failure of meeting payment obligations on time. These risks are usually associated with negative outcomes in business operations.

Market price risks arise from changes in exchange rates and interest rates. Currency risks on the sales side essentially come about when invoicing on the basis of U.S. dollars.

Risk categories

Credit risks

The credit risk is the exposure to economic loss in a case where a counterparty fails to meet its contractual obligations or payment obligations. The risk essentially comprises the risk of default and the risk which ensues from a deterioration in creditworthiness.

Trade receivables are due as a result of the worldwide sales operations of the individual companies.

The following safeguarding measures are taken as a general rule as a result of the different credit ratings of the customers:

- Export credit insurance
- Letters of credit
- Prepayments
- Guarantees and sureties
- Internal credit lines
- Assignments as security

The maximum default risk (credit risk) entails the write-down of the carrying amounts of the financial instruments to zero. The default risk of the unimpaired financial instruments is fundamentally judged to be low from the present-day perspective due to the debtor structure, as the probability of default is kept to a minimum by the strict constraints of the risk management system.

Aside from the individual valuation adjustments on receivables in case of a default event, an allowance for expected credit losses was also recognized

in accordance with IFRS 9. The Group's financial assets which are subject to the model of expected credit losses are trade receivables and contractual assets. The Group applies the simplified approach in accordance with IFRS 9 in order to measure the expected credit losses. Accordingly, the expected credit losses over the relevant term are used for all trade receivables and contractual assets.

In order to measure the expected credit losses, trade receivables and contractual assets are clustered. The valuation allowance ratios are determined on the basis of the specific debtor, the industry or region using credit default swap spreads. The calculation takes into account the interest effect.

The following overviews show the calculated default risk position for the Group's trade receivables and contractual assets:

Impairment Matrix 31/12/2019			
	Default rate	Gross book value Trade receivables & Contract assets	Expected credit loss
	%	kEUR	kEUR
Customer specific	0.17%	44,217	74
Automotive Europe	0.16%	9,466	15
Automotive Asia	0.13%	3,929	5
Energy America	0.19%	3,649	7
Mechanical engineering Europe	0.12%	2,490	3
Pharmaceutical & healthcare industry Europe	0.08%	1,881	1
Industries Europe	0.15%	1,542	2
Food & Beverage Europe	0.06%	1,496	1
Europe	0.04%	8,413	4
America	0.07%	3,313	2
Others	0.11%	8,746	10
Total	0.14%	89,142	124

Impairment Matrix 31/12/2018			
	Default rate	Gross book value Trade receivables & Contract assets	Expected credit loss
	%	kEUR	kEUR
Customer specific	0.28%	90,632	250
Automotive Europe	0.68%	5,489	37
Automotive Asia	0.55%	2,278	12
Energy America	0.83%	2,116	17
Mechanical engineering Europe	0.52%	1,444	7
Pharmaceutical & healthcare industry Europe	0.23%	1,091	2
Industries Europe	0.56%	894	5
Food & Beverage Europe	0.29%	867	2
Europe	0.20%	4,878	10
America	0.26%	1,921	5
Others	0.49%	5,071	25
Total	0.32%	116,682	375

Impairment Matrix 31/12/2018 (adjusted)			
	Default rate (adjusted)	Gross book value Trade receivables & Contract assets (adjusted)	Expected credit loss
	%	kEUR	kEUR
Customer specific	0.28%	90,002	250
Automotive Europe	0.72%	5,219	37
Automotive Asia	0.55%	2,278	12
Energy America	0.83%	2,116	17
Mechanical engineering Europe	0.52%	1,444	7
Pharmaceutical & healthcare industry Europe	0.23%	1,091	2
Industries Europe	0.56%	894	5
Food & Beverage Europe	0.29%	867	2
Europe	0.20%	4,878	10
America	0.26%	1,921	5
Others	0.49%	5,071	25
Total	0.32%	115,782	375

Furthermore, depreciation of contractual assets and trade receivables was performed on a case-by-case basis in the amount of kEUR 2,629 (previous year: kEUR 2,504). The transition from the opening balance

to the closing balance as of 31 December for expected credit losses for trade receivables and contractual assets is presented as follows:

Expected credit loss	
in kEUR	Trade receivables & Contract assets (simplified approach)
Expected credit loss as of 01/01/2019	375
increase	129
decrease	-378
currency translation differences and others	-1
Expected credit loss as of 31/12/2019	125
Opening balance gross book value as of 01/01/2019	116,682
Opening balance gross book value as of 01/01/2019 adjusted	115,782
Closing balance gross book value as of 31/12/2019	89,142

Expected credit loss	
in kEUR	Trade receivables & Contract assets (simplified approach)
Expected credit loss as of 01/01/2018	346
increase	71
decrease	-41
currency translation differences and others	-1
Expected credit loss as of 31/12/2018	375
Opening balance gross book value as of 01/01/2018	139,966
Closing balance gross book value as of 31/12/ 2018	116,682
Closing balance gross book value as of 31/12/2018 adjusted	115,782

Liquidity risk

The Group monitors the risk of a potential liquidity squeeze by means of a liquidity planning tool as well as through rolling financial planning. In pursuing a broadly diversified refinancing approach, the Group takes advantage of various sources of liquidity, such as current account credit lines, syndicated loans, advance payments, leases and equity instruments. Sufficient sources of financing are available to the Group.

The short-term and medium-term cash flows of the companies at Group level are combined in operational liquidity management. In addition to the settlement

dates of the financial assets and liabilities, these cash flows also include the expectations from the operating cash flows of the Group companies.

The following outgoing interest and principal payments ensue for the financial liabilities of the Group as of 31 December 2019:

kEUR	Book value 31/12/2019	Cashflow up to 1 year	Cashflow 1 to 5 years	Cashflow > 5 years
Non-derivative financial liabilities				
Financial liabilities	121,900	34,369	12,269	90,945
Trad payables (excluding advances received)	49,818	49,818	0	0
Other interest-bearing and non-interest-bearing liabilities	40,144	25,268	12,925	23,061
Cash outflows from derivative financial instruments				
- Currency derivatives	-163	10,585	0	0
- Interest rate derivatives	0	0	0	0
Cash inflows from derivative financial instruments				
- Currency derivatives	-163	10,422	0	0
- Interest rate derivatives	0	0	0	0

kEUR	Book value 31/12/2018	Cashflow up to 1 year	Cashflow 1 to 5 years	Cashflow > 5 years
Non-derivative financial liabilities				
Financial liabilities	82,093	6,931	9,212	74,633
Trad payables (excluding advances received)	100,529	100,529	0	0
Other interest-bearing and non-interest-bearing liabilities	34,652	149	0	0
Cash outflows from derivative financial instruments				
- Currency derivatives	-57	2,943	0	0
- Interest rate derivatives	0	0	0	0
Cash inflows from derivative financial instruments				
- Currency derivatives	-57	2,886	0	0
- Interest rate derivatives	0	0	0	0

Market price risk

The Group is exposed to market price risks in the form of exchange rate risks and interest rate risks due to its international operations. These risks can have a negative impact on the net assets, financial position and results of operations of the Group. The general economic conditions are constantly monitored and relevant market information is consulted in order to evaluate and assess the risks.

The Group has established a central risk management system for the systematic identification and assessment of market price risk. This involves reporting to the Managing Directors on an ongoing basis.

Currency risks

Due to its international orientation, the MAX Group is exposed to risks from exchange rate fluctuations in its business operations and with regard to the reported financial transactions and cash flows. The exchange rate risk for the Group is driven by its sales volume and to a large extent by conversions between the U.S. dollar and the euro. The transaction exposure is of particular

importance here as the revenue is measured in foreign currency and the associated costs are in euro. Exchange rate fluctuations are hedged in part through appropriate hedging instruments.

Foreign currency forwards are used to minimize the transaction risks associated with individual projects. In the process, the open currency position is fully hedged using contractually defined milestones. In addition, planned foreign currency inflows are hedged on a continuous basis using a macro approach, whereby the hedging ratio here is in the range of 50-75%. Pure trading transactions are not entered into without corresponding underlying transactions.

Forward sales of currencies may give rise to market price risks in the form of potential obligations to sell foreign currencies at a spot rate below the market rate on the settlement date.

The terms and scope of the currency hedges correspond to those of the underlying transactions

requiring hedging. The Group held the following hedging instruments as of the reporting date:

Financial instruments for currency hedging

	Nominal volume in kEUR		Fair value in kEUR	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Forward exchange transactions (sales)	10,585	3,397	-124	-57

The currency sensitivity analyses are based on the following assumptions:

- Primary financial instruments which are denominated in a foreign currency are subject to currency risk and are therefore included in the sensitivity analysis.
- Exchange rate-related changes in the market values of foreign exchange derivatives, for which no hedge accounting was applied, affect the currency result and are therefore included in the sensitivity analysis.

USD sensitivity analysis (in kEUR)	Impact on group result	
	2019	2018
Revaluation 10%	143	-98
Devaluation 10%	-180	120

The GBP, CNY and PLN risks have been subjected to a sensitivity analysis but no significant impact was noted.

Interest rate risks

Assets and liabilities which are sensitive to interest rate movements are held in the Group to the usual extent.

Business operations are financed by the syndicated loan at matching maturities. In order to maintain flexibility in the market, however, variable-interest refinancing options are used to a limited extent.

There is an interest cap arrangement – the contractual agreement of an interest rate ceiling – according to which the variable interest payable is limited to 4.35%. The cap is agreed for a fixed term until 7 June 2024.

in kEUR	Nominal volume		Fair value	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Interest rate caps	169	234	0	0

Interest rate risks are presented by means of sensitivity analyses in accordance with IFRS 7. These analyses show the effects of changes in market interest rates on interest income and interest expense, other income components and, where applicable, on equity. The interest rate sensitivity analyses are based on the following assumptions:

- Changes in the market interest rates of primary financial instruments with fixed interest rates only affect earnings if they are measured at fair value. All fixed-interest financial instruments measured at amortized cost are therefore not subject to interest rate risk as defined by IFRS 7.
- Changes in market interest rates affect the result of primary variable-rate financial instruments, with respect to which the interest payments are not designated as underlying transactions in cash flow hedges against interest rate changes, and are therefore included in the sensitivity calculations.
- Changes in market rates for interest rate derivatives which are not included in a hedging relationship under IFRS 9 have an impact on the interest result and are therefore taken into account in the sensitivity calculations.

Market interest rate sensitivity analysis (in kEUR)	Impact on group result	
	2019	2018
Revaluation 100 basis points	-884	-951
Devaluation 100 basis points	23	90

Other price risks

In the context of the presentation of market risks, IFRS 7 also requires disclosures on how hypothetical changes in other price risk variables affect the prices of financial instruments. Stock exchange prices or market averages are particularly suitable risk variables.

No financial instruments were held to this effect, either in the year under review or in the previous year.

Categorization of financial instruments

Financial assets and liabilities currently exist only for the categories "at amortized cost" and "at fair value with changes in value in profit or loss".

in kEUR	Valuation category according to IFRS 9	Book value 31/12/2019	Book value 31/12/2018 (adjusted)	Book value 31/12/2018
Financial Assets				
Borrowings	AC	6,665	6,927	6,927
Trade receivables	AC	45,402	54,073	54,073
Cash and cash equivalents	AC	40,596	33,518	33,518
Other financial assets	AC	3,150	3,050	7,680
Financial liabilities				
Loans	AC	121,900	82,093	82,093
Trade payables	AC	49,818	100,529	100,529
Derivative financial instruments	FVTPL	124	57	57
Other financial liabilities	AC	3,141	16,308	16,308

Measurement of fair value

All assets and liabilities for which fair value is determined or subsequently disclosed are assigned to the measurement hierarchy described below:

- Level 1: All financial instruments traded on active markets whose quoted prices have been adopted for measurement without any change.
- Level 2: The measurement is performed on the basis of procedures using input factors that have been derived directly or indirectly from observable market data.

- Level 3: The measurement is performed on the basis of procedures using input factors that are not exclusively based on observable market data.

Since essentially the category "at amortized cost" is involved and fair value therefore corresponds to the carrying amount by approximation, no tabular display of the fair value hierarchy for financial instruments is provided.

Earnings per share

Since MAX Automation SE has not issued any dilutive instruments at present, the undiluted and diluted earnings per share are identical.

in kEUR	2019	2018 (adjusted)	2018
Profit attributable to the shareholders of MAX Automation SE used to determine the undiluted/diluted earnings per share	-34,733	-34,119	-31,547
Number	2019	2018 (adjusted)	2018
Weighted average number of shares used as denominator to calculate undiluted/diluted earnings per share	29,459,415	29,459,415	29,459,415
in EUR	2019	2018 (adjusted)	2018
Undiluted/diluted earnings per share due to shareholders of MAX Automation SE	-1.18	-1.32	-1.07

In the reporting period, the number of weighted shares corresponds to the number of shares issued.

Segment reporting

Segment	Process Technologies		Environmental Technologies	
Reporting Period	2019	2018	2019	2018
	kEUR	kEUR	kEUR	kEUR
Order intake	62,542	69,690	140,300	115,992
Order backlog	24,696	35,958	47,505	34,550
Segment sales	73,377	53,653	127,637	110,601
With external customers	73,323	53,037	127,633	110,599
- of which Germany	26,739	21,713	21,618	22,307
- of which other EU countries	20,321	14,199	39,277	30,915
- of which North America	10,863	6,278	56,990	43,791
- of which China	12,080	5,440	0	0
- of which Rest of the world	3,321	5,407	9,748	13,587
- Inter-segment revenue	54	616	4	2
EBITDA	14,821	11,957	12,943	10,049
EBITDA margin (in %, in relation to sales)	20.2%	22.3%	10.1%	9.1%
Total operating revenue	68,861	58,866	131,241	109,883
Segment operating profit (EBIT before PPA amortization)	12,603	10,538	11,161	8,522
Including:	0	0	0	0
- depreciation/amortization	-2,219	-1,419	-1,782	-1,527
- Additions to other provisions and pension provisions	-1,201	-812	-4,662	-2,301
Segment operating profit after PPA amortization	12,380	10,316	11,161	8,522
Including:	0	0	0	0
- PPA amortization	-222	-222	0	0
- Goodwill Impairment	0	0	0	0
Segment result from ordinary activities (EBT)	12,081	10,106	11,088	8,305
Including:	0	0	0	0
- Interest and similar income	3	5	116	81
- Interest and similar expenses	-303	-214	-189	-298
- Income from equity accounted investments	0	0	0	0
Income taxes	-513	-147	-2,124	-1,860
Net income	11,567	9,958	8,964	6,445
Non-current segment assets (excluding deferred tax)	20,405	16,217	20,858	12,376
- of which Germany	15,256	12,372	17,268	9,918
- of which other EU countries	4,458	3,422	22	36
- of which North America	506	296	3,569	2,422
- of which Rest of the world	185	127	0	0
Investments in non-current segment assets	2,521	5,462	2,724	1,182
Working Capital	16,648	11,772	17,605	14,379
Goodwill	6,163	6,163	6,399	6,392
ROCE (in %)¹⁾	34.9%	37.5%	36.7%	25.3%
Average number of personnel excluding trainees	368	301	404	375

1) The return on capital employed (ROCE) corresponds to the ratio of EBIT to capital employed. Capital employed corresponds to the sum of intangible assets, property, plant and equipment, working capital, investment property and goodwill based on the twelve-month average.

Segment	Evolving Technologies			Non-Core	
Reporting Period	2019	2018	2018 (adjusted)	2019	2018
	kEUR	kEUR	kEUR	kEUR	kEUR
Order intake	113,504	139,721	139,721	63,580	82,188
Order backlog	80,689	103,111	103,111	46,629	86,705
Segment sales	136,213	115,000	114,100	89,806	127,706
With external customers	134,918	113,535	112,635	89,608	127,502
- of which Germany	92,752	60,477	59,577	15,574	44,933
- of which other EU countries	22,184	26,789	26,789	34,569	27,295
- of which North America	4,648	8,441	8,441	-932	4,005
- of which China	1,394	649	649	-4,068	33,718
- of which Rest of the world	13,939	17,178	17,178	44,464	17,551
- Inter-segment revenue	1,296	1,465	1,465	199	204
EBITDA	16,900	6,514	2,920	-36,580	-36,031
EBITDA margin (in %, in relation to sales)	12.4%	5.7%	2.6%	-40.7%	-28.2%
Total operating revenue	131,217	109,909	106,315	69,485	132,268
Segment operating profit (EBIT before PPA amortization)	13,143	4,411	817	-39,586	-39,907
Including:	0	0	0	0	0
- depreciation/amortization	-3,757	-2,103	-2,103	-3,007	-3,876
- Additions to other provisions and pension provisions	-2,495	-2,133	-2,133	-4,945	-3,770
Segment operating profit after PPA amortization	12,953	-559	-4,153	-40,363	-47,424
Including:	0	0	0	0	0
- PPA amortization	-189	-770	-770	-777	-2,312
- Goodwill Impairment	0	-4,200	-4,200	0	-5,205
Segment result from ordinary activities (EBT)	11,678	-2,465	-6,059	-42,195	-49,887
Including:	0	0	0	0	0
- Interest and similar income	252	185	185	162	21
- Interest and similar expenses	-1,514	-729	-729	-1,994	-2,484
- Income from equity accounted investments	0	0	0	0	0
Income taxes	255	1,433	2,455	-820	941
Net income	11,933	-1,032	-3,604	-43,015	-48,947
Non-current segment assets (excluding deferred tax)	41,172	22,018	22,018	15,903	20,569
- of which Germany	41,049	21,914	21,914	14,271	13,358
- of which other EU countries	0	0	0	1,633	26
- of which North America	0	0	0	0	0
- of which Rest of the world	123	104	104	0	7,185
Investments in non-current segment assets	1,518	1,102	1,102	1,662	17,023
Working Capital	7,668	2,997	-597	31,199	43,675
Goodwill	29,512	29,512	29,512	4,165	7,346
ROCE (in %)¹⁾	23.0%	0.4%	-5.7%	-63.5%	-50.6%
Average number of personnel excluding trainees	549	547	547	486	550

1) The return on capital employed (ROCE) corresponds to the ratio of EBIT to capital employed. Capital employed corresponds to the sum of intangible assets, property, plant and equipment, working capital, investment property and goodwill based on the twelve-month average.

Segment	MAX Automation SE ²⁾			Consolidation	
Reporting Period	2019	2018	(2018 adjusted)	2019	2018
	kEUR	kEUR	kEUR	kEUR	kEUR
Order intake	0	0	0	0	0
Order backlog	0	0	0	0	0
Segment sales	3,270	3,073	3,073	-4,816	-5,147
With external customers	6	213	213	0	0
- of which Germany	6	213	213	0	0
- of which other EU countries	0	0	0	0	0
- of which North America	0	0	0	0	0
- of which China	0	0	0	0	0
- of which Rest of the world	0	0	0	0	0
- Inter-segment revenue	3,264	2,861	2,861	-4,816	-5,147
EBITDA	-8,641	-4,179	-8,159	-336	-989
EBITDA margin (in %, in relation to sales)	-	-	-	-	-
Total operating revenue	3,270	3,073	3,073	-4,816	-5,147
Segment operating profit (EBIT before PPA amortization)	-8,921	-4,381	-8,361	-336	-989
Including:	0	0	0	0	0
- depreciation/amortization	-281	-202	-202	0	0
- Additions to other provisions and pension provisions	-902	-1,894	-1,894	0	0
Segment operating profit after PPA amortization	-8,921	-4,381	-8,361	-3,012	-1,041
Including:	0	0	0	0	0
- PPA amortization	0	0	0	0	-51
- Goodwill Impairment	0	0	0	-2,676	0
Segment result from ordinary activities (EBT)	-36,523	-3,110	-7,740	9,550	-2,115
Including:	0	0	0	0	0
- Interest and similar income	3,475	2,333	2,333	-3,264	-2,556
- Interest and similar expenses	-3,702	-2,265	-2,915	3,252	2,558
- Income from equity accounted investments	-1,007	-1,237	-1,237	597	0
Income taxes	2,047	2,725	2,725	0	-278
Net income	-34,476	-385	-5,015	9,550	-2,394
Non-current segment assets (excluding deferred tax)	97,857	107,959	107,959	-60,300	-70,264
- of which Germany	97,857	107,959	107,959	-60,300	-70,264
- of which other EU countries	0	0	0	0	0
- of which North America	0	0	0	0	0
- of which Rest of the world	0	0	0	0	0
Investments in non-current segment assets	118	70	70	0	0
Working Capital	-1,157	-1,291	-1,291	0	0
Goodwill	0	0	0	0	0
ROCE (in %)¹⁾	-	-	-	-	-
Average number of personnel excluding trainees	9	0	0	0	0

1) The return on capital employed (ROCE) corresponds to the ratio of EBIT to capitalemployed. Capitalemployed corresponds to the sum of intangible assets, property, plant and equipment, working capital, investment property and goodwill based on the twelve-month average.

2) The values of the parent company are included in the MAX Automation SE column; transactions between the segments are eliminated in the Consolidation column. The sum of the two aforementioned columns are presented in the Reconciliation column in order to reconcile the segment disclosures with the Group figures.

Segment	Reconciliation			Group		
Reporting Period	2019	2018	2018 (adjusted)	2019	2018	2018 (adjusted)
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Order intake	0	0	0	379,925	407,591	407,591
Order backlog	0	0	0	199,520	260,325	260,325
Segment sales	-1,546	-2,074	-2,074	425,488	404,885	403,985
With external customers	6	213	213	425,488	404,885	403,985
- of which Germany	6	213	213	156,689	149,643	148,742
- of which other EU countries	0	0	0	116,352	99,198	99,198
- of which North America	0	0	0	71,569	62,515	62,515
- of which China	0	0	0	9,405	39,806	39,806
- of which Rest of the world	0	0	0	71,472	53,723	53,723
- Inter-segment revenue	-1,552	-2,287	-2,287	0	0	0
EBITDA	-8,977	-5,169	-9,148	-893	-12,678	-20,252
EBITDA margin (in %, in relation to sales)	-	-	-	-0.2%	-3.1%	-5.0%
Total operating revenue	-1,546	-2,074	-2,074	399,258	408,851	405,257
Segment operating profit (EBIT before PPA amortization)	-9,257	-5,370	-9,350	-11,937	-21,806	-29,379
Including:	0	0	0	0	0	0
- depreciation/amortization	-281	-202	-202	-11,044	-9,127	-9,127
- Additions to other provisions and pension provisions	-902	-1,894	-1,894	-14,205	-10,910	-10,910
Segment operating profit after PPA amortization	-11,933	-5,421	-9,401	-15,801	-34,567	-42,140
Including:	0	0	0	0	0	0
- PPA amortization	0	-51	-51	-1,189	-3,356	-3,356
- Goodwill impairment	-2,676	0	0	-2,676	-9,405	-9,405
Segment result from ordinary activities (EBT)	-26,974	-5,225	-9,855	-34,323	-39,167	-47,391
Including:	0	0	0	0	0	0
- Interest and similar income	211	-223	-223	744	69	69
- Interest and similar expenses	-451	293	-357	-4,450	-3,431	-4,081
- Income from equity accounted investments	-411	-1,237	-1,237	-411	-1,237	-1,237
Income taxes	2,047	2,447	2,447	-1,154	2,813	3,835
Net income	-24,926	-2,779	-7,409	-35,477	-36,354	-43,555
Non-current segment assets (excluding deferred tax)	37,557	37,696	37,696	135,896	108,877	108,877
- of which Germany	37,557	37,696	37,696	125,400	95,257	95,257
- of which other EU countries	0	0	0	6,113	3,484	3,484
- of which North America	0	0	0	4,074	2,719	2,719
- of which Rest of the world	0	0	0	308	7,416	7,416
Investments in non-current segment assets	118	70	70	8,543	24,839	24,839
Working Capital	-1,157	-1,291	-1,291	71,962	71,532	67,938
Goodwill	0	0	0	46,239	49,413	49,413
ROCE (in %)¹⁾	-	-	-	-8.4%	-16.2%	-18.0%
Average number of personnel excluding trainees	9	0	0	1,816	1,773	1,773

1) The return on capital employed (ROCE) corresponds to the ratio of EBIT to capital employed. Capital employed corresponds to the sum of intangible assets, property, plant and equipment, working capital, investment property and goodwill based on the twelve-month average.

The breakdown of operations into the Process Technologies, Environmental Technologies, Evolving Technologies and Non-Core Business segments corresponds to the current status of internal reporting. Allocations to the respective segments are made on the basis of the products and services offered.

The MAX Group operates in the Process Technologies segment with the bdtronic Group and in the Environmental Technologies segment with the Vecoplan Group. In the Evolving Technologies segment, the MAX Group operates with the companies NSM Magnettechnik GmbH, the MA micro Automation Group, INDAT Robotics GmbH, Mess- und Regeltechnik Jücker GmbH and AIM Micro Systems GmbH.

The Non-Core segment bundles the companies ELWEMA Automotive GmbH, IWM Automation Bodensee GmbH, IWM Automation Bodensee GmbH and IWM Automation Bodensee GmbH. These companies are all active in the area of special-purpose machine construction for the automotive sector, from which the Group is withdrawing.

Further information about the business operations of the individual enterprises is provided in the Group Management Report and can be taken from this source.

The reconciliation column shows in part income and expenses from transactions with other segments, which are eliminated for consolidation purposes. It also shows the income and expenses of the individual company MAX Automation SE since it involves a holding company and therefore lacks any operational activities.

Segment-related figures are published in accordance with IFRS 8 and these key ratios are also regularly reported to the Managing Directors and to the Supervisory Board and are of central importance for the management of the Company. A particular focus here is on sales and EBIT as performance variables. Working capital is also regularly subjected to more detailed analysis. Internal reporting is consistent with external accounting standards in accordance with IFRS.

The segment report shows the main income and expenses as well as the relevant earnings figures. The segmentation of assets is also observed, whereby the domicile of the Company is the decisive criterion.

Other performance indicators included in the segment report are the average headcount, investments, incoming orders and orders on hand. It is expected as a rule that revenue will be realized in the upcoming fiscal year from the existing orders on hand.

Transactions within the Group are generally conducted at arm's length.

The segmentation of revenue is determined by the sales markets. Contrary to the provisions of IFRS 8.33 (a), the Company does not break down sales in the North American market by country as this market is regarded as a single unit in its economic development.

Projects accounted for revenue of kEUR 346,418 (previous year: kEUR 335,910), while sales of kEUR 79,070 (previous year: kEUR 68,975) were generated by the service and spare parts business.

One customer in the Evolving Technologies segment was responsible for revenue of kEUR 52,407 in 2019 (previous year: kEUR 29,009 euro).

Events after the reporting period

On 18 February 2020 the Company submitted an application for contract modifications at the administrative office for the syndicated loan contract. The essential objective of the application for a contract modification was a readjustment of the covenants of the syndicated loan. On 28 February 2020, the bank syndicate accepted the application. As a result, the Company was able to strengthen its financing further.

Including two extension options, the syndicated loan contract has a term until 2024 for a total volume of 190 million euro.

With the signature on 2 March 2020, subleasing was arranged for half of the production area with adjacent offices at the Bermatingen property. The start of the lease is 1 April 2020. The sublease agreement has a minimum term of five years.

On 10 March 2020, Andreas Krause, member of the Supervisory Board and Chief Financial Officer of MAX Automation SE, who is simultaneously Chairman of the Management Board of the Company, notified the Company that he was stepping down from his positions for personal reasons. Andreas Krause has announced the resignation of his membership in the Supervisory Board of MAX Automation SE as of the end of this year's

General Meeting, which will be held on 29 May 2020, and his position as Managing Director with effect from 15 June 2020.

Other financial obligations

Since 1 January 2019, the Group recognizes leases as rights of use in accordance with IFRS 16. For additional information, please refer to the section "Impact of the initial application of IFRS 16".

The following financial obligations from other non-cancelable contracts exist as of 31 December 2019:

in kEUR	2019	2018
up to 1 year	1,698	2,434
1 to 5 years	807	322
over 5 years	0	0
Total	2,505	2,756

Related party transactions

Related companies and persons as defined in IAS 24 are persons and enterprises (including affiliated enterprises) which can be controlled by the enterprise or which can control the enterprise. The enterprises in the MAX Group provide and purchase various services for or from related companies in the course of their business operations.

These supply and service relationships are arranged at standard market terms and conditions. Where services are involved, these are arranged on the basis of existing contracts.

Related enterprises

A free consultancy agreement was concluded with Günther Holding SE with effect from 1 September 2014, and was amended on 16 January 2017.

In 2019, expenses for auditing services of kEUR 6 were passed on to Günther Holding SE.

Related persons

Business transactions with related natural persons totaled kEUR 24 (previous year: kEUR 7). These relate to travel expenses incurred by Members of the Supervisory Board.

Auditor

Expenses for fees charged by the auditor of kEUR 522 (previous year: kEUR 335) were incurred in the year under review.

kEUR	2019	2018
1. Audit services	449	317
a) Services for current year	449	317
b) Services for prior year	0	0
2. Other assurance services	0	0
3. Tax advisory services	0	6
4. Other services	73	12
Total	522	335

No other certification services were rendered in the current financial year or in the previous year.

Services in connection with the review of the mid-year financial report pursuant to Section 37w (5) of the German Securities Trading Act (WpHG) are recorded under audit services.

The other services essentially constitute forensic investigations and services in connection with the review of quarterly reports without any certification being issued in this regard.

Corporate Bodies of MAX Automation SE

The Management Board of MAX Automation AG was in charge until the conversion to an SE became effective upon entry in the commercial register on 8 February 2018. The Supervisory Board advised and oversaw the Management Board in its management of the Company. Since the conversion, MAX Automation SE has had a monistic management structure which is characterized by the fact that the responsibility for the management of the SE is vested in a single management body, the Supervisory Board. The Managing Directors of MAX Automation SE conduct the business of the Company, taking joint responsibility for the goal of adding sustainable value. They implement the basic principles and guidelines set out by the Supervisory Board.

Managing Directors

Daniel Fink

Düsseldorf, Germany (until 31 March 2019), CEO

Member of the following other supervisory bodies:

- Chairman of the Supervisory Board of Vecoplan AG, Bad Marienberg (until 31 March 2019)

Andreas Krause

Boppelsen, Switzerland (from 1 March 2018)
CFO (since 1 April 2019 Chairman of the Management Board)

Member of the following other supervisory bodies:

- Deputy Chairman of the Supervisory Board of Vecoplan AG, Bad Marienberg (until 31 March 2019)
- Chairman of the Supervisory Board of Vecoplan AG, Bad Marienberg (from 1 April 2019)

Werner Berens

Fahrweiler, Germany (from 1 May 2019)

Member of the following other supervisory bodies:

- No membership in other supervisory bodies

Dr. Guido Hild

Dusseldorf, Germany (from 1 July 2019)

Member of the following other supervisory bodies:

- Supervisory Board of GEA Orion Farm Technologies, Nagano (until 3 July 2019)

Patrick Vandenrijhn

Regensburg, Germany (from 1 May 2019)

Member of the following other supervisory bodies:

- No membership in other supervisory bodies

Total compensation of the Managing Directors

The following amounts were granted to the Managing Directors of MAX Automation SE in the 2019 financial year:

kEUR	Daniel Fink, Managing Director (CEO), until 31/03/2019			
	2018	2019	2019 (min)	2019 (max)
Fixed compensation	320	80	80	80
Ancillary benefits*	34	7	7	7
Total	354	87	87	87
One-year variable compensation (STIP)	61	51	0	79
Multi-year variable compensation (LTIP)	266	314	0	393
thereof 2016 to 2019 program ¹⁾	0	0	0	189
thereof 2017 to 2020 program ¹⁾	126	0	0	131
thereof 2018 to 2021 program ¹⁾	140	0	0	73
Total	681	452	87	559
Pension expense	0	0	0	0
Total compensation	681	452	87	559

*The main ancillary benefits were private use of company car, insurance premiums and rent subsidies for housing

¹⁾ Payment in 2019

kEUR		Fabian Spilker, Managing Director (CFO), until 31/03/2018		
	2018	2019	2019 (min)	2019 (max)
Fixed compensation	84	0	0	0
compensation	600	0	0	0
Ancillary benefits*	9	0	0	0
Total	693	0	0	0
One-year variable compensation (STIP) ²⁾	0	0	0	0
Multi-year variable compensation (LTIP) ²⁾	0	0	0	0
thereof 2016 to 2019 program	0	0	0	0
thereof 2017 to 2020 program	0	0	0	0
thereof 2018 to 2021 program	0	0	0	0
Total	693	0	0	0
Pension expense	0	0	0	0
Total compensation	693	0	0	0

*The main ancillary benefits were private use of company car and insurance premiums 2) Offset against other compensation components on departure in 2018

kEUR		Andreas Krause, Managing Director (CFO), since 01/03/2018		
	2018	2019	2019 (min)	2019 (max)
Fixed compensation	225	270	270	270
Ancillary benefits*	24	35	35	35
Total	249	305	305	305
One-year variable compensation (STIP)	42	186	0	258
Multi-year variable compensation (LTIP)	92	92	0	92
thereof 2018 to 2021 program	92	46	0	46
thereof 2018 to 2021 program	0	46	0	46
Total	383	583	305	655
Pension expense	0	0	0	0
Total compensation	383	583	305	655

*The main ancillary benefits were private use of company car, insurance premiums and rent subsidies for housing

kEUR		Werner Berens, Managing Director, since 01/05/2019		
	2018	2019	2019 (min)	2019 (max)
Fixed compensation	0	153	153	153
Ancillary benefits*	0	23	23	23
Total	0	176	176	176
One-year variable compensation (STIP)	0	210	15	255
Multi-year variable compensation (LTIP)	0	48	0	105
thereof LTIP group 2019 to 2021	0	0	0	15
thereof LTIP Phantom Shares 2019 to 2021	0	24	0	60
thereof LTIP business unit 2019 to 2021	0	24	0	30
Total	0	434	191	536
Pension expense	0	0	0	0
Total compensation	0	434	191	536

*The main ancillary benefits were private use of company car, insurance premiums and rent subsidies for housing

kEUR		Dr. Guido Hild, Managing Director, since 01/07/2019		
	2018	2019	2019 (min)	2019 (max)
Fixed compensation	0	93	93	93
Ancillary benefits*	0	11	11	11
Total	0	104	104	104
One-year variable compensation (STIP)	0	59	0	115
Multi-year variable compensation (LTIP)	0	29	0	78
thereof LTIP group 2019 to 2021	0	0	0	13
thereof LTIP Phantom Shares 2019 to 2021	0	20	0	50
thereof LTIP business unit 2019 to 2021	0	9	0	15
Total	0	202	104	297
Pension expense	0	0	0	0
Total compensation	0	202	104	297

The main ancillary benefits were private use of company car and insurance premiums

kEUR		Patrick Vandenrijhn, Managing Director, since 01/05/2019		
	2018	2019	2019 (min)	2019 (max)
Fixed compensation	0	153	153	153
Ancillary benefits*	0	13	13	13
Total	0	166	166	166
One-year variable compensation (STIP)	0	172	15	255
Multi-year variable compensation (LTIP)	0	275	0	340
thereof LTIP group 2019 to 2021	0	0	0	15
thereof LTIP Phantom Shares 2019 to 2021	0	24	0	60
thereof LTIP business unit 2019 to 2021	0	16	0	30
thereof special program 2017 to 2019	0	235	0	235
Total	0	613	181	761
Pension expense	0	0	0	0
Total compensation	0	613	181	761

*The main ancillary benefits were private use of company car, insurance premiums and rent subsidies for housing

The following amounts accrued to the Managing Directors of MAX Automation SE in the financial year of 2019:

in kEUR	Daniel Fink Managing Director (CEO) until 31/03/2019		Fabian Spilker Managing Director (CFO) until 31/03/2018		Andreas Krause Managing Director (CFO) since 01/03/2018	
	2018	2019	2018	2019	2018	2019
Fixed compensation	320	80	84	0	225	270
compensation	0	0	600	0	0	0
Ancillary benefits	34	7	9	0	24	35
Total	354	87	693	0	249	305
One-year variable compensation	0	51	0	0	0	40
Multi-year variable compensation	0	314	0	0	0	0
Total	354	452	693	0	249	345
Pension expense	0	0	0	0	0	0
Total compensation	354	452	693	0	249	345

in kEUR	Werner Berens Managing Director since 01/05/2019		Dr. Guido Hild Managing Director since 01/07/2019		Patrick Vandenrijn Managing Director since 01/05/2019	
	2018	2019	2018	2019	2018	2019
Fixed compensation	0	153	0	93	0	153
compensation	0	0	0	0	0	0
Ancillary benefits	0	23	0	11	0	13
Total	0	176	0	104	0	166
One-year variable compensation	0	0	0	0	0	0
Multi-year variable compensation	0	0	0	0	0	0
Total	0	176	0	104	0	166
Pension expense	0	0	0	0	0	0
Total compensation	0	176	0	104	0	166

The other compensation for the Managing Directors of MAX Automation SE consists of ancillary benefits in kind, mainly including the use of a company car and the provision of a company apartment. The individual Managing Directors are responsible for the taxation on the benefits in kind forming part of the compensation package. Benefits from the D&O insurance were not quantifiable for the Managing Directors of MAX Automation SE as this is a collective insurance policy which covers a number of employees.

Additional information as well as relevant disclosures in accordance with IFRS 2 "Share-based payment" can be found in the compensation report in the Group Management Report.

Members of the Supervisory Board

Gerhard Lerch

Hanover, Germany, Dipl.-Betriebswirt, Consultant
Chairman of the Supervisory Board
(until 31 December 2018)

Member of the following other supervisory bodies:

- Chairman of the Supervisory Board of Vecoplan AG, Bad Marienberg (until June 2018)

Dr. Christian Diekmann

Hamburg, Germany, Dipl.-Kaufmann, Managing
Director of ZRT GmbH and Zertus GmbH, Hamburg,
Chairman of the Supervisory Board (since 18 May 2019)

Member of the following other supervisory bodies:

- Member of the Board of Zertus Beteiligungen Lir Chocolates Ltd. Navan, Ireland,
- Member of the Board of Zetar Ltd., London, Great Britain
- Member of the Board of Zertus UK Ltd., London
- Chairman of the Board of Gaea Products SA, Athens, Greece

Dr. Jens Kruse

Hamburg, Germany, Fully Authorized Representative
(Generalbevollmächtigter) of M.M. Warburg & CO
(AG & Co.), Hamburg, Deputy Chairman of the
Supervisory Board

Member of the following other supervisory bodies:

- Member of the Supervisory Board of Biesterfeld AG, Hamburg
- Deputy Chairman of the Supervisory Board of PNE AG, Cuxhaven

Dr. Ralf Guckert

Hamburg, Germany, Managing Director (CDO) Günther
Holding SE, Hamburg, Member of the Supervisory
Board (since 25 January 2019)

Member of the following other supervisory bodies:

- Member of the Advisory Board of Langenscheidt GmbH & Co. KG, Munich, of Langenscheidt Digital GmbH & Co. KG, Munich, and of Langenscheidt Management GmbH, Munich (Günther SE Group-internal position)
- Member of the Advisory Board of all4cloud GmbH & Co. KG, Viernheim, and all4cloud Management GmbH, Hamburg (Günther SE Konzern-internal position)
- Member of the Advisory Board of Günther Direct Services, Bamberg, and G Connect GmbH, Munich (Günther SE Group-internal position)

Oliver Jaster

Hamburg, Germany, Chairman of the Supervisory
Board of Günther Holding SE, Hamburg, Member of
the Supervisory Board

Member of the following other supervisory bodies:

- Member of the Supervisory Board of ZEAL Network SE, London
- Chairman of the Advisory Board of Langenscheidt GmbH & Co. KG, Munich, of Langenscheidt Digital GmbH & Co. KG, Munich, and of Langenscheidt Management GmbH, Munich (Günther SE Group-internal position)
- Chairman of the Advisory Board of all4cloud GmbH & Co. KG, Viernheim, and all4cloud Management GmbH, Hamburg (Günther SE Konzern-internal position)
- Chairman of the Advisory Board of Günther Direct Services, Bamberg, and G Connect GmbH, Munich (Günther SE Group-internal position)
- Chairman of the Supervisory Board of Günther SE, Bamberg (Günther SE Group-internal position)

Daniel Fink

Düsseldorf, Germany, Managing Director of MAX
Automation SE (until 31 March 2019), Member of the
Supervisory Board

Fabian Spilker

Düsseldorf, Germany, Managing Director of
MAX Automation SE (until 31 March 2018), Member of
the Supervisory Board (until 18 May 2018)

Andreas Krause

Boppelsen, Switzerland, Managing Director of MAX
Automation SE (from 1 March 2018), Member of the
Supervisory Board (from 18 May 2018)

Total compensation of the Supervisory Board

The compensation paid to the Supervisory Board in 2019 amounted to kEUR 273 (Previous year: kEUR 232). Along with the reimbursement of their expenses, the Chairman of the Supervisory Board receives kEUR 120, the Deputy Chairman of the Supervisory Board receives kEUR 60 and the remaining members of the Supervisory Board with the exception of Managing Directors receive kEUR 40 after the end of the fiscal year.

in kEUR	Fixed remuneration		Consultancy services		Total	
	2018	2019	2018	2019	2018	2019
Gerhard Lerch, Chairman (until 31/12/2018)	132	0	0	0	132	0
Dr. Christian Diekmann, Chairman (from 18/05/2019)	0	75	0	27	0	102
Dr. Jens Kruse, Deputy Chairman (from 01/01/2019 until 17/05/2019 Chairman)	60	83	0	0	60	83
Dr. Ralf Guckert (from 25/01/2019, until 17/05/2019 Deputy chairman)	0	48	0	0	0	48
Oliver Jaster	40	40	0	0	40	40

The above list includes fixed compensation of kEUR 12 for Mr. Lerch for the positions on the Supervisory Board of Vecoplan AG in the 2018 fiscal year.

The members of the Supervisory Board did not receive any loans or advances in the 2019 fiscal year.

Further information can be found in the compensation report in the Group Management Report under "Report on Board Members' compensation".

SHAREHOLDINGS SUBJECT TO NOTIFICATION PURSUANT TO SECTION 160 (1) (8) AKTG

Mr. Oliver Jaster, Germany, notified us on 17 November 2015 pursuant to Section 21 (1) WpHG that his share of the voting rights in our Company exceeded the threshold of 30% on 17 November 2015 and now amounts to 30.0001%. This corresponds to 8,038,356 voting rights. A share of 30.0001% of the voting rights (corresponding to 8,038,356 voting rights) is attributable to Mr. Jaster under Section 22 (1) (1) WpHG through Orpheus Capital II GmbH & Co. KG, Hamburg in Germany, Orpheus Capital II Management GmbH, Hamburg in Germany, Günther Holding GmbH, Hamburg in Germany and Günther GmbH, Bamberg in Germany.

The company Universal-Investment-Gesellschaft mbH, Frankfurt am Main, Germany, notified us on 18 September 2017 that its share of the voting rights changed from 5.004% to 4.96% on 7 September 2017 as a result of the change in the total number of voting rights. A share of 4.96% of the voting rights (corresponding to 1,460,344 voting rights) is attributable to the company under Section 22 (1) (1) (6) WpHG.

MAX Automation released a statement on 19 January 2018, pursuant to Section 33 WpHG that it had received notification on 18 January 2018, that LBBW Asset Management Investmentgesellschaft mbH, Stuttgart, Germany, had reduced its share of the voting rights from 5.25% to 4.99% on 12 January 2018 through the sale of voting rights through a separate managed fund of Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte and now holds 1,470,724 of the total number of voting rights of 29,459,415.

MAX Automation released a statement on 22 January 2018, pursuant to Section 33 WpHG that it had received notification on 22 January 2018, that Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte, Tübingen, Germany, had reduced its share of voting rights from 8.94% to 4.99% on 12 January 2018, through the sale of shares with voting rights and now holds 1,470,724 voting rights out of the total of 29,459,415 voting rights.

MAX Automation released a statement on 27 February 2018, pursuant to Section 33 WpHG that it had received notification on 27 February 2018 that Mr. Werner O. Weber had increased his share of the voting rights to 5.53% on 20 December 2017, through the acquisition of shares with voting rights and now holds 1,630,000 of the total number of 29,459,415 voting rights.

MAX Automation released a statement on 29 October 2018, pursuant to Section 33 WpHG that it had received notification on 26 October 2018, that LOYS Investment S.A., Munsbach, Luxembourg, had increased its share of the voting rights from 3.145% to 5.058% on 25 October 2018, through the acquisition of shares with voting rights and now holds 1,489,945 voting rights out of a total of 29,459,415 voting rights.

MAX Automation released a statement on 22 March 2019, pursuant to Section 33 WpHG that it had received notification on 21 March 2019, that Axxion S.A., Grevenmacher, Luxembourg, had increased its share

of voting rights from 4.80% to 5.10% on 19 March 2019 through the acquisition of shares with voting rights and now holds 1,503,354 voting rights out of the total of 29,459,415 voting rights.

MAX Automation released a statement on 25 October 2019, pursuant to Section 33 WpHG that it had received notification on 24 October 2019, that Universal-Investment-GmbH, Frankfurt am Main, Germany, had increased its share of voting rights from 2.81% to 3.01% on 18 October 2019 through the acquisition of shares with voting rights and now holds 886,582 voting rights out of the total of 29,459,415 voting rights.

MAX Automation released a statement on 25 October 2019, pursuant to Section 33 WpHG that it had received notification on 24 October 2019, that Universal-Investment-GmbH, Frankfurt am Main, Germany, had reduced its share of voting rights from 3.01% to 2.9997% on 21 October 2019, through the sale of shares with voting rights and now holds 883,681 voting rights out of the total of 29,459,415 voting rights. (Correction of the previous notification regarding the reaching of the threshold on 18 October 2019)

MAX Automation released a statement on 31 October 2019, pursuant to Section 33 WpHG that it had received notification on 31 October 2019, that Universal-Investment-GmbH, Frankfurt am Main, Germany, had increased its share of voting rights from 2.9997% to 3.28% on 25 October 2019, through the acquisition of shares with voting rights and now holds 966,550 voting rights out of the total of 29,459,415 voting rights.

DECLARATION PURSUANT TO SECTION 161 AKTG ON THE CORPORATE GOVERNANCE CODE

As a German listed corporation, MAX Automation SE, Dusseldorf, issued the declaration required under Section 161 AktG on 7 February 2020, and published it on its website at www.maxautomation.com to make it permanently available to the shareholders.

EXEMPTION FROM DISCLOSURE FOR SUBSIDIARIES

The following domestic subsidiaries exercise the right of exemption under Section 264 (3) HGB in respect of the disclosure of their annual accounts and the preparation of the management report and notes for the 2019 financial year:

- MAX Management GmbH, Düsseldorf
- ELWEMA Automotive GmbH, Ellwangen
- MA micro automation GmbH, St. Leon-Rot
- AIM Micro Systems GmbH, Triptis
- iNDAT Robotics GmbH, Ginsheim-Gustavsburg
- bdtronic GmbH, Weikersheim
- IWM Automation GmbH, Porta Westfalica
- NSM Magnettechnik GmbH, Olfen-Vinnum
- Mess- und Regeltechnik Jücker GmbH, Dillingen
- Vecoplan AG, Bad Marienberg

MAX Automation SE publishes its consolidated financial statements for the year and Group Management Report in the Federal Gazette (Bundesanzeiger), duly exempting these companies from this duty.

Dusseldorf, 12 March 2020

The Managing Directors

Andreas Krause
Patrick Vandenrhijn

Werner Berens
Dr. Guido Hild