



# 2018

ANNUAL REPORT

Consolidated financial statements for the financial year  
from January 1 to December 31, 2018





## KEY FIGURES

|                                                   |               | 1/1 - 12/31/2018 | 1/1 - 12/31/2017 | Change |
|---------------------------------------------------|---------------|------------------|------------------|--------|
| Consolidated revenues <sup>1,2</sup>              | in € millions | 3,389.0          | 2,998.3          | 13%    |
| Consolidated revenues (annualized) <sup>1,2</sup> | in € millions | 3,819.1          | 3,257.5          | 17%    |
| EBITDA <sup>1,2</sup>                             | in € millions | 100.9            | 272.6            | -63%   |
| Consolidated profit/loss <sup>1,3</sup>           | in € millions | -42.3            | 484.5            | >-100% |
| Earnings per share                                |               |                  |                  |        |
| basic <sup>1,2</sup>                              | in EUR        | -0.70            | 6.51             | >-100% |
| diluted <sup>1,2</sup>                            | in EUR        | -0.55            | 5.98             | >-100% |
| Cash flows from operating activities <sup>1</sup> | in € millions | -49.8            | -132.2           | 62%    |
| Cash flows from investing activities <sup>1</sup> | in € millions | -148.4           | 432.0            | >-100% |
| Free cash flow <sup>1</sup>                       | in € millions | -198.2           | 299.8            | >-100% |

|                                    |               | 12/31/2018 | 12/31/2017 | Change |
|------------------------------------|---------------|------------|------------|--------|
| Assets                             | in € millions | 2,148.5    | 2,202.1    | -2%    |
| of which cash and cash equivalents | in € millions | 290.8      | 606.3      | -52%   |
| Liabilities                        | in € millions | 1,612.3    | 1,573.5    | 2%     |
| of which financial liabilities     | in € millions | 480.6      | 520.5      | -8%    |
| Equity <sup>3</sup>                | in € millions | 536.2      | 628.6      | -15%   |
| Equity ratio <sup>3</sup>          | in %          | 25.0       | 28.5       | -12%   |
| Employees at the reporting date    |               | 15,131     | 19,263     | -21%   |

<sup>1</sup> The prior-year consolidated statement of comprehensive income and the consolidated statement of cash flows were adjusted for comparison purposes according to the provisions set forth under IFRS 5.

<sup>2</sup> From continued operations.

<sup>3</sup> Including non-controlling interests.



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## LETTER TO SHAREHOLDERS

### Dear shareholders, employees, and friends of AURELIUS,

Unfortunately, your company's business performance was out of step with its valuation in 2018. Annualized consolidated revenues rose to almost EUR 4 billion in the past financial year. The company portfolio has grown to include twelve new acquisitions. AURELIUS invested heavily in its portfolio in 2018, thus strengthening the Group companies. This is reflected in their significantly improved competitive and market positions. Nevertheless, the price of the AURELIUS share developed negatively. This discrepancy is disappointing and shows how difficult it often is to accurately gauge our business model in reality.

There are currently 21 companies in the AURELIUS Group portfolio. A total of twelve new acquisitions were made in 2018, eight of which were purchased as part of add-on acquisitions to strengthen the existing Group companies. These investments as well as the roughly 100 operational experts in our Task Force ensured that business performance improved overall across the entire Group portfolio. As a result, a large number of Group companies were brought to maturity in 2018, and several lucrative divestments are expected in financial year 2019.

By its very nature, the analysis of business performance based on a fixed reporting date is a difficult task for a company like AURELIUS. The purchase or sale of a company cannot and must not be dictated by predefined accounting deadlines. The sole decisive factor at play is to optimize the contribution to the company value. This is also the principal reason why we have not seen any significant exits in 2018. However, preparations for exits are in full swing. We also assume that several profitable company divestments will be made in financial year 2019. As usual, we will use a participation dividend to share any future sales proceeds with our shareholders.

The AURELIUS Group now operates across Europe as an investment group, and has responded to its considerable increase in size in recent years with personnel changes. Donatus Albrecht has been responsible for the group-wide M&A strategy of all business areas of the AURELIUS Group since August 1, 2018, and Matthias Täubl joined the Executive Board of AURELIUS Management SE with responsibility for operations. Matthias Täubl has worked for AURELIUS since 2008, and among other things was responsible for the very successful realignment of the Getronics group, which was sold in 2017 as the largest exit in the company's history to date. He is responsible on the Executive Board of AURELIUS for the realignment of portfolio companies.

Despite the sale of very profitable companies and the acquisition of companies still undergoing restructuring in financial years 2017 and 2018, consolidated operating EBITDA amounted to EUR 103.0 million in the reporting year. Operating EBITDA of the AURELIUS Group was thus on a par with prior years, as forecast.

The list of macroeconomic reasons for the downturn on the stock market in the past year is long. However, it is not the case that the framework conditions have already deteriorated. Instead, there is lasting uncertainty surrounding potential future events. Concerns about a no-deal Brexit, the threat of a trade war between the USA and China, as well as the political situations in various European countries are intensifying the risk aversion of market participants. But many of these factors have only a small impact on our subsidiaries.



The beginning of 2019 showed that the markdowns in the valuation of your company were excessive. The AURELIUS share already saw strong growth again in the initial months of 2019. The sales and purchases pipeline is quite full, and the prospects are still fully intact. Periods of transition frequently also constitute opportunities for the AURELIUS business model. Together we can take advantage of these opportunities in 2019. We expect the operating performance and results of our portfolio companies to improve further, and intend to expand our Group portfolio further through acquisitions.

We would like to thank you sincerely for your trust, dedication and cooperation in the past financial year. As a strong team comprising shareholders, employees, and business partners, we will succeed in continuing our long success story going forward.

Sincerely

The Executive Board of AURELIUS Management SE  
Personally liable shareholder of AURELIUS Equity Opportunities SE & Co. KGaA

Munich, March 2019

Dr. Dirk Markus

Gert Purkert

Steffen Schiefer

Fritz Seemann

Matthias Täubl





The Executive Board of AURELIUS Management SE  
(from left to right: Fritz Seemann, Gert Purkert, Matthias Täubl, Dr. Dirk Markus, Steffen Schiefer)



## THE EXECUTIVE BOARD

### Dr. Dirk Markus

Chief Executive Officer

Dr. Dirk Markus was born in Regensburg, Germany, and grew up in Austria. He studied business administration in St. Gallen, Switzerland, and Copenhagen, Denmark as a scholar of the Study Foundation of the German People (Studienstiftung) and was awarded a PhD by St. Gallen. During his PhD studies, he spent a term as Visiting Research Fellow at Harvard University, Boston, United States. He has been involved with the further development of companies for more than 20 years, starting as a management consultant with McKinsey & Company, where he worked as a project manager and focused in particular on restructuring topics and the setup and development of e-commerce businesses. To date, he has been responsible for more than 80 corporate acquisitions and exits.

### Gert Purkert

After studying physics in Leipzig and Lausanne/Switzerland, Gert Purkert worked for McKinsey & Company, where he gathered experience in process improvements, cost reduction programs and strategic restructuring programs. After that, he co-founded equinet AG in Frankfurt, an investment bank advising mainly small to medium-sized enterprises. As a member of the Executive Board of the Group's portfolio company, he was responsible for conducting numerous M&A transactions and managing the portfolio companies.

### Steffen Schiefer

After studying Business Administration at Johann-Wolfgang-Goethe University in Frankfurt am Main, Steffen Schiefer worked for DAX-listed Metallgesellschaft AG in Frankfurt am Main. In 1996, he joined ProSiebenSat.1 Media AG as part of the IPO team. As Vice President Group Accounting, he was responsible for setting up the group accounting. He also served as Chief Financial Officer of wetter.com AG, a subsidiary of the ProSiebenSat.1 Group. In mid-2008, Steffen joined AURELIUS as Director Finance and has been CFO of AURELIUS since 2012. He is responsible for internal and external accounting as well as valuation, taxes, treasury and internal auditing.

### Fritz Seemann

Fritz Seemann studied mechanical engineering at Technical University of Berlin. Since 1999 he has worked on the realignment and operative improvement of companies, first as Senior Principal at Droege & Comp. and then as a consultant and interim manager. In 2009, Fritz joined AURELIUS where, among other things, he was responsible for the successful realignment of compressor manufacturer Secop.

### Matthias Täubl

Matthias Täubl studied International Business Relations at the University of Applied Sciences in Eisenstadt/Austria and at Helsinki Business Polytechnic. After a few years with Knorr-Bremse AG and a mid-sized M&A- and restructuring advisory company he joined AURELIUS in 2008 and since then held various positions in the AURELIUS Task Force. Among others transactions, Matthias was responsible for AURELIUS' successful realignment of Getronics group.



## REPORT OF THE SUPERVISORY BOARD

In financial year 2018, the Supervisory Board of AURELIUS Equity Opportunities SE & Co. KGaA regularly advised and monitored the Executive Board in relation to its management tasks and carried out the supervisory and advisory tasks within its remit with due care, as is its duty in accordance with the law and the Articles of Association and by-laws. The collaboration between the Supervisory Board and the Executive Board was characterized by a close relationship based on trust. The Executive Board informed the Supervisory Board on a continuous, timely and comprehensive basis of all matters of relevance to the Company and upcoming decisions requiring approval or strategic decisions. These matters were always examined and discussed in detail and agreed upon mutually.

In the Supervisory Board meetings, the Executive Board reported in detail on the situation and prospects of AURELIUS Equity Opportunities SE & Co. KGaA. The key aspects of the activities of the Supervisory Board involved business and earnings development, assets, liabilities and the financial position including the risk situation, significant business transactions, acquisition and investment plans, divestments and corporate planning.

On that basis, the Supervisory Board advised the Executive Board on managing the Company and monitored its management conscientiously. In the following report, the Supervisory Board outlines the main focal points of its activity in the past financial year.

### Important topics addressed by the Supervisory Board in financial year 2018

In financial year 2018, AURELIUS Equity Opportunities SE & Co. KGaA acquired twelve corporate groups and consolidated them for the first time. Eight of these were purchased as part of add-on acquisitions to strengthen the existing group companies:

In January 2018, AURELIUS completed the acquisition of Abelan Board Industrial, a respected producer of packaging solutions made from cardboard and solid board, as an add-on acquisition for group subsidiary SOLIDUS.

Furthermore, AURELIUS purchased the multi-channel bookseller with global operations Bertram Books (formerly: Connect Books) in the UK in February 2018.

Also in February, AURELIUS subsidiary GHOTEL hotel & living acquired two hotels from the “nestor” brand in the Stuttgart area, and in April 2018 it purchased a 4-star hotel and the related hotel property in Göttingen.

Also in April, AURELIUS group subsidiary B+P Gerüstbau took over Gustav Raetz Gerüstbau GmbH, headquartered in Munich.

AURELIUS group subsidiary Scandinavian Cosmetics Group bought Norwegian firm Solis International Cosmetics AS along with its Swedish subsidiary Alf Sörensen AB at the beginning of July.

At the end of July 2018, AURELIUS announced the takeover from Blackstone of Ideal Shopping Direct, a leading multi-channel home shopping provider in the UK.

At the end of August 2018, the acquisition of Northern Paper Board was transacted as an add-on to SOLIDUS.

At the end of October 2018, GHOTEL hotel & living took over three locations of Arcadia Hotelbetriebs GmbH.

At the end of November, the acquisition from the US Rexnord Group of water and waste water fitting manufacturer VAG with its registered offices in Mannheim was completed.





In December 2018, AURELIUS concluded the acquisition of Norwegian wholesaler Hellanor from Nordic Forum Holding A/S, a wholly owned subsidiary of HELLA GmbH & Co. KGaA.

Also in December, AURELIUS subsidiary Calumet Wex acquired the shares in Foto-Video Sauter from the shareholders in the Sauter family.

Back in January 2018, AURELIUS sold Danish subsidiary AH Industries as part of a management buy-out. In December 2018, significant portions of Allied Healthcare were sold to the Health Care Resourcing Group, Prescott (UK).

Since August 1, 2018, Donatus Albrecht is responsible for the group-wide M&A strategy of all business areas of the AURELIUS Group and has stepped down from the Executive Board of AURELIUS Management SE. Matthias Täubl, who has already been with AURELIUS since 2008, joined the Executive Board with responsibility for operations at the same time.

### **Supervisory Board meetings in financial year 2018**

The Supervisory Board of AURELIUS Equity Opportunities SE & Co. KGaA convened for three meetings in financial year 2018. One board member was absent at one meeting and provided a valid excuse. The Supervisory Board adopted resolutions by way of written circulation between meetings in certain circumstances. No committees were formed. All current matters of interest to the AURELIUS Group are jointly deliberated in the Supervisory Board by all members. All Supervisory Board members possess the necessary knowledge and professional experience to perform their duties in an appropriate manner.

A particularly important topic at the Supervisory Board meetings was the operational development of the AURELIUS Group's subsidiaries, i.e. the intended corporate policies and other basic questions of managerial planning, company profitability, and the course of business, including its investments. The Executive Board regularly reported on these matters in the Supervisory Board meetings.

In the meeting held on March 28, 2018, the Supervisory Board dealt with the approval of the annual financial statements and consolidated financial statements for financial year 2017.

In the meeting held on May 18, 2018, Christian Dreyer was appointed as Chairman of the Supervisory Board.

The Supervisory Board discussed and approved the 2019 budget in the meeting held on November 28, 2018.

### **Collaboration between the Supervisory Board and the Executive Board**

All matters requiring the approval of the Supervisory Board were presented to it promptly for the adoption of a resolution. Written and oral reports presented or provided by the Executive Board to the Supervisory Board formed the basis of the advisory and supervisory activities of the Supervisory Board. It granted its approval in all cases after reviewing the respective draft resolutions as well as after thorough consultation with the Executive Board of the personally liable shareholder. The Supervisory Board was informed of all significant transactions between meetings. In certain circumstances, it adopted resolutions by way of written circulation.

The reports covered all key aspects for AURELIUS Equity Opportunities SE & Co. KGaA, notably including current business performance, the development of the business and financial position, relevant business events as well as strategic decisions regarding the business strategy and its opportunities and risks. Even between the Supervisory Board meetings, the Executive Board provided a continuous stream of information to the Supervisory Board; as a result, the Supervisory Board was informed at all times of important current developments and was able to provide advisory support for the Executive Board.



Current key indicators and the associated budgets as well as the comparative prior-year values that the Supervisory Board received as part of monthly reporting in writing formed the basis of the discussions. The Supervisory Board examined important documents related to budget planning and financial statements and assured itself that these documents were correct and appropriate. The body carefully and thoroughly reviewed and discussed all reports and documents presented to it. As a result, there was no cause for subsequent complaint concerning the Executive Board.

The Supervisory Board thoroughly discussed the ongoing managerial planning and corporate strategy. Special focus was on the income and risk situation of individual group entities. Basic questions of managerial planning were also regularly discussed by the Supervisory Board. These included in particular financial, investment, and human resources planning, questions related to risks and opportunities as well as risk management. The body assured itself on an ongoing basis that the Executive Board was conducting the Company's business appropriately and was taking all necessary measures in a timely and effective manner, including appropriate measures related to risk provisions and compliance. The Supervisory Board confirmed that the Executive Board had taken all suitable measures according to Section 91 (2) AktG and that the risk monitoring system prescribed by that law functions correctly.

### Corporate Governance

The Supervisory Board regularly reviews the efficiency of its activities. No conflicts of interest were reported to the Supervisory Board in the reporting period.

### Audit of the annual financial statements for financial year 2018

The separate financial statements of AURELIUS Equity Opportunities SE & Co. KGaA and the consolidated financial statements of the Group for financial year 2018 prepared by the personally liable shareholder were audited by the Munich branch of KPMG AG Wirtschaftsprüfungsgesellschaft, together with the accounting records and the group management report. The annual financial statements of AURELIUS Equity Opportunities SE & Co. KGaA prepared by the personally liable shareholder in accordance with German accounting standards, together with the bookkeeping system, were audited by the Munich branch of KPMG AG Wirtschaftsprüfungsgesellschaft. No objections were raised based on the audit. Therefore, an unqualified audit opinion was issued for the separate financial statements of AURELIUS Equity Opportunities SE & Co. KGaA as of December 31, 2018. The consolidated financial statements prepared by the personally liable shareholder voluntarily in accordance with International Financial Reporting Standards (IFRS) and the combined management report of AURELIUS Equity Opportunities SE & Co. KGaA and the Group for financial year 2018 were audited by the Munich branch of KPMG AG Wirtschaftsprüfungsgesellschaft, together with the bookkeeping system. An audit opinion was issued for the consolidated financial statements, with the qualification that the information required under IFRS 3.59 ff and IFRS 8.23 was not disclosed on an itemized basis in the notes to the consolidated financial statements.

The annual financial statements of AURELIUS Equity Opportunities SE & Co. KGaA, the consolidated financial statements, and the combined management report of AURELIUS Equity Opportunities SE & Co. KGaA and the Group as well as the auditor's long-form audit reports and the personally liable shareholder's proposal for utilization of the distributable profit for the year were presented to the Supervisory Board promptly for review. The Supervisory Board thoroughly reviewed the documents submitted to it in accordance with Section 170 (1) and (2) AktG and the audit reports of the independent auditor.

The Supervisory Board concurred with the audit findings of the Munich branch of KPMG AG Wirtschaftsprüfungsgesellschaft. As the final result of its own review, the Supervisory Board noted that it had no objections. The Supervisory Board concurred with the management report prepared by the personally liable shareholder. The Supervisory Board approved the separate financial statements of the parent company and the consolidated financial statements of the Group for financial year 2018.



A total dividend of EUR 141,008 thousand was paid to the shareholders in financial year 2018 from AURELIUS Equity Opportunities SE & Co. KGaA's distributable profit for financial year 2017 in the amount of EUR 224,807 thousand in accordance with a resolution adopted by the Annual General Meeting held on May 18, 2018. This corresponds to a dividend of EUR 5.00 per share of common stock. Under the profit utilization proposal, an amount of EUR 83,799 thousand was carried forward to new account. On the date of the Annual General Meeting, the Company held 2,568,386 treasury shares that do not qualify for dividends in accordance with Section 71b AktG. The amount attributable to these shares is already included in the ploughed-back figure of EUR 83,799 thousand.

Under the German Stock Corporation Act (AktG), the amount of the dividend that can be paid to the shareholders is determined on the basis of the distributable profit presented in the separate financial statements of AURELIUS Equity Opportunities SE & Co. KGaA prepared in accordance with German generally accepted accounting principles. The personally liable shareholder's profit utilization proposal specifies a base dividend of EUR 1.50 per share to be paid from the distributable profit of EUR 146,120 thousand presented in the separate financial statements for 2018 prepared in accordance with German generally accepted accounting principles. This corresponds to a total distribution of EUR 44,524 thousand. Under the profit utilization proposal, an amount of EUR 101,596 thousand will be carried forward to new account.

In addition to the base dividend, AURELIUS Equity Opportunities SE & Co. KGaA distributes what is referred to as a 'participation dividend' to the shareholders in years with successful company divestments. If divestments are realized by the date of the Annual General Meeting, a participation dividend is distributed to the shareholders for the divestments. If the Company holds treasury shares on the date of the Annual General Meeting that do not qualify for dividends in accordance with Section 71b AktG, the amounts attributable to such shares will be carried forward to new account.

### Composition of the Supervisory Board

Effective from the end of the Annual General Meeting, which took place in Munich on May 18, 2018, the Chairman of the Supervisory Board, Prof. Dr. Mark Wössner, stepped down from his position. Christian Dreyer was appointed as a new member of the Supervisory Board of AURELIUS Equity Opportunities SE & Co. KGaA. The Supervisory Board appointed Christian Dreyer to the position of Chairman in its constitutive meeting.

Since then, the Supervisory Board of AURELIUS Equity Opportunities SE & Co. KGaA has comprised the following members:

Christian Dreyer (Chairman)

Prof. Dr. Bernd Mühlfriedel (Vice Chairman)

Holger Schulze

Dr. Ulrich Wolters

Dr. Frank Hübner-von Wittich

Maren Schulze



### Expression of gratitude

The Supervisory Board would like to thank the members of the Executive Board as well as all of the employees for their dedication and their contribution to the Company's successful development.

Grünwald, March 26, 2019

Christian Dreyer

Chairman of the Supervisory Board

## THE SUPERVISORY BOARD

### Christian Dreyer

Chairman

After studying engineering at the Swiss Federal Institute of Technology in Zurich, Christian Dreyer earned an MBA from the INSEAD business school in the French city of Fontainebleau in 1988. He worked as a management consultant for McKinsey & Company in Munich from 1989 to 1991. In 1991, he became Managing Partner of Hansen & Reinders GmbH & Co. Bergbauelektrik KG in Gelsenkirchen, which he internationalized and converted to Hansen Sicherheitstechnik AG with its registered head office in Munich in 2005. Under his leadership as Chairman of the Management Board, the company successfully floated shares on the Frankfurt Stock Exchange in 2006. From 2003 to 2004, he served as Management Board Chairman of Skidata AG and since 2005 he has been the Managing Partner of the private equity and management firm Dreyer Ventures & Management GmbH, Salzburg, whose portfolio today comprises investments in established mechanical engineering firms and innovative technology companies. He also served as Supervisory Board Chairman of MS Industrie AG from 2010 to 2015 and as a Supervisory Board member from 2010 to 2012, and then as Management Board Chairman of SMT Scharf AG from 2012 to 2015. Currently, he is a Supervisory Board member of Beno Holding AG, Starnberg and of Gemeinnützige Salzburger Landeskliniken Betriebsgesellschaft mbH, Salzburg/Austria. Christian Dreyer was born in Zell am See in Austria on November 22, 1962 and currently resides in Salzburg.

### Prof. Dr. Bernd Mühlfriedel

After finishing his studies in business economics at the Friedrich-Alexander University Erlangen-Nürnberg and completing his MBA at the University of Georgia, Dr. Bernd Mühlfriedel started his professional career as a consultant at McKinsey & Company in 1998. He focused on corporate finance and growth studies in the high-tech, chemical and energy branches. At the end of 1999, Prof. Dr. Bernd Mühlfriedel founded the 12snap AG, where he took the role of chief financial officer until 2008. During this period he completed the Chartered Financial Analyst Program at the American CFA Institute. He is also nationally and internationally active as a lecturer and docent in business finance, investment management and entrepreneurship topics, among others at TU München, FOM München as well as the State University of Economics and Finance in St. Petersburg since 2001. He completed his postdoctoral Dr. rer. pol. at the TU München in 2012 with summa cum laude. Dr. Bernd Mühlfriedel, CFA, was born 1971 and his nationality is German. He is professor in business economics at the University for applied Sciences in Landshut, Germany, and managing partner of Zenon Investments GmbH, Gräfelfing, resident in Munich.



### **Holger Schulze**

After studying industrial engineering at the Technical University of Darmstadt, Mr. Schulze began his career as Senior Analyst Global Internal Audit at Procter & Gamble Services in Brussels, Belgium. Following several other posts within the Procter & Gamble Group – in his last position he held global financial responsibility for the distribution logistics and the customer service of the perfume business with responsibility for a budget of more than EUR 100 million and a team of 12 staff – he joined McKinsey & Company as a project manager. There, he led projects for clients in the consumer goods, pharmaceuticals and telecommunications industry in Germany, Romania, Switzerland, the UK and the US. He is CEO of Vital AG, Seligenstadt, Managing Partner of CaloryCoach Holding GmbH, Mainaschaff, and Managing Director of purfitness Holding GmbH, Hanau, and lives in Frankfurt/Main. Holger Schulze was born in 1974 and his nationality is German.

### **Dr. Ulrich Wolters**

After completing his studies in economics in Cologne and gaining his doctorate at the University of World Trade, Dr. Ulrich Wolters began his professional career at the Aldi-Süd Group. After starting there in 1968, he moved up the ranks through several positions, including divisional director, head of sales and managing director. He was appointed to the senior management of Aldi-Süd in 1971 (until 2001). Dr. Ulrich Wolters is supervisory board chairman of Novotergum AG.

### **Dr. Frank Hübner-von Wittich**

Dr. Frank Hübner-von Wittich studied law in Bergen (Norway) and Regensburg. After earning a Ph.D., he passed the state tax advisor examination in 2010. From 2006 to 2014, Dr. Hübner-von Wittich worked for PwC in Amsterdam and Munich as a tax law expert. He has been working for Lotus AG as a lawyer and tax advisor since January 1, 2015.

### **Maren Schulze**

Maren Schulze studied chemistry and marketing at Reutlingen University of Applied Sciences. After earning a master's degree, she worked for several years at Procter & Gamble in Schwalbach as Senior Researcher Baby-care and in Brand Management Healthcare, several years at Dow Chemical in Schwalbach as Commercial Project Manager and Key Account Manager, and several years at Whitehall-Much/Pfizer Consumer Healthcare in Münster as Product Manager. She switched to Heraeus Medical in Wehrheim in 2011 where she is in the position of Head of Commercial Optimization for Europe.



## THE AURELIUS SHARE

The performance of the AURELIUS share was disappointing overall in the year 2018. After a positive start to the year, the share price rose by 15 percent from EUR 56.96 as of the end of 2017 to an annual high of EUR 65.40 in advance of the Annual General Meeting, which took place in Munich on May 18, 2018. This meant that the share even outperformed the market as a whole in the second quarter of 2018. However, it was not possible for the share to remain at this level. In addition to the usual ex-dividend markdown – a dividend of EUR 5.00 per share was distributed to the shareholders after the Annual General Meeting – it fell constantly in price from the third quarter of 2018, thus anticipating the development of the overall market in the fourth quarter of 2018. Increasing risk aversion among investors towards the end of the reporting season put additional pressure on the AURELIUS share. Fears of global trade conflicts and a decline in economic growth internationally led to a share price of EUR 31.72 as of the end of 2018. This constituted a drop of 44 percent for financial year 2018, with performance down 36 percent after adjusting for the dividend payment of EUR 5.00. The AURELIUS share has been rebounding since the beginning of 2019, recording an improvement of more than 20 percent by the reporting date in mid-March and thus substantially outperforming the DAX, which was up by roughly ten percent.

### Severe volatility due to macroeconomic uncertainty

The share performance in 2018 was primarily driven by macroeconomic expectations. Although the economic framework conditions did not change materially over the same period, investors' appetite for risk ground to an abrupt halt on account of increasing uncertainty surrounding future global economic activity. The lack of clarity on Brexit as well as the customs dispute with the USA are key factors for Europe in this regard. Political developments in major EU countries such as Italy, Spain and France were also cause for concern for international investors. This prompted the volatility of the share and of the market as a whole to increase sharply.

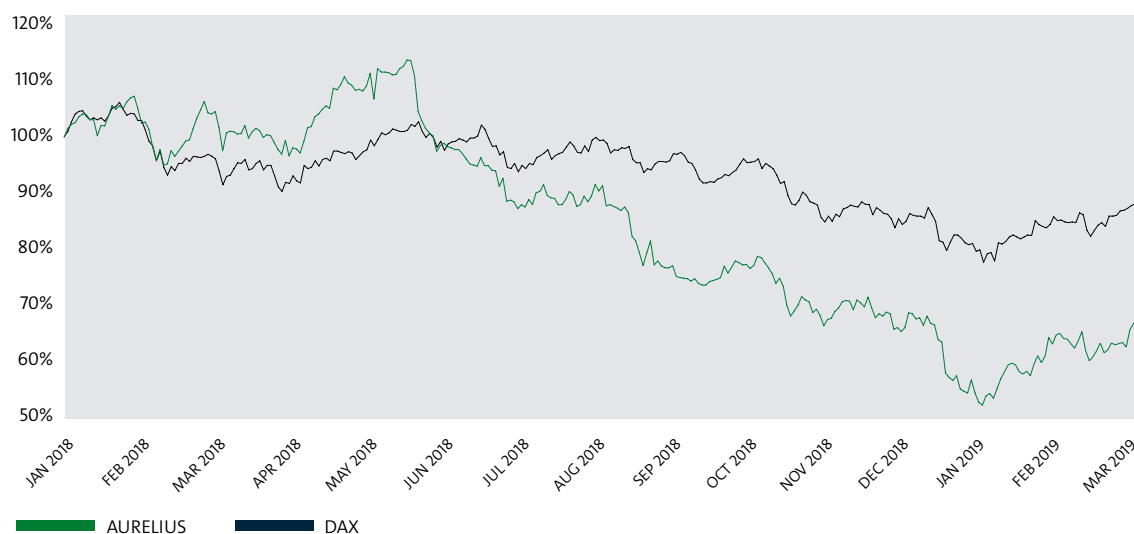
### High distributions via dividends and share buybacks

As proposed by management because of the successful exit activities and the strong operating performance of the Group subsidiaries, the Annual General Meeting passed a resolution on May 18, 2018 to distribute a record dividend of EUR 5.00 per share from the distributable profit of AURELIUS Equity Opportunities SE & Co. KGaA, which constitutes a further year-on-year increase in dividend per share of 25 percent (2017: EUR 4.00 EUR). The dividend paid in 2018 comprised a base dividend of EUR 1.50 per share (2017: EUR 1.00) as well as a participation dividend of EUR 3.50 per share (2017: EUR 3.00). The distribution volume thus amounted to a total of EUR 141.0 million. In addition, AURELIUS shares with a value of EUR 4.4 million were bought back in financial year 2018.





### Performance of the AURELIUS share compared with the DAX



### Key data

|                           |                                                                     |
|---------------------------|---------------------------------------------------------------------|
| WKN                       | A0J K2A                                                             |
| ISIN                      | DE000A0JK2A8                                                        |
| Ticker symbol             | AR4                                                                 |
| Stock exchanges           | Xetra, Frankfurt, Berlin-Bremen, Hamburg, Munich, Stuttgart         |
| Market segment            | m:access (regulated unofficial market) of the Munich Stock Exchange |
| Share capital             | EUR 31,680,000                                                      |
| Number and type of shares | 30,769,944 no par bearer shares                                     |
| Initial listing           | June 26, 2006                                                       |



## ENVIRONMENTAL SOCIAL GOVERNANCE

For AURELIUS focussing on creating shareholder value is built on a bedrock of corporate social responsibility, ethical behaviour and understanding our responsibilities to society, nature and those in less fortunate positions. Accordingly AURELIUS has embedded social and environmental values firmly within its corporate strategy and these find expression in AURELIUS' business activities.

As a commercial enterprise we embrace our responsibilities – starting with our 15,000 employees. For the companies that we acquire and seek to return to health we strive to be a GOOD HOME not only for their businesses but for all their stakeholders – especially the employees.

### AURELIUS ESG policy

As investor, owner and operator, AURELIUS recognises the vital importance of sustainability to combine business success with environmental, social, and governance (ESG) factors. We believe that focussing on sustainability is an important part of building lasting value. Therefore, AURELIUS incorporates ESG issues in its business activities on an ongoing basis and embeds sustainability aspects into its core business and its key processes. Find out more:

<https://aureliusinvest.com/en/equity-opportunities/responsibility/esg-policy/>

### Diversity, labour, human rights

We know that our success relies on the individual performance of each and everyone in our company. It is our primary aim to support our employees in their daily business, their professional career and in achieving their personal goals. The team of AURELIUS operates across many different industries, countries and cultures. Human rights comprise among other things fundamental rights defined by various conventions and declarations in respect of child labour, forced labour, freedom of association and collective agreements, diversity issues and gender equality. Which we at AURELIUS fully support. ESG case study employees:

<https://aureliusinvest.com/en/equity-opportunities/responsibility/people/>

### Environment

We are committed to reducing the environmental impact of our products and our operations through the use of methods which are responsible and economically sound. It is our goal to minimize environmental pollution and to thus continually increase our contribution to environmental protection. As our business grows, we strive to continuously improve our performance and assess the environmental effects of our decisions. Find out more:

<https://aureliusinvest.com/en/equity-opportunities/responsibility/environment/>

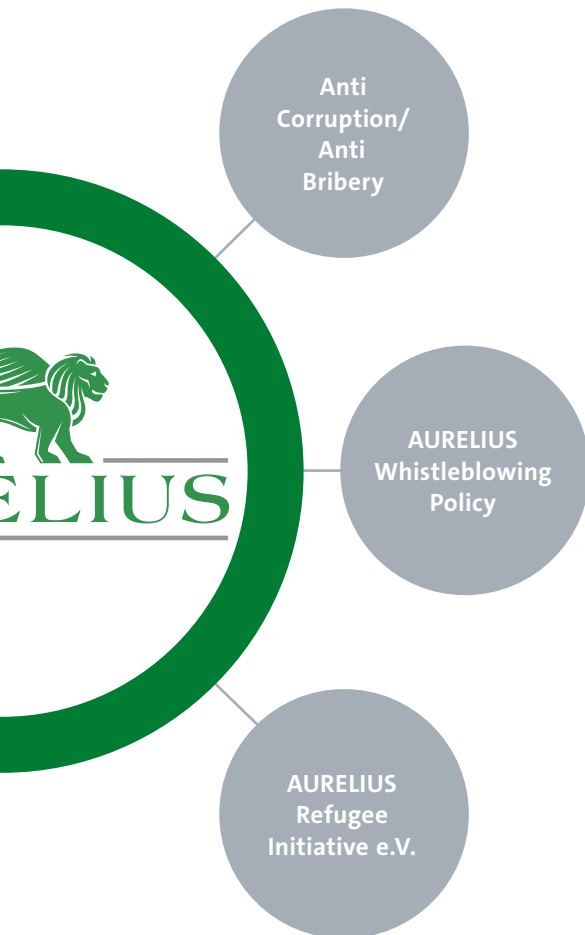




## OUR COMPASS: THE TEN PRINCIPLES OF THE GLOBAL COMPACT

At AURELIUS we are firmly convinced that long-term business success is possible only when we operate in a responsible manner.

The Ten Principles of the United Nations Global Compact, the world's largest corporate sustainability initiative, serve as a compass for our activities. The Global Compact is a challenge to companies to align their strategies and operating activities along globally valid principles of human and labour rights, environmental sustainability and anti-corruption.



### Anti Corruption/Anti Bribery

We pride ourselves on our reputation for acting fairly and ethically wherever we do business. Our reputation is built on our values as a company, the values of our employees and our collective commitment to acting with integrity throughout our organisation. We condemn corruption in all its forms and we will not tolerate it in our business or in those we do business with. It is sometimes difficult to grasp the scale of the damage that bribery does to societies. Find out more:

<https://aureliusinvest.com/en/equity-opportunities/responsibility/anti-corruption-anti-bribery/>

### AURELIUS Whistleblowing Policy

AURELIUS is committed to conducting business with honesty and integrity. We expect all staff to maintain high standards. Any suspected wrongdoing should be reported as soon as possible. The AURELIUS whistleblowing policy covers all employees, officers, consultants, contractors, interns, casual workers and agency workers. We aim to encourage openness and will support whistleblowers who raise genuine concerns under this policy, even if they turn out to be mistaken. Find out more:

<https://aureliusinvest.com/en/equity-opportunities/responsibility/whistleblowing-policy/>

### AURELIUS Refugee Initiative e.V.

#### AURELIUS employee and management campaign for refugees

Employees and the Executive Board of AURELIUS Holding established AURELIUS Refugee Initiative e.V. on October 1, 2015. This charitable association is financed by donations from employees and the Executive Board and its aim is to sponsor various aid projects that provide humanitarian aid and financial support to refugees on their path to a safer life. Find out more:

<https://aureliusinvest.com/en/equity-opportunities/responsibility/aurelius-refugee-initiative-ev/>



# COMBINED MANAGEMENT REPORT AND GROUP MANAGEMENT REPORT OF AURELIUS EQUITY OPPORTUNITIES SE & CO. KGaA FOR THE PERIOD ENDING DECEMBER 31, 2018

## FUNDAMENTAL STRATEGY OF AURELIUS EQUITY OPPORTUNITIES SE & Co. KGaA AND THE GROUP

AURELIUS Equity Opportunities SE & Co. KGaA specializes in identifying, analyzing, developing and exploiting all the opportunities afforded by the market when acquiring its portfolio companies. Consequently, AURELIUS does not focus on any particular economic sector. Accordingly, the Group's operating companies are active in a very wide range of industries and apply different business models.

## BUSINESS MODEL

AURELIUS specializes in acquiring companies with potential for development and makes a long-term commitment to its portfolio companies. AURELIUS has many years of investment and management experience in various industries and sectors required to realize the potential inherent in its subsidiaries. AURELIUS employs its management capacity and the necessary financial resources in order to enhance the strategy and operations of its Group companies.

AURELIUS operates throughout the world, with five offices in Europe, as well as subsidiaries in Europe, the United States, Asia and Australia.

Owing to its transaction experience from more than 100 company acquisitions and sales, AURELIUS is able to carry out transactions professionally and quickly. Thanks to its financial strength, which does not depend on banks, AURELIUS is in a position to pay fair purchase prices and actively help the Group companies develop their potential. AURELIUS is also flexible in the structuring of such transactions. As part of the sales process, it can accommodate special conditions such as a minimum holding period, job guarantees and the replacement of corporate relationships or existing lenders. For that reason, AURELIUS can make the necessary decisions more quickly, giving it a competitive advantage in both the screening of prospective target companies and the operational further development of the Group companies.

### Investment focus

AURELIUS does not focus on particular industrial sectors when selecting potential target companies. AURELIUS acquires investments throughout Europe in medium-sized enterprises and corporate spin-offs, provided they meet one or more of the following criteria:

- Potential for development that can be unlocked with operational support,
- Below-average profitability or need for restructuring, and/or
- Synergies with existing platform investments in specific target sectors.



As a general rule, AURELIUS acquires medium-sized enterprises or corporate spin-offs with annual revenues of between EUR 100 million and EUR 1 billion and an EBITDA margin that is positive, but which can also be negative in exceptional cases. It is important that the company in question has a market environment and core business that is stable and the potential for its value to be increased by means of operational measures. AURELIUS generally acquires majority interests and preferably 100 percent of the company's equity.

### Acquisition strategy

For the purpose of identifying suitable acquisition targets, AURELIUS makes use of a broad network of decision-makers in industrial corporations as well as M&A consultants and investment banks. The Company's acquisition specialists identify several hundred potential acquisition candidates every year, of which about ten to 15 percent undergo a detailed assessment.

AURELIUS conducts this due diligence process with internal and external experts in the fields of mergers and acquisitions, law and finance. In this way the Company assures prompt and efficient due diligence at a consistently high level.

### Managerial support as value driver

The Group companies are supported by experienced AURELIUS employees who assist corporate management in the operational and strategic further development of these companies. AURELIUS makes a long-term commitment to its Group companies and considers itself a responsible shareholder that offers its subsidiaries a good, stable home and a dependable environment even in times of change. To that end, AURELIUS relies upon a pool of experienced managers and function specialists in fields such as finance, organization, production, IT, purchasing, contracts, marketing and sales, among others. These experts are deployed in the companies on a project-specific basis.

AURELIUS applies an integrated approach to the further development of its subsidiaries. The various specialists assist in the operational and strategic repositioning as agreed with the management of the Group company in question. To further develop its portfolio companies, AURELIUS initiates comprehensive measures immediately after the acquisition in line with the specific circumstances of the respective company.

Such measures may include:

- Analysis of existing and, where appropriate, the introduction of new, more modern IT systems,
- Development of new sales and marketing concepts,
- Negotiating with banks and creditors on debt restructuring,
- Establishing new supplier relationships and settling inherited liabilities,
- Agreements with works councils and trade unions,
- Restructuring current assets,
- Reorganizing production processes, and/or
- Streamlining the product portfolio.

A large share of the compensation granted to the managing directors of the subsidiaries is variable. The amount of this variable compensation is based on the success of the respective company. This ensures that the interests of the Group companies are aligned with those of the parent company.



### Organizational structure of the Group

The AURELIUS Group has a multi-tiered structure. The operating companies are each held by independent intermediate companies below the level of the ultimate parent company AURELIUS Equity Opportunities SE & Co. KGaA. This structure effectively segregates the risks of the individual operating subsidiaries.

### Sales markets and external factors

The subsidiaries of the AURELIUS Group operate in different sectors and industries. Therefore, please refer to the reports from the Group companies for a description of the sales markets and external factors.

### Changes in the basis of consolidation

Because several companies are generally bought and sold within a given financial year, the AURELIUS Group's basis of consolidation usually changes between reporting dates. In accordance with the rules of IFRS 5 applicable to the accounting treatment of non-current assets held for sale and discontinued operations, companies sold during a financial year that are classified as discontinued operations in accordance with IFRS 5 are no longer included in the revenue figures presented in the annual report for that year. Instead, they can be found in profit or loss from discontinued operations in the consolidated statement of comprehensive income. The previous-year comparison figures are likewise adjusted in accordance with these rules.

### Internal management system

Directly following the acquisition of a new subsidiary, a comprehensive and reliable, uniform Group-wide information and controlling system is implemented locally. The purpose of this system is to deliver the critical information required to improve the cost and income situation and successfully restructure the respective Group company. The instruments employed for this purpose include a weekly liquidity report and a monthly report analyzing variances from the annually prepared budget and from the forecast(s) generated during the year. AURELIUS Management SE, the personally liable shareholder of AURELIUS Equity Opportunities SE & Co. KGaA, represented by its Executive Board (hereinafter referred to as "Executive Board") is also periodically informed of the current situation in the Group companies by the local managing directors and thereby also kept up to date on potentially negative developments so that appropriate countermeasures can be taken in good time.

The value-driven management and control of the AURELIUS Group is based on a comprehensive reporting and controlling system. The key planning and managerial indicators tracked for the purpose of internally managing the Group and the subsidiaries are cash flow, EBITDA and EBIT. All the key indicators mentioned above are entered into and monitored within the uniform Group-wide reporting system. As part of the internal reporting process, the Executive Board of AURELIUS Management SE, which is the personally liable shareholder of AURELIUS Equity Opportunities SE & Co. KGaA, receives a weekly liquidity report and a monthly report analyzing the variances with the annually planned budget and the forecasts generated during the year. Any budget variances are examined and countermeasures are adopted as appropriate. For information on the methods employed for calculating the key indicators of cash flow, EBITDA and EBIT, please refer to the notes to the consolidated financial statements.





## RESEARCH AND DEVELOPMENT

No basic research is conducted in the AURELIUS Group. The Group's total research and development costs amounted to EUR 4.1 million in financial year 2018 (2017: EUR 2.6 million). The capitalized development costs amounted to EUR 6.7 million at the reporting date of December 31, 2018 (December 31, 2017: EUR 3.4 million). As a general rule, research and development activities are conducted exclusively in the subsidiaries (operating entities):

### HanseYachts

The development work of HanseYachts focuses on the development of new and innovative yachts using the most modern materials and manufacturing processes. The knowledge gained in the optimization of ongoing processes flows into this development work. The extensive experience of its own employees is enhanced by collaboration with internationally recognized design firms and yacht designers and by the technical innovations of suppliers of deliverable accessories and merchandise. The use of the design software Catia V5 makes it possible to model the entire development and manufacturing process, from the initial design to the control of production machines. In addition to hardware and software costs, expenses are incurred for the training of employees and the use of external specialists. In the reporting period, development work focused on the development of new models for the Hanse, Dehler, Fjord, and Sealine brands. Besides refining the exterior and interior layouts of existing models, the company is working to devise new designs and concepts as well as to establish design and production standards.

The research and development expenses recorded separately in the cost accounting system amounted to EUR 3.1 million in financial year 2018 (2017: EUR 1.7 million). This figure mainly includes personnel expenses and purchased services. Insofar as the recognition requirements for intangible assets ("development costs") or technical plant and equipment/assets under construction ("production molds") were met, these costs were capitalized (EUR 2.9 million) within the item of internal production capitalized. Therefore, total research and development costs of EUR 2.1 million were recognized as expenses in the reporting period.



## ECONOMIC REPORT

### General economic conditions

According to preliminary calculations of the International Monetary Fund (IMF), the global economy expanded at a rate of 3.7 percent in 2018 (2017: 3.8 percent). Whereas growth in the United States, India, China, Japan, Asian developing nations and Russia was roughly in line with the IMF's expectations from April and October 2018, growth in the Eurozone and the United Kingdom especially lagged behind expectations, not least of all due to the lingering international trade disputes and the Brexit issue.

Investment activity was restrained not only by the general political uncertainties, but also numerous geopolitical and local tensions, financial policy risks in China and the United States, and rising protectionism around the world.

According to the IMF's preliminary calculations, the German economy expanded by only 1.5 percent in 2018, as opposed to the 2.5 percent rate predicted in April. Slowing economic growth had also been predicted by the German Council of Economic Experts in their annual report at the end of 2018. As reasons for the slowdown, they cited unfavorable foreign trade conditions, including fears of a trade war with the United States and a disorderly exit of the United Kingdom from the European Union, as well as the scarcity of skilled workers in Germany and capacity bottlenecks.

### Development of the private equity market in 2018

According to the statistics published by the German Private Equity and Venture Capital Association (BVK) in February 2019, private equity firms in Germany invested a total of EUR 9.6 billion in 2018. Thus, private equity investments remained at a very high level after the record amount invested in 2017 (EUR 11.3 billion). In total, around 1,200 companies, or roughly 100 more than in 2017 (approx. 1,100), were financed with private equity. According to BVK, the German private equity market remained very strong.

German private equity firms raised EUR 2.7 billion in 2018, that being 11 percent less than in the previous year (2017: EUR 3.1 billion). The total number of new investment funds increased, although the number of large investment funds decreased.

After the record performance in 2017, the buyout market (market for ownership succession and majority interests) contracted by around 20 percent to a volume of EUR 6.7 billion in 2018 (2017: EUR 8.4 billion). In particular, the number of very large corporate transactions declined. At 149, the number of buyouts was little changed from the previous year (2017: 153).

The sum of minority investments focused on small and medium-sized enterprises (growth, replacement and turnaround financing) declined to EUR 1.5 billion (2017: EUR 2.0 billion).

At EUR 1.4 billion, investments on the part of venture capital firms exceeded the already high level of the previous year (2017: EUR 1.3 billion).



### Business performance of the Group

For AURELIUS Equity Opportunities SE & Co. KGaA, financial year 2018 was a year of investment in the Group's portfolio and further development of the Group's existing companies.

Consolidated revenues from continued operations rose by 13 percent to EUR 3,389.0 million (2017: EUR 2,998.3 million), mainly as a result of acquisitions. In total, 12 corporate groups were acquired. Two corporate groups were sold.

EBITDA amounted to EUR 100.9 million, clearly less than the 2017 result of EUR 272.6 million. The decrease resulted mainly from the much lower gains on bargain purchases.

The AURELIUS share lost 44 percent of its value in financial year 2018. The Executive Board of AURELIUS Management SE ascribes this disappointing share price performance mainly to macroeconomic explanations such as the USA/China trade war, Brexit, the late stage of the economic cycle, and the political situation in some European countries like Italy, as well as the protests in France.

The revenue and profit forecasts for the individual segments that were expressed in last year's annual report were achieved as follows:

The revenues generated in the Industrial Production segment increased by 19 percent, which was better than expected. AURELIUS had originally anticipated a modest revenue increase in this segment in 2018. Earnings (EBITDA and EBIT) were also higher. The Danish company AH Industries was sold in January 2018. In November 2018, VAG was acquired, representing one of the leading suppliers of valves for water treatment and distribution, waste water systems, dams, power plants and the energy sector. This company is assigned to the Industrial Production segment.

The revenues generated in the Services & Solutions segment rose slightly by seven percent. AURELIUS had anticipated that both revenues and earnings (EBITDA and EBIT) would be at roughly the previous-year's levels. However, earnings were below the level of 2017. In December 2018, significant parts of Allied Healthcare were sold to the Health Care Resourcing Group, Prescott (United Kingdom).

AURELIUS had anticipated that the revenues generated in the Retail & Consumer Products segment would be little changed from the previous year. In fact, segment revenues rose by 12 percent. Operating earnings were slightly less than the previous-year figure, even though the Group had anticipated a modest increase in EBITDA and EBIT. AURELIUS acquired the globally active multi-channel bookseller Bertram Books (formerly: Connect Books) in the United Kingdom in February 2018. In late July 2018, AURELIUS acquired Ideal Shopping Direct, a leading multi-channel home shopping provider in the UK. In December 2018 AURELIUS completed the acquisition of Hellanor, a wholesaler of automotive parts headquartered in Hagan near Oslo (Norway). This company is assigned to the Retail & Consumer Products segment.



## Reports from the Group companies

The following comments reflect developments in the individual corporate groups (subsidiaries) that are fully consolidated in the AURELIUS Group. At the reporting date of December 31, 2018, the AURELIUS Group consisted of 21 operating groups classified as continued operations of AURELIUS under IFRS:

| Corporate group                  | Sector                                                                                                         | Segment affiliation        | Head office                  |
|----------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------|------------------------------|
| HanseYachts                      | Manufacturer of sailing yachts and catamarans                                                                  | Industrial Production      | Greifswald, Germany          |
| CalaChem                         | Producer of fine chemicals                                                                                     | Industrial Production      | Grangemouth, UK              |
| Briar Chemicals                  | Producer of specialty chemicals                                                                                | Industrial Production      | Norwich, UK                  |
| SOLIDUS                          | Manufacturer and processor of solid board products                                                             | Industrial Production      | Bad Nieuweschan, Netherlands |
| Reuss-Seifert & Hammerl          | Manufacturer of spacers made of plastic, steel and concrete, as well as construction films and consumables     | Industrial Production      | Sprockhövel, Germany         |
| VAG                              | Supplier of water valves for water infrastructure                                                              | Industrial Production      | Mannheim, Germany            |
| GHOTEL Group                     | Hotel chain                                                                                                    | Services & Solutions       | Bonn, Germany                |
| LD Didactic                      | Provider of technical teaching systems                                                                         | Services & Solutions       | Hürth, Germany               |
| AKAD University                  | Distance learning university                                                                                   | Services & Solutions       | Stuttgart, Germany           |
| B+P Gerüstbau                    | Scaffold building and construction site services                                                               | Services & Solutions       | Berlin, Germany              |
| Transform/<br>The Hospital Group | Provider of surgical and non-surgical cosmetic procedures                                                      | Services & Solutions       | Manchester, UK               |
| Scholl Footwear                  | Supplier of orthopedic and comfort shoes                                                                       | Retail & Consumer Products | Milan, Italy                 |
| MEZ                              | Provider of handcraft products                                                                                 | Retail & Consumer Products | Herbolzheim, Germany         |
| Conaxess Trade Group             | Distributor of fast-moving consumer goods                                                                      | Retail & Consumer Products | Soborg, Denmark              |
| Scandinavian Cosmetics Group     | Distributor of premium-quality cosmetics and perfumes                                                          | Retail & Consumer Products | Malmö, Sweden                |
| Calumet Wex                      | Multi-channel retail chain for photography equipment and manufacturer of professional lighting systems         | Retail & Consumer Products | Hamburg, Germany             |
| Office Depot Europe              | Provider of office supplies, printing and document services, facility management services and office furniture | Retail & Consumer Products | Venlo, Netherlands           |
| Silvan                           | Leading 'Do-It-Yourself' retail chain                                                                          | Retail & Consumer Products | Aarhus, Denmark              |
| Bertram Books                    | Globally active multi-channel bookseller                                                                       | Retail & Consumer Products | Norwich, UK                  |
| Ideal Shopping Direct            | Multi-channel home shopping provider                                                                           | Retail & Consumer Products | Peterborough, UK             |
| Hellanor                         | Wholesaler of automotive parts                                                                                 | Retail & Consumer Products | Hagan, Norway                |

In total, AURELIUS Equity Opportunities SE & Co. KGaA has included 335 subsidiaries in its consolidated financial statements. Insignificant investments and three associates are recognized as financial instruments within the meaning of IFRS 9 and IAS 28.



### Corporate transactions in financial year 2018

AURELIUS acquired 12 corporate groups, eight of which as so-called add-on acquisitions to strengthen existing Group companies, and consolidated them for the first time in financial year 2018.

In January 2018, AURELIUS completed the acquisition of Abelan Board Industrial, a prestigious producer of packaging solutions made from cardboard and solid board, as an add-on acquisition for the Group subsidiary SOLIDUS.

In February 2018, AURELIUS acquired the globally active multi-channel bookseller Bertram Books (formerly: Connect Books) in the United Kingdom.

The AURELIUS subsidiary GHOTEL hotel & living acquired two “nestor” brand hotels in the greater Stuttgart area in February and a 4-star hotel in Göttingen, as well as the corresponding property, in April 2018.

In April, the AURELIUS subsidiary B+P Gerüstbau acquired Gustav Raetz Gerüstbau GmbH, which is headquartered in Munich.

In early July 2018, the AURELIUS subsidiary Scandinavian Cosmetics Group acquired the Norwegian Solis International Cosmetics AS and its Swedish subsidiary Alf Sörensen AB.

In late July 2018, AURELIUS announced the acquisition of Ideal Shopping Direct, a leading multi-channel home shopping provider in the United Kingdom, from Blackstone.

Northern Paper Board was acquired as an add-on to SOLIDUS in late August 2018.

In late October 2018, GHOTEL hotel & living acquired three locations of Arcadia Hotelbetriebs GmbH.

The acquisition of the Mannheim-based water and waste water valves manufacturer VAG from the U.S. Rexnord Group was completed in late November.

AURELIUS completed the acquisition of the Norwegian wholesaler Hellanor from Nordic Forum Holding A/S, a 100 percent subsidiary of HELLA GmbH & Co. KGaA, in December 2018.

Also in December, the AURELIUS subsidiary Calumet Wex purchased the interests in Foto-Video Sauter that had been held by the Sauter family.

Already in January 2018, AURELIUS sold the Danish subsidiary AH Industries in the form of a management buy-out. In December 2018, significant parts of Allied Healthcare were sold to the Health Care Resourcing Group, Prescott (United Kingdom).



## INDUSTRIAL PRODUCTION (IP) SEGMENT

Revenues from continued operations in the Industrial Production segment increased by 19 percent to EUR 663.3 million (2017: EUR 558.3 million). The Danish subsidiary AH Industries was sold in January 2018. In November 2018, the Group acquired VAG, one of the leading suppliers of valves for water treatment and distribution, dams, power plants and the energy sector, and assigned it to the Industrial Production segment. The earnings before interest, taxes, depreciation and amortization (EBITDA) of this segment came to EUR 118.2 million in financial year 2018 (2017: EUR 26.3 million). The segment earnings before interest and taxes (EBIT) amounted to EUR 88.6 million (2017: EUR 0 million). Cash and cash equivalents amounted to EUR 40.1 million at December 31, 2018 (December 31, 2017: EUR 19.2 million).

### HANSEYACHTS



#### Company

HanseYachts, which has belonged to AURELIUS Group since 2011, is the world's second-largest series manufacturer of sailing yachts. In addition to its Hanse core brand, the company also offers the long-established brands Dehler, Moody and Varianta, as well as the motor boat brand Fjord. The company began manufacturing and distributing motor boats of the Sealine brand in the spring of 2014. Across all brands, the product offering currently comprises 35 different models of sailing and motor yachts. It exports about 80 percent of its products and controls a market share of more than 30 percent in the core countries of northern Europe and Australia. The HanseYachts share is listed in the General Standard segment of the Frankfurt Stock Exchange (ISIN: DE000AOKF6M8).

#### Structure and organization

The headquarters of HanseYachts AG is located in Greifswald. The management team is composed of a CEO and a CFO. The company has ultra-modern production facilities located close to the sea in Greifswald and Goleniów (Poland) and is represented by distributorships and distribution partners in around 100 countries throughout the world.

#### Market environment

The worldwide sailing and motor yacht market is subject to intense competition. There are many yacht manufacturers around the world that produce single-digit to double-digit unit quantities per year. On the other hand, there are only few competitors in the industrial world that produce triple-digit quantities of yachts per year, like HanseYachts, which are therefore global major competitors of HanseYachts. The sailing and motor yacht market continues to undergo considerable consolidation and the market environment is therefore as challenging as ever.

Since May 2017, HanseYachts has operated in a new water sports segment with the catamarans of the Privilège brand. After AURELIUS, as the parent company of HanseYachts, acquired a majority interest in Privilège Marine SAS, Privilège sailing and motor catamarans have been sold through the HanseYachts dealer network with the aid of a sales cooperation agreement.





### Current developments

HanseYachts mainly exports its yachts to foreign countries. The global maritime market accessible to HanseYachts is growing. The company generates its biggest unit sales in Germany, England, Spain, France and Italy. Despite a small drop, unit sales in the United States were nonetheless good in the 2017/2018 financial year (July 1 to June 30), whereas sales were slightly down in Turkey due to the currency turmoil affecting that country.

HanseYachts generated total revenues of EUR 140 million in financial year 2017/2018, the highest level in the company's 27-year history. Due to higher expenses compared to the previous year, primarily for advertising and premium trade fair appearances, as well as legal and consulting expenses, the company's EBITDA was lower than the previous year.

To counter the challenging market environment, the shipyard continuously invests in the development of new yachts and updates its product offering to satisfy the wishes of customers for individuality and variant diversity. Customer preferences are wide-ranging and can vary widely from one region to another. Systematically expanding the product range is an integral part of the company's multi-brand strategy and its product portfolio currently comprises 35 different models.

The marketing activities of HanseYachts primarily include regular participation in national and international trade fairs such as those in Düsseldorf and Friedrichshafen, as well as trade fairs in Cannes (France), Paris (France), Annapolis (USA) and Sydney (Australia). The company is represented either by itself or its dealers at 83 trade fairs in 29 countries annually.

### Significant factors affecting business performance

The revenue performance of HanseYachts is also dependent on general trends. According to reporting by the German daily *Frankfurter Allgemeine Zeitung*, the purchasing behavior of water sports enthusiasts has shifted in the last few years from small sailboats to large yachts or motor boats. Due to the seasonal nature of this business, earnings are negative in the first half of the financial year (July 1 to December 31,) and the greatest earnings contributions are generated in the second half of the financial year (January 1 to June 30).

### Outlook

For the 2018/2019 financial year, HanseYachts expects a moderate increase in revenues over the preceding 2017/2018 financial year. The planned revenue growth will be driven by sales of motor yachts. However, sailing yachts still account for most of the company's revenues. Moreover, HanseYachts anticipates a sharp increase in operating earnings before interest, taxes, depreciation and amortization (EBITDA).



## CALACHEM



### Company

CalaChem is a producer of fine chemicals focusing on agrochemicals and specialty chemicals. Besides producing fine chemicals, the company also operates an Industrial Services business unit. This unit provides a wide range of services for the adjacent Earls Gate industrial estate, including the treatment of industrial waste water, the provision of process steam and the supply of electricity. CalaChem has belonged to the AURELIUS Group since 2010.

### Structure and organization

The company has its headquarters and sole production facility in Grangemouth (Scotland). It operates in two segments: contract production of fine chemicals and the provision of industrial services. The management team is composed of two persons, a CEO and a CFO.

### Market environment

CalaChem operates in the market for outsourced agrochemical production, which is estimated at roughly USD 7 billion. There is a growing trend toward outsourcing chemical contract production because this enables customers to lower their capital expenditures, work with a more flexible base of suppliers, and free up their own capacities for new products. A major factor affecting the market are the lower production capacities of manufacturers in China due to stricter environmental regulations ("Project Blue Sky"). This development has also had a positive impact on CalaChem. The company has already fielded a number of inquiries related directly to the delivery problems of Chinese suppliers.

### Current developments

CalaChem increased its revenues further in 2018, nearly achieving its revenue target. EBITDA was modestly lower than the previous-year figure and also slightly below the plan figure.

### Significant factors affecting business performance

Besides general commercial trends, two factors influenced CalaChem's business performance in 2018. In December, CalaChem signed a contract for a new cogeneration plant in the adjacent Earls Gate Park industrial park. The power plant is owned by a third party, which will also finance it. It represents a plannable, long-term energy source for CalaChem. Also in December, CalaChem sold its pension fund to an insurance company.

### Outlook

The outlook for CalaChem in the 2019 financial year is very positive, as the company expects that its revenues will continue to rise. A hard Brexit could possibly create disadvantages for the company in the form of customs duties and delays in imports to the United Kingdom.



## BRIAR CHEMICALS



### Company

Briar Chemicals is an independent contract manufacturer and producer of agrochemicals and fine chemicals. The company currently produces mainly chemical agents and intermediates for herbicides. The location was acquired by Bayer CropScience in 2012.

### Structure and organization

Headquartered in Norwich (United Kingdom), the company operates a production facility there and produces its products in various plants. The management team is composed of a CEO and a CFO.

### Market environment

Briar Chemicals operates in the market for outsourced agrochemicals production, which is estimated at around USD 7 billion. There is a growing trend toward outsourcing chemical contract production because this enables customers to lower their capital expenditures, work with a more flexible base of suppliers, and free up their own capacities for new products. A major factor affecting the market are the lower production capacities of manufacturers in China due to stricter environmental regulations. This development has also had a positive impact on Briar Chemicals. The company has already fielded a number of inquiries and made deliveries related to the reduced delivery capabilities of Chinese manufacturers.

### Current developments

2018 was another very successful year for Briar Chemicals. However, a serious work accident sustained during maintenance work on the company's equipment in the summer led to a unplanned delay in the resumption of production after the normal summer maintenance break. The financial effects of the production outage were covered by insurance benefits.

### Significant factors affecting business performance

Briar Chemicals successfully expanded its business in 2018 and generated about 10 percent of its revenues with newly acquired customers.

The investigations of the above-mentioned work accident are still ongoing and the company supports them fully. The company's operational performance in 2018 was impacted by this incident because the production of several products was delayed or had to be discontinued. The financial effects were offset by insurance benefits.

### Outlook

The company's outlook for 2019 is positive. The company expects to generate substantially higher revenues compared to 2018.

A hard Brexit could possibly create disadvantages for the company in the form of customs duties and delays in imports to the United Kingdom.



## SOLIDUS



### Company

The Dutch company SOLIDUS, which has belonged to the AURELIUS Group since 2015, operates factories in the Netherlands, Belgium, Spain, Portugal, France and the United Kingdom. With around 1,200 employees, SOLIDUS produces packaging solutions from solid board for the fruit and vegetable, fish, and meat industries in five mills and seven so-called converters. SOLIDUS also offers solutions for office supplies and luxury packaging. In early 2018, the company added the production of cores and sleeves for industrial applications as its third main business.

The company's environmentally friendly products, which are made from 100 percent recycled waste paper, comprise both customized trays, boxes and paper sheets, as well as rolls for further industrial processing.

SOLIDUS understands itself to be a full-solution provider. Its service offerings range from consultation and development of packaging design to individual logistical solutions and the provision of assembly stations at the customer's place of business.

### Structure and organization

The Board of Directors is composed of a CEO and a CDO. They are supported by a management team composed of a COO responsible for production and supply chain management, a CFO responsible for finance and IT, and two so-called group directors responsible for human resources and sales. The Spanish national subsidiary is managed by a local managing director who also belongs organizationally to the management team.

### Market environment

The development of the market environment was positive for SOLIDUS in 2018. There was strong demand for cardboard and packaging throughout Europe, leading to rising sales prices and higher margins, particularly because SOLIDUS offers sustainable, fiber-based packaging made from recycled materials, which are increasingly being substituted for plastic and polystyrene packaging in a market that is becoming more environmentally conscious.

### Current developments

SOLIDUS performed very well in 2018. The company's revenues and EBITDA were considerably higher than the previous-year figures and the budgeted targets for 2018. This was mainly due to the very good order backlog, slightly lower prices for waste paper, and the earnings effects of the efficiency enhancement initiatives in previous years, which came to full fruition. The corporate group also benefited considerably from the beginning integration of the Abelan South Group, with two factories in Spain and sales offices in France and Portugal, which had been acquired at the start of 2018. The realization of synergies proceeded according to plan and was largely completed by the end of the year.

Investments and operational improvements were implemented according to plan in the past year. Business expanded through organic growth and add-on acquisitions in all three segments of Solid Board, Core Board and Luxury Packaging.



### Significant factors affecting business performance

The positive performance of SOLIDUS in 2018 was further strengthened by higher paper prices coupled with lower prices for waste paper. Earnings were weighed down by a fire in the Oude Pekela mill, the damage from which was only partially covered by insurance.

### Outlook

The company is planning for a further increase in revenues and higher profitability in the 2019 financial year, based on factors such as the higher production of cardboard resulting from the acquisition of Northern Paper Board and an expected increase in overall plant efficiency to result from the introduction of the 'World-Class Manufacturing' (WCM) training program.

## REUSS-SEIFERT & HAMMERL



### Company

Reuss-Seifert & Hammerl is an internationally active supplier of construction materials. Acquired by AURELIUS in 2016, it develops, produces and distributes spacers made of plastic, steel and concrete, as well as reinforcement, sealing, fastening and formwork systems. The company's commercial customers are mainly located in Germany and other countries of Europe.

### Structure and organization

Reuss-Seifert & Hammerl is managed by two managing directors. The Reuss-Seifert headquarters is located in Sprockhövel and the Hammerl headquarters in Gemmrigheim. The company has one production facility in Poland, which opened in 2018, and a location in the Czech Republic.

### Market environment

Construction industry revenues from main building activities increased year over year by 6.0 percent in nominal terms (1.5 percent in real terms) to reach EUR 121 billion in 2018. The German construction industry expects a similarly positive development in 2019.

### Current developments

The unit sales numbers of Reuss-Seifert & Hammerl declined especially in the first quarter 2018, but also in the full year 2018. This was due to the effects of the since completed relocation and consolidation of production at the new location in Nowa Sól in Poland, which resulted in temporary revenue losses. For this reason, both revenues and EBITDA in the full 2018 year were less than the previous-year figures and below the original budgeted figures.

### Significant factors affecting business performance

Procurement prices for plastic raw materials increased substantially in some areas. Due to the fact that the company relies on only one supplier in some cases, there is currently no possibility of switching to alternative suppliers. Towards the end of 2018, electricity rates rose considerably in some cases. The company can largely offset these extra costs by switching to a new supplier in the current year 2019.

Following the consolidation of production at the new location in Poland, the company is now overhauling and optimizing all relevant processes. Joint teams from Sprockhövel and Nowa Sól are working on this project. The



first workshops have already been held and others will follow by the middle of this year. After that, the processes will be reviewed again and adjusted if necessary.

At the time when Reuss-Seifert & Hammerl was acquired by the AURELIUS Group, its plant and equipment were in need of considerable maintenance work. Therefore, repair and maintenance measures were undertaken and replacement and enhancement investments made in the last two years.

### Outlook

The construction industry in Germany will probably be supported again in 2019 by consistently high employment, the housing shortage, and continued low interest rates.

For 2019, the company is planning numerous measures and product innovations to further optimize manufacturing costs. The management intends to further improve the company's performance in the areas of merchandise availability, delivery capability and speed of delivery, prices and reliability.

Reuss-Seifert & Hammerl has agreed on revenue targets for 2019 with many major customers in Germany and abroad. Most customers anticipate stable or even growing revenues. Overall, therefore, the company expects to increase its revenues in 2019.

## VAG



### Company

VAG is one of the leading suppliers of valves for water treatment and distribution, waste water systems, dams, power plants and the energy sector. It has belonged to the AURELIUS Group since November 2018. VAG is known throughout the world for its market-leading expertise in product development. The company is active both in the global project business and in the production and distribution of standard applications.

### Structure and organization

Headquartered in Mannheim, VAG is managed by four managing directors. The company is divided into different operating units. It has six locations with in-house production in Germany, the Czech Republic, China, India, South Africa and the United States, as well as 14 own sales offices through which VAG's products and services are sold in more than 100 countries.

As a globally active company, fulfilling a diverse range of regulatory requirements is critically important for VAG. For this reason, the company has introduced robust processes that make it possible to mitigate the risks involved with a worldwide business and so ensure the company's long-term success. The five key fields of these processes are management responsibility, standards and controlling, risk management, training and communication, and supervisory responsibility.





### Market environment

The most important markets for VAG are Europe and particularly the German market, as well as China, North America and the Middle East. The strategic goal of VAG is sustainable, profitable growth especially in these markets. Competitors from low-wage countries are increasingly pushing into markets that have previously been dominated by established suppliers, leading to growing competition pressure particularly for pump manufacturers in Asia. Competitors from China are increasingly using names and trademarks that are related to VAG.

### Current developments

In some cases, the markets served by VAG are subject to the negative influence of political and global economic events. Population growth and the resulting increase in demand for potable water and water for industrial production necessitate numerous water treatment projects for households, agriculture and industry. Water and wastewater infrastructure projects and the modernization of hydroelectric power stations will fuel worldwide growth in these markets, offering the potential for revenue growth also for VAG in the coming years.

### Significant factors affecting business performance

The former owner, the Rexnord Group, had been focused on the planned sale of the company. For this reason, it postponed or delayed important decisions by the former owner affecting the company's business.

A certain investment restraint can be observed in the Middle East due to the oil price crisis, political instability and local budgetary constraints in this region. In addition, local competitors are increasing the price pressure on VAG.

The restructuring measures that were already completed in 2018 can be expected to result in cost reductions beginning in 2019. The Czech company is currently undergoing a process to increase productivity and decrease production faults. In South Africa, VAG has completed the consolidation of two factories. The company has also consolidated two factories in the United States. VAG is currently in the process of opening an office in Dubai to bolster sales in the Middle East.

### Outlook

Additional restructuring measures will be implemented in 2019. The company expects revenues to remain roughly constant in 2019 and anticipates an improved cost structure.



## SERVICES & SOLUTIONS (S&S) SEGMENT

Revenues from continued operations in the Services & Solutions segment rose by seven percent to EUR 166.7 million in the 2018 financial year (2017: EUR 156.4 million). Significant parts of Allied Healthcare were sold to the Health Care Resourcing Group, Prescott (United Kingdom) in December 2018. The earnings before interest, taxes, depreciation and amortization (EBITDA) of the Services & Solutions segment amounted to EUR 11.7 million (2017: EUR 18.5 million). Segment earnings before interest and taxes (EBIT) came to EUR 3.8 million (2017: EUR 11.3 million). Cash and cash equivalents amounted to EUR 12.3 million at December 31, 2018, after EUR 24.2 million at the end of 2017.

## GHOTEL GROUP



### Company

The GHOTEL Group is a fast-growing hotel and apartment house chain with 3-star and 4-star properties. It currently operates 13 hotels under different brands and two apartment houses throughout Germany and in Salzburg (Austria). The hotels are marketed under the brands GHOTEL hotel & living and nestor Hotels, as well as the brands of the franchise partners AccorHotels and InterContinental Hotels Group. The company has belonged to the AURELIUS Group since 2006.

### Structure and organization

The administrative headquarters of the GHOTEL Group is located in Bonn. It is managed by three managing directors. As a hotel operator, the company maintains the typical operating processes for operating hotels. In addition, the Group has centralized departments for sales and marketing, procurement, finance and business development.

### Market environment

Germany is still an attractive travel destination for vacations, conferences and congresses, with an internationally good price-quality ratio. According to the German Federal Statistical Office, the number of overnight stays rose by four percent year-over-year in the period from January to October, despite a rate increase of around 2.2 percent. The number of foreign guest overnight stays increased by five percent, that of domestic guest overnight stays by four percent. According to a survey by the German Hotel and Restaurant Association (DEHOGA), however, hotels and restaurants are experiencing problems related to the scarcity of skilled workers, the implementation of the General Data Protection Regulation, rising wage costs and increasing bureaucracy.

### Current developments

The GHOTEL Group pursued a course of expansion in 2018, adding a total of six new hotels, including the Nestor locations in Ludwigsburg und Neckarsulm, the GHOTEL hotel & living Göttingen (originally an Intercity Hotel) and Arcadia Hotels, including the Holiday Inn Düsseldorf-City, the Holiday Inn Salzburg and the Holiday Inn Express Gütersloh.

Overall, the GHOTEL Group was very successful in the 2018 financial year. All key indicators point to a positive trend. Both the average occupancy rate and the revenues per room of the hotels of the GHOTEL Group rose in the



past year. Due in large part to the newly acquired locations, revenues and EBITDA increased substantially over 2017, more than planned.

### Significant factors affecting business performance

The hotel industry in general and the GHOTEL Group in particular benefited from strong demand last year, including company events and the traditional Christmas and end-of-year business. The company encountered seasonal demand swings, but they were not overly pronounced. Wider swings during the year were experienced at some locations due to trade fairs, for example.

GHOTEL hotel & living is positioned in the market as a 3-star product ("superior"). The operating concept was expanded in 2018 to include the 4-star hotels of Nestor and the franchise concepts of Holiday Inn and Holiday Inn Express. These third-party brands are categorized according to the classification of each franchise partner.

### Outlook

The GHOTEL Group expects the general market growth trend to continue in 2019. Location-specific changes in the competition situation will result from planned new openings. For example, the Holiday Inn in Osnabrück will open in the spring, followed by GHOTEL hotel & living Bochum in August and a hotel combination consisting of an ibis Styles and an ibis budget in Bayreuth in the autumn. All these projects are newly built properties.

The GHOTEL Group expects to increase its revenues further in 2019, also thanks to the new locations.

## LD DIDACTIC



### Company

LD Didactic is a leading provider of technical teaching systems for schools and vocational training. The group offers complete solutions for general education in science and vocational training in technology, engineering and science.

### Structure and organization

Headquartered in Hürth, LD Didactic has two production facilities in Germany and one production facility of growing importance in Cegléd (Hungary). In addition, LD Didactic maintains three local sales offices for North America, Latin America, and the United Kingdom.

The management team of LD Didactic is divided into the two areas of sales and operations. In addition to sales itself, the Sales and Marketing Director is also responsible for marketing and communication, as well as finance, controlling and human resources. The Operations Director is responsible for project execution, production logistics, IT and production at the factory locations in Hürth, Urbach and Cegléd.



### Market environment

The worldwide market for vocational training and continuing education continues to grow, driven by continuous population growth and the strong demand for well-skilled workers in emerging-market countries and companies operating in the areas affected by the German industrial modernization initiative Industry 4.0. These trends have created strong demand for second-chance education and continuing education programs for working professionals. Furthermore, the growing trend of digitalization necessitates modern technical training equipment and new curricula. Government budget cuts due to weaker economic conditions (due to low crude oil prices in the case of Saudi Arabia, for example) or political reasons (as in the case of Russia and some Middle East countries, for example) can have a negative impact on new orders for larger projects, in particular.

### Current developments

LD Didactic began the year 2018 with a weak order intake. Consequently, the company focused on strengthening export sales, further developing refining its digital solutions and reducing complexity in its product portfolio. To address the fluctuating order intake and reduce fixed costs to an appropriate level, LD Didactic also reapportioned some of production operations within its network of factories as part of a restructuring project. This process should be completed in the further course of 2019.

In the export business, the company continues to focus on strengthening its global dealer network, advancing the sales integration of all product portfolio brands and pursuing active dealer management.

Unit sales in Germany were favored by slightly higher public-sector investments in education. In particular, the new education digitalization solutions developed by the company, which were first presented at the didacta 2018 trade fair, have been very well received by the market. Nonetheless, LD Didactic did not fully achieve the planned targets for revenues and EBITDA in 2018.

### Significant factors affecting business performance

LD Didactic generates income both from its regular baseline business and from its irregular large project business. Together, these two business lines normally ensure stable income and growth potential. However, there was only one larger project in 2018 and therefore the revenues generated in this business were below average last year.

The company's business performance in the 2018 financial year was also influenced by exceptional effects, including a general cost reduction program and the production optimization measures described above.

### Outlook

LD Didactic expects to generate slightly higher revenues in 2019. Additional productivity improvements at the Cegléd location will probably also contribute to improved earnings.



## AKAD UNIVERSITY



### Company

AKAD University, which has belonged to AURELIUS since 2014, is the oldest private distance school in Germany. It specializes in flexible distance learning “wherever and whenever” for working people. It offers bachelor, master and MBA degree programs in the fields of business and management, technology and computer science, and communication and culture, as well as numerous continuing education programs. Currently, more than 7,000 adults, mostly working professionals, are studying at AKAD University. Since 1959, more than 60,000 graduates have earned degrees that are recognized in the German business community.

### Structure and organization

AKAD University is headquartered in Stuttgart. It also operates 33 examination centers throughout Germany. The management team is divided into two areas of responsibility, one for the University and the Institute for Continuing Education (ICE) and the other for Marketing/B2C Sales, Corporate Customers (B2B), CTO (e-learning technologies), and CFO/COO. AKAD University employs extensive processes and methods and maintains documentation of responsibilities (RACI Matrix) and Key Performance Indicators (KPIs), among other things.

### Market environment

According to early indications, the German distance learning market for academic degrees and non-academic continuing education programs continued to grow at a modest, single-digit percentage rate in 2018. The market is currently being influenced by fundamental societal trends such as the scarcity of skilled workers, the growing demand for lifelong learning and academic degrees, technological developments, and the increasing digitalization of society and work. This latter trend is also giving rise to new offerings and providers in the distance learning market.

### Current developments

The 2018 continuing education providers study of TESTBild names a total of nine distance learning providers (providers of accredited online study programs). In the overall evaluation, the study ranks AKAD University in third place. AKAD University ranked first place in the evaluation of learning materials, learning success and referrals in the areas of electronic data processing, IT and multimedia. Compared to its competitors in general, AKAD University offers a wide range of programs in the three fields of computer science and technology, management and business, and languages. In the cross-sectional field of digitalization, AKAD University is to be regarded as the market pioneer. The company's offering is geared to the German-language market. Compared to the preceding year, AKAD University increased its overall revenues in line with the planned figure. Thanks to optimization measures, EBITDA was substantially higher and exceeded the planned figure.

### Significant factors affecting business performance

The restructuring phase of AKAD University following the acquisition has been completed. The company is currently in the optimization phase. It has implemented a platform and modularization plan for fast and efficient product development, making it possible to quickly introduce new programs of study. A total of 11 new bachelor degree programs were introduced in the past year. The progress made in digitalizing the company's offerings includes the new online platform AKAD-Campus, as well as e-books and online examinations, while the number of program modules requiring classroom participation has been reduced. Due to the company's business model and student registration trends, the first and fourth quarters of every year are the strongest.



### Outlook

The development of new study programs and the entry into new segments will probably be the biggest growth drivers for AKAD University in the coming years. New study programs will be introduced in several waves on the basis of variably usable module platforms. In addition, new segments such as the so-called dual study concept and internationalization offer good chances for additional revenues. For these reasons, AKAD University expects to generate considerably higher revenues in 2019.

## B+P GERÜSTBAU



### Company

B+P Gerüstbau is the leading scaffold builder and construction site services provider in the Berlin-Brandenburg region. It is one of the few companies in Germany to possess the capacities and technical capabilities to build even the most complex scaffold designs. Through its “PLUS-Services” Division, the company also provides services such as construction site power and water supply. B+P Gerüstbau has been involved in the execution of nearly all large-scale regional projects. In addition, the company handles numerous medium-sized and small projects. It has a stable customer base, including renowned construction companies and public-sector institutions. B+P Gerüstbau has belonged to the AURELIUS Group since 2014. In April 2018, it acquired the business operations, including all assets and employees, of Gustav Raetz Gerüstbau GmbH in Munich, as an add-on acquisition.

### Structure and organization

Headquartered in Wandlitz/Berlin, B+P Gerüstbau offers its services across all regions of Germany, with particular focus on Berlin-Brandenburg, Munich (through Gerüstbau Raetz), the Rhine-Ruhr region, Hamburg and Schleswig-Holstein. It maintains offices and storage locations at the headquarters of each company in Berlin, Hamburg, Munich, Schmölln/Leipzig, and Kaarst/Düsseldorf. B+P Gerüstbau is managed by one managing director.

### Market environment

The market for scaffold building and construction site logistics is dependent on the general state of the construction industry, which remained very strong in 2018 thanks to the overall good economic environment and the still low level of interest rates. Construction industry revenues from main building activities increased year over year by 6.0 percent in nominal terms (1.5 percent in real terms) to reach a total of EUR 121 billion in 2018. The German construction industry expects a similarly positive development in 2019. The German construction industry and therefore also the scaffold building industry are currently working at the limits of their capacity, mainly due to the limited number of skilled workers in all fields.

### Current developments

B+P Gerüstbau affirmed its leading market position in the core market of Berlin-Brandenburg by means of strong organic and acquisition-driven growth. Also nationally, B+P Gerüstbau is one of the leading companies in Germany. It generated higher revenues in the 2018 financial year, due in part to the acquisition of Gerüstbau Raetz. Temporarily weighed down by the costs of acquiring this company, earnings were slightly less than the previous-year figure and below plan.



### Significant factors affecting business performance

No significant changes occurred in the construction industry during the reporting period.

### Outlook

For 2019, B+P Gerüstbau expects further modest revenue growth to result from the expansion of the scaffold building activities of Gerüstbau Raetz in the Munich area (first full financial year after the acquisition) and from higher revenues in the greater Hamburg area and throughout northern Germany. In line with its growth strategy, B+P Gerüstbau continues to actively seek out potential acquisition targets. In this endeavor, the company is cooperating closely with the AURELIUS transaction teams and outside M&A advisors. In view of ongoing negotiations and company reviews, B+P Gerüstbau expects to make additional add-on acquisitions in the scaffold-building segment in 2019. The company also plans to expand its activities in the segment of construction site logistics services.

## TRANSFORM/THE HOSPITAL GROUP



### Company

Transform/The Hospital Group are the UK's leading providers of surgical and non-surgical cosmetic procedures, as well as weight-loss treatments. The companies, which have belonged to the AURELIUS Group since June 2015 and October 2016, respectively, have a network comprising 25 clinics in England, Scotland, Wales, and Northern Ireland, as well as three dedicated cosmetic procedure hospitals in Manchester, Birmingham, and London.

### Structure and organization

Headquartered in Manchester (United Kingdom), Transform/The Hospital Group is managed by a CEO with the support of a senior management team in the areas of Finance, Human Resources, IT, Legal and Operations. The senior management team is also responsible for the company's three operating segments of cosmetics, weight loss and cosmetic surgery.

### Market environment

The market environment is still competition-intensive. As the UK's largest provider in this market, the corporate group increased its market share further in 2018 year-over-year.

### Current developments

Consumer confidence in the United Kingdom has weakened considerably as a result of the lingering uncertainty associated with Brexit, resulting in lower revenues for the entire sector in 2018. Whereas the revenues of Transform/The Hospital Group were below plan, they were only slightly less than the previous-year figure, contrary to the general negative trend. EBITDA was likewise below plan and less than the previous-year figure.

### Significant factors affecting business performance

Changes in Google's search algorithms created disadvantages for commercial, private-sector providers because the websites of government-financed institutions such as the National Health Service (NHS) have been given preference in online search results since the conversion.

Transform/The Hospital Group entered into a partnership with Tomorrowlabs in Vienna (Austria) in the autumn of 2018. The use of Tomorrowlabs' skin care products before and after treatment should optimize the optical results of the offered treatments.



Towards the end of 2018, the regionally organized sales team was optimized and sub-divided along the lines of the company's three operating segments of cosmetics, weight loss and cosmetic surgery.

The clinic in Preston was closed and the clinics of Transform/The Hospital Group in both Newcastle and Leeds were merged. The creation of a joint service center for administrative tasks (call center and finance) in Manchester was successfully completed.

### Outlook

The outlook for the corporate group in 2019 is positive. The completed restructuring of the group and the focus on specific segments will help make Transform/The Hospital Group more efficient. The growing customer base, coupled with additional investments and products in the cosmetic surgery segment should drive further growth. Consequently, the revenues of Transform/The Hospital Group should rise in 2019.





## RETAIL & CONSUMER PRODUCTS SEGMENT (RCP)

Revenues from continued operations in the Retail & Consumer Products segment increased by 12 percent to EUR 2,553.1 million in the 2018 financial year (2017: EUR 2,278.4 million). In February 2018, AURELIUS acquired the globally active multi-channel bookseller Bertram Books (former: Connect Books) in the United Kingdom. In late July 2018, AURELIUS acquired Ideal Shopping Direct, a leading multi-channel home shopping provider in the UK. In December 2018, AURELIUS completed the acquisition of automotive parts wholesaler Hellanor, based in Hagan near Oslo (Norway), and assigned it to this segment. The earnings before interest, taxes, depreciation and amortization (EBITDA) of this segment amounted to EUR 14.0 million, after EUR 406.7 million in financial year 2017. Last year's strong revenue figure resulted mainly from the bargain purchase gains associated with the acquisition of Office Depot Europe. Segment earnings before interest and taxes were minus EUR 23.5 million (2017: EUR 371.2 million). The segment's cash and cash equivalents amounted to EUR 172.1 million (December 31, 2017: EUR 241.4 million).

### SCHOLL FOOTWEAR



#### Company

Scholl Footwear is a long-established manufacturer of shoes offering a high degree of comfort that sells its shoes in Europe, Asia, the Middle East, and Australia. In Europe, the company's shoes are distributed mainly in pharmacies and medical supply stores. In Asia, the Middle East, and Australia, its products are also sold in shoe stores and department stores. Scholl Footwear enjoys very widespread brand recognition of up to 80 percent in its main markets. At the present time, Italy, France, Spain, Thailand, and Malaysia are considered to be the most important markets for Scholl Footwear. The company has positioned itself as the expert for comfortable shoes. Design and development work for Europe and the Middle East is performed in Italy; in Australia and Southeast Asia, the company has its own development units. The company has belonged to the AURELIUS Group since 2014.

#### Structure and organization

Scholl Footwear has its headquarters in Milan (Italy). The CEO bears overall responsibility for Scholl Footwear. Each national subsidiary is managed by its own management team, to which the key areas of finance, marketing, sales and logistics report.

#### Market environment

The shoe market in Europe grew by an average of 2.1 percent per year between 2013 und 2017. Consumers spent EUR 67 billion on shoes in 2017, with athletic shoes performing especially well. The pharmacies market continued to be consolidated in Europe, with independently operated pharmacies increasingly giving way to pharmacy chains. The percentage of shoes sold in pharmacies has been declining.

#### Current developments

The company's revenue performance was highly influenced by weather conditions in its various sales markets. Pre-orders for the important summer season in Europe remained slightly below the previous year's level in the first half of 2018. Afterwards, the extremely long summer resulted in lower revenues in the main sales markets. Overall, the revenues generated in 2018 were slightly below the previous year's level and were below the planned amount. Thanks to further cost reductions, the EBITDA was higher.



### Significant factors affecting business performance

The admission of new distributors and sales channels should increase revenues in the core market of Europe. Asian revenues were well below the previous year's level in the first half of the year due to the departure of a distributor in Malaysia. The lost revenues could not be completely made up in the second half. E-commerce revenues were increased further and came out above plan.

### Outlook

Besides expanding the existing business, the company intends to increase revenues considerably in 2019 by means of new sales channels in Europe, the geographical expansion of sales to new markets, and a further increase in e-commerce business.

## MEZ



### Company

With a history that dates back more than 200 years, MEZ is the leading provider of handicraft products in Europe. It has belonged to the AURELIUS Group since 2015. MEZ produces knitting, sewing, embroidery and crochet yarns made of cotton in its own production facility in Hungary and works primarily with handknitting yarn suppliers from Italy, Romania and Turkey. Depending on the material composition, however, the company also uses other suppliers from all around the world. MEZ ensures that its suppliers meet European environmental and labor protection standards and places great importance on proof of animal-friendly and environmentally friendly production of the raw materials it processes. Most of MEZ's products are certified according to the Oeko-Tex 100 Standard. In addition, the company's well-known "Catania" cotton yarn has also been certified according to the Toy Safety Directive EN 91.

### Structure and organization

MEZ has its headquarters in the town of Herbolzheim in the German state of Baden-Württemberg. It also has a central warehouse in Salach and a production facility in Hungary, as well as sales offices in numerous European countries. The management of MEZ is composed of the CEO, who also manages most of the group's companies as sole managing director. He is supported at the second level by three regional sales directors, a Supply Chain Director, including logistics and production, and a CFO. As a core function, marketing is organized along the lines of the various brands. Corporate functions such as finance, procurement and IT are also bundled regionally.

### Market environment

The market environment remains difficult. Again in 2018, the trends were very compartmentalized and short-lived, so that no general trend reversal can be expected yet. As expected, there was a slight weakening of demand in the segments of sewing, crocheting and embroidery, as well as accessories, in 2018.

### Current developments

The continuously warm summer with many periods of fine weather had a negative effect on all retail activities in central Europe, including MEZ. Despite a relatively stable autumn-winter business, the company was not able to achieve the growth targets it set for itself in 2018, although it clearly fared better than its competitors. In the markets of southern Europe, where sewing, embroidery and crocheting tend to be preferred, MEZ encountered only minor revenue declines from the previous year, contrary to the general market trend. Growth was registered in the seg-



ment of handknitting yarns for the first time ever. Revenues and EBITDA was slightly less than the respective previous-year figures.

### Significant factors affecting business performance

MEZ undertook additional measures in 2018 to improve the operational performance of its brands, including the flagship concept for Rowan. The company also stepped up its activities in social media and its cooperation with bloggers and influencers to improve direct communications with consumers. Unit sales volumes are increasingly shifting from specialty retailers who provide advice to consumers to self-service/convenience offerings and online distribution partners. As a vendor of brand-name products, MEZ offers higher-quality products to specialty retailers as a means of differentiating itself in the market environment.

Diverse marketing activities – especially in inspiration-driven product categories such as embroidery, crocheting and kits – form the basis for stabilizing revenues and achieving the company's goal of modest revenue growth in the future.

### Outlook

MEZ expects that the market environment will remain challenging, at the level of the previous year, in 2019. Based on the changes that have been initiated, additional investments in direct communications with consumers, and heightened new customer acquisition efforts, the company is seeking to generate slightly higher revenues in 2019 compared to 2018.

## CONAXESS TRADE GROUP



### Company

The Conaxess Trade Group emerged from the acquisition of Swiss Valora AG's distribution business and has belonged to the AURELIUS Group since January 1, 2016. The Conaxess Trade Group is Europe's largest independent distributor for fast moving consumer goods and operates primarily in the following categories: Food, Confectionery, Snacks, Alcoholic and Non-Alcoholic Beverages, and Personal Hygiene. The Conaxess Trade Group maintains distribution organizations in all Scandinavian countries (Denmark, Sweden, Norway, Finland) as well as in Austria and Switzerland and represents, promotes, and distributes more than 200 international and local brands, which as a rule do not handle their own distribution in these countries. The brand products are marketed systematically over various retail and wholesale channels – from cross-border retail giants, to HoReCa channels (hotel, restaurant, catering), kiosks, and convenience stores.

### Structure and organization

The Conaxess Trade Group consists of the two companies Conaxess Trade AS and Conaxess Trade Beverages AS. The group's headquarters is located in Soborg in Denmark. The group's management team is composed of a CEO and a CFO (Group Controlling), as well as the heads of Business Segment Development, Communication, IT and Human Resources. All subsidiaries of the Conaxess Trade Group have a similar organization with their own Managing Director, CFO, Marketing Director and Sales Director. Conaxess also operates its own logistical centers in Denmark and Switzerland.



### Market environment

The competitive environment for the Conaxess Trade Group did not change in the last year. The company considers itself to be well positioned in comparison to its competitors. The market for fast-moving consumer goods in Scandinavia is generally growing at rates of 2.6 to 3.6 percent, with the exception of Denmark, where the market is stagnant.

Significant changes occurred with respect to sales of candy in Norway, where the tax on sugar-containing food products was raised by up to 83 percent as of January 1, 2018. There were no dramatic developments in any other category in the individual countries. Due to the higher sugar tax, prices of sugar-containing products rose in Norway, while in neighboring Sweden, the revenues generated on sales of sugar-containing products rose as well. Moreover, the Swedish krona and the Norwegian krone both lost value against the euro.

### Current developments

The business of the Conaxess Trade Group varies according to the seasons, in line with general retail trends (culminating around Christmas in the fourth quarter). The seasonal peaks for sales of alcoholic beverages are in the summer and the fourth quarter (October to December).

The group's revenues in the 2018 financial year were slightly below the previous year's level. EBITDA was considerably higher, but remained slightly below plan due to the costs associated with an add-on acquisition.

### Significant factors affecting business performance

The group's revenue performance is mainly influenced by the introduction of new products and brands, as well as the re-introduction of existing products and brands, and by changes in or the discontinuation of products and services.

The earnings of the Conaxess Trade Group were adversely affected by the sharp depreciation of the Swedish krona against the euro, the delayed raising of retail selling prices, and the costs associated with revenue stabilization measures for certain brands. Other significant factors influencing the business performance included the costs for an add-on acquisition, the costs associated with downsizing the workforce, and the expiration of two contracts with brand owners.

The Conaxess Trade Group implemented a number of restructuring measures in 2018 to boost productivity and efficiency. The number of employees was reduced in some national subsidiaries, the business was reorganized, key employees were exchanged, and a new senior management team was installed. The integration of an add-on acquisition into Conaxess Trade Norway AS in 2018, the workforce reduction, and changes in the organizational structure will yield their full effects on the group's earnings only in the 2019 financial year.

### Outlook

The outlook for the business performance of the Conaxess Trade Group is positive. It is fundamentally dependent on the brand owners' strategies for the development of their respective brands and on negotiations with retailers. The Conaxess Trade Group expects to generate higher revenues in 2019.



## SCANDINAVIAN COSMETICS GROUP



### Company

The Scandinavian Cosmetics Group emerged from the acquisition of Valora AG's distribution business and has belonged to the AURELIUS Group since January 2016. It is the market-leading independent distributor for high-quality cosmetics and perfumes in Scandinavia – active in Denmark, Sweden, Norway, and Finland. As a specialist for high-quality cosmetics and perfumes from the premium and luxury segment with comprehensive access to the market, the company covers all relevant distribution channels and therefore in particular perfumeries, drug stores, upmarket department stores, and online stores.

### Structure and organization

The Scandinavian Cosmetics Group consists of six individual companies under the roof of Scandinavian Cosmetics Holding. The company also operates a warehouse at its headquarters in the Swedish city of Malmö. Alf Sörensen AB and Solis AS, which were acquired as add-on acquisitions in July 2018, have since been integrated into the Scandinavian Cosmetics Group. The management is composed of a CEO, a deputy CEO, and a CFO, who manage the company in the four countries together with a senior management team.

### Market environment

According to the Swedish industry information service KoHF and the Norwegian industry information service KLF, the market expanded by three percent in Sweden and by 0.5 percent in Norway in the first half of 2018. A clear trend towards higher-quality luxury brands can be observed. The Scandinavian Cosmetics Group is aligning its product portfolio with this trend.

### Current developments

The Scandinavian Cosmetics Group increased its revenues in 2018, thanks in part to the acquisitions of Solis International Cosmetics and Alf Sörensen. EBITDA was likewise higher than the previous year's figure.

### Significant factors affecting business performance

The companies Solis AS and Alf Sörensen AB were acquired in July 2018 and integrated into the Scandinavian Cosmetics Group in the second half of 2018. During 2018, the corporate group also added some new brands to its assortment or introduced them to the market. In Sweden, these brands were Wella, Rimmel, Bourjois, Grown Alchemist and Le Couvant, in Norway Nars and Rimmel. The contract with Coty Luxury for Norway expired in July 2018, causing a loss of net revenues and gross profit, which was offset by cost measures.

### Outlook

According to its financial plan, the Scandinavian Cosmetics Group expects to grow its revenues in 2019, mainly thanks to organic growth, the incorporation of new brands, and the add-on acquisitions of Solis International Cosmetics and Alf Sörensen.



## CALUMET WEX



### Company

Calumet Wex is Europe's leading omni-channel vendor of products for photography enthusiasts and professional photographers, with 18 specialty shops in the United Kingdom, Germany, Belgium and the Netherlands, as well as an online shop. The corporate group offers a broad portfolio of brand-name products of reputable manufacturers and own-label brands and services. Calumet has belonged to AURELIUS since 2016, Wex since 2017. In addition, Calumet Wex acquired the equity of Foto-Video Sauter in late 2018.

### Structure and organization

Headquartered in Hamburg, Calumet Wex is managed by a two-person management team. One team member is responsible for Calumet's business in central Europe, the other for Wex's business in the United Kingdom. In addition to the CFO responsible for the group's finances, Calumet and Wex each have their own CFO. The extended management team also includes several executives for marketing, online sales, and IT. Besides the physical stores and online shops, the group also operates two warehouses in northern Germany and the United Kingdom in order to ensure the quick delivery of products to the retail stores and online customers.

### Market environment

The growing use of smartphones and increasingly better smartphone cameras have radically changed the way customers deal with photography. Smartphone cameras are always on hand and the wish to take photos has increased dramatically since the market introduction of smartphones. This trend has also been helped by the rise of social media, which have created the opportunity to share photographs with others at any time. For these reasons, the market for low-cost photography has come under intense pressure. By contrast, the market for higher-quality and premium-quality photography has benefitted from the rising interest in quality photos because premium products offer significantly more setting and post-processing options and even higher image quality than smartphones.

The market for photographic equipment is highly fragmented and most retailers are family owned enterprises with just one location. Many of these shop owners in continental Europe and the United Kingdom are increasingly coming under pressure because they cannot keep up with the multi-channel and services offerings of Calumet Wex. Calumet Wex operates in two key segments: the stable market for high-end photographic equipment and the fast-growing service segment. Calumet Wex is the only company in the relevant markets of Europe to focus strongly on the high-end segment of semi-professional and professional photographers.

### Current developments

As of the end of 2018, Calumet Wex operates a total of 18 shops, including six in Germany, nine in the United Kingdom, and three in the Benelux countries. These shops are well equipped and have been modernized in accordance with a new shop concept. New shops were opened in London, Bristol, Manchester, and Berlin. The group also operates two online shops. Wex generates nearly half its revenues from online sales and has attained a market-leading position in the United Kingdom.



Revenues on sales of high-end cameras and lenses increased by 5.7 percent in continental Europe and by 3.2 percent in the United Kingdom in 2018. Between 2014 and 2017, Calumet generated average annual revenue growth of around 18 percent in Germany, which was much better than the overall market, both in traditional retail shops and online sales. During the period, the share of online sales increased from 23 percent to 28 percent, with the greatest organic growth potential in Germany. Calumet has a market share of 10.4 percent of the German market for high-end photography.

In the United Kingdom, Wex further extended its market position as the dominant online platform for high-end photography. Wex has a market share of 24.0 percent in the UK.

Compared to 2017, Calumet Wex generated higher revenues and EBITDA in 2018. Revenues were slightly below the planned increase, while EBITDA growth was considerably above plan.

### Significant factors affecting business performance

All shops in the United Kingdom were modernized and re-opened under a new name in 2018. After Calumet Wex moved into new shops in Berlin und London in late 2017, the sales numbers increased in both locations.

Generally speaking, the fact that camera manufacturers introduce a number of new products every year is beneficial for sales.

The merger of Calumet UK and Wex had a positive effect on EBITDA in 2018 thanks to the realization of synergies. Savings were achieved primarily in personnel expenses, marketing expenses, and other general expenses.

### Outlook

Calumet Wex continually invests in new flagship stores. Calumet covers all larger metropolitan areas in Germany, the Netherlands, and Belgium. Thanks to its presence in all larger cities of the UK, Wex can serve a large proportion of potential customers there. The opening of new stores in regions such as the northeast of England offers opportunities for further growth. A new flagship store in Frankfurt/Main to be opened in the first half of 2019 will round out Calumet's continental European retail shopping portfolio.

Increased revenues should result from the introduction of exclusive proprietary brands with higher profit margins, the expansion of online sales, sales of second-hand photographic equipment, an in-house repair service, a broad range of rental photographic equipment for semi-professional and professional customers, and a broad offering of photography workshops.

The operations of Munich-based Sauter, Germany's biggest retailer focused on photographic and video equipment, which was acquired in December 2018, will be integrated into Calumet's German operations in the current year, resulting in synergy effects.

To support its current and future growth, Calumet has moved from its previous warehouse covering roughly 500 square meters of space to a large new building in Hamburg covering 2,000 square meters of space.

For 2019, Calumet Wex expects rising sales numbers for its proprietary brands and an overall increase in revenues and EBITDA.



## OFFICE DEPOT EUROPE



### Company

Office Depot Europe is the European business of the U.S. company Office Depot Inc., acquired by AURELIUS in early 2017. It operates in 14 countries of Europe. Office Depot Europe is one of the leading vendors of office supplies, printing and document services, computers and printers, business services such as facility management, and integrated office solutions. The company sells its products directly to roughly 1,000,000 small and medium-sized enterprises and individuals via online sales, via catalog sales and via call centers under the Viking brand name. The principal markets for Viking products are the German-speaking countries of Germany, Austria and Switzerland, as well as the United Kingdom. Through its broad distribution network, the 'Contract' Division supplies more than 100,000 corporate customers in the markets of United Kingdom/Ireland, Benelux/France, and the German-speaking countries. The Retail Division, which sell products under the Office Depot brand, operates more than 100 'city stores' and stores located in shopping centers and serves around 600,000 active customers. The company's presence in global markets is assured by the continued cooperation with the previous U.S. parent company Office Depot Inc., and in Asia by the successor company to Office Depot China.

### Structure and organization

Office Depot Europe has its headquarters in the Dutch city of Venlo. The company is managed according to the two operating segments 'Contract' and 'Direct' and by corporate staff functions. The markets of France, Czech Republic/Slovakia, Spain, Italy, and Sweden are managed locally and independently of each other to a large extent. The two sales lines Direct and Contract service their customer segments with specific marketing and sales processes tailored to individual customer needs. By contrast, the product assortment, procurement, and distribution are managed centrally in the principal regions.

### Market environment

The overall market for market supplies in Europe contracted slightly in the past year. Only individual categories such as office supplies, food and catering exhibited modest growth. Online sales increased at an above-average rate, while traditional sales channels such as stores and catalogs contracted, in some cases substantially. Given the fast pace of change, the market environment remains competition-intensive and therefore challenging overall.

### Current developments

Office Depot Europe believes that the strategy adopted in 2017 of increasing online sales and consolidating the commercial and key account business was the right course of action also in the past year. This strategy has been confirmed by the latest revenue trends. The accelerating growth rate of online sales in the 'Direct' segment underscores this trend. This goal is supported by targeted measures such as merchandise assortment optimization, the increased use of customer-specific price models, and the comprehensive improvement of customer interfaces. The prioritization of earnings over revenues in the segment of commercial customers and key accounts that was adopted in the previous year was retained in the 2018 financial year.

### Significant factors affecting business performance

The management of Office Depot Europe implemented numerous measures to stabilize the business last year, including the introduction of a new marketing strategy for direct sales ('Price King' program), a comprehensive program to improve the experience of customers and users, a further expansion of e-commerce activities, and the establishment of specialized sales teams with a clear focus on specific customer segments. The company also





implemented numerous measures to boost productivity and efficiency in areas such as distribution, IT, and call center operations. As part of an extensive restructuring program, some locations were successfully reorganized, rounded off, or closed.

### Outlook

2019 is a year of consolidation for Office Depot Europe. The goal is to continue the positive trend observed in the fourth quarter of 2018 into 2019 with the goal of ensuring stable or modestly higher revenues. This is an ambitious goal, considering the expectable slowdown of economic growth in the countries of central Europe where Office Depot Europe operates, as well as the adverse regional consequences of a potential Brexit. Office Depot Europe will continue to rigorously implement the initiated measures in order to achieve the business goals for 2019.

## SILVAN



### Company

Silvan is a leading Danish 'do-it-yourself' (DIY) retail chain with the highest brand awareness in this sector. Silvan operates 43 DIY stores and an online shop in Denmark, where it mainly serves individual customers. Silvan's locations, which are conveniently located close to larger cities, offer traditional DIY products such as building materials and garden supplies, as well as home improvement and smart home products. In addition to traditional customer services such as click-and-collect, Silvan also offers full-range drive-up options, custom services such as woodcutting and paint mixing, as well as machine and trailer rentals. Silvan was acquired by AURELIUS in September 2017.

### Structure and organization

Silvan moved its headquarters to Brabrand, part of the Danish city of Aarhus, in 2018. The management team is composed of a CEO and the Heads of Human Resources & Communication and Business Development. Other, lower-ranking functions include Retail Sales, Marketing, Finance & IT, and Logistics.

### Market environment

The competition situation was unchanged in 2018. As before, the main competitors in the B2B business are Bauhaus, Jem & Fix, and Harald Nyborg, which continue to expand and open new stores in Denmark. The market is still undergoing changes. For example, a large B2B retailer was acquired by a U.S. private equity firm and another competitor is up for sale.

### Current developments

The separation of Silvan from the Stark Group was completed in the first half of 2018. In close consultation with AURELIUS, the company launched various optimization projects to exploit identified potentials. Basic, uniform standards were defined and implemented for all stores and a medium-term strategy was developed. This strategy also involves a partial reorganization of the merchandise assortment and an expansion of e-commerce activities. New personnel were appointed to key management functions. The development of an own IT landscape and independent organization of the IT and Finance Department was completed earlier than planned.

Silvan's online sales in the web shop and via click-and-collect increased last year. Nonetheless, Silvan's revenues remained below expectations, especially in the second half of 2018, and were slightly below plan for the full year.



However, market experts believe that Silvan fared better than its two most important competitors. EBITDA was higher than the previous-year figure and above plan in 2018.

### Significant factors affecting business performance

The intended turnaround proceeded according to plan. The organizational restructuring of headquarters and core processes has been completed. A new operational structure was introduced in the stores. The outsourcing of the company's IT function was completed two months ahead of plan. The company moved its headquarters to a new location. The simplification of logistics and a shift to new suppliers improved the company's logistical performance considerably.

The DIY business is very seasonal and the company's success has been highly dependent on seasonal trends. The main season usually lasts from mid-March to the end of August. The season began late last year, which had a negative impact on first-quarter revenues. Business picked up from mid-April to June. Due to the drought and the high risk of forest fires, sales of seasonal articles such as outdoor generators, charcoal grills, and watering systems declined substantially in July and August. Silvan is developing new product categories to reduce the company's dependence on seasonality and increase revenues in the off-season. The first of these new categories are home décor and smart home products. Home décor products were introduced in the second half of 2018 and smart home products have been available in Silvan's web shop since the fourth quarter. Smart home products will be introduced in the stores during the course of the first quarter of 2019.

In the past year, Silvan developed and tested a new store concept that will be rolled out to other Silvan stores before the beginning of the next summer season.

### Outlook

Competition in the Danish DIY market – both from existing competitors and from category specialists and aggressive new online vendors – can be expected to intensify further in the current year. The company will focus this year on achieving a profitable and sustainable increase in revenues. This goal is to be achieved by means of a larger product assortment and faster assortment changes in the stores, the development of new product categories, the remodeling of existing stores and opening of new stores, and a further increase in e-commerce activities.

## BERTRAM BOOKS

# Bertram

Books

### Company

Bertram Books is a globally active multi-channel bookseller with a strong, competitive market position in the United Kingdom and Europe. The company was acquired by AURELIUS under its former name Connect Books in early 2018 and renamed to Bertram Books.

Bertram Books comprises six independent brands:

- Bertram Books is a leading B2B wholesaler of books in the United Kingdom.
- Bertram offers tailored services, from complete warehouse management to the management of online sales.
- Wordery is the fastest-growing B2C online book shop in the UK, offering access to more than 13 million book titles.



- Dawson Books is a leading supplier of textbooks and e-books, as well as service and information systems for universities and other educational institutions in the UK and internationally.
- Erasmus and Houtschild are internationally active specialty suppliers and curators of premium-quality books and journals for academic and corporate libraries, with many years of experience in the procurement of hard-to-find titles.
- Bertram Library Services is one of the most important suppliers to lending libraries, especially in the United Kingdom and Ireland.

### Structure and organization

Bertram Books has its headquarters in Norwich (United Kingdom), where it also operates an ultra-modern warehouse where book deliveries are assembled and shipped. The warehouse also has capacities for other products. Around ten million book titles across all categories are available at any time. Bertram Books is managed by a newly appointed management team, which also includes the executives in charge of the various divisions.

### Market environment

The market for printed books is growing across all distribution channels and countries. According to the market research service Nielsen BookScan, sales of printed books in the UK increased by 2.1 percent in 2018. Competitors include traditional book wholesalers and newly emerging online marketplaces.

### Current developments

Following the acquisition by AURELIUS, Bertram Books is making good progress and is poised to increase its revenues and earnings. The carve-out from the former parent company Connect Group was completed according to plan. The ongoing restructuring program is focused in improving customer service and setting clear goals for the company's further development, including the automation and optimization of warehouse operations and logistics. The company developed a strategic three-year plan calling for an optimization of the IT infrastructure and growth in existing and new customers.

### Significant factors affecting business performance

The profitability of Bertram Books has been increased since the company was acquired by AURELIUS in February 2018 and a new management team was appointed, primarily thanks to improved customer service, operational improvements especially in warehouse operations, and cost savings.

### Outlook

Bertram Books expects modest revenue growth in 2019, based on a planned increase in online sales. In addition, the company will implement additional cost saving measures.

## IDEAL SHOPPING DIRECT



### Company

Ideal Shopping Direct is a leading multi-channel home shopping provider in the United Kingdom. It has belonged to the AURELIUS Group since July 2018. The company purchases, designs, and sells lifestyle products, as well as do-it-yourself and craft supplies, to more than 600,000 customers via different interactive sales channels such as TV shopping, social media, websites and live events. Ideal Shopping Direct operates two flagship forms, 'Ideal World' and 'Create & Craft,' which distribute TV content in the United Kingdom and the United States.



### Structure and organization

Ideal Shopping Direct has its headquarters in Peterborough (United Kingdom). This is also where the company designs, produces, and broadcasts its TV programs and ships its products to end customers. Ideal Shopping Direct has several subsidiaries. The company is managed by a CEO with the support of an operating board that oversees Procurement and Merchandising, Marketing, Production and Broadcasting, as well as the various back office functions.

### Market environment

Home shopping is a long-established tradition in the United Kingdom and online shopping is likewise very common, as evidenced by the fact that nearly 80 percent of Britons shopped online in the fourth quarter of 2016. Three quarters of Britons own a smartphone. The market conditions for Internet-based and mobile services are very good in the United Kingdom. Moreover, the TV consumption of Britons is still very high, with a daily viewing average of 203 minutes (as of 2017). That being said, the average viewing time has declined in the last few years.

The British home shopping market is still the most hotly contested in Europe. Currently, 30 shopping channels are registered. While this number has remained relatively constant in the last five years, there have been substantial changes on the side of providers. Ideal Shopping Direct is the second-biggest provider today, after QVC. Ideal Shopping Direct's 'Create & Craft' program is the clear market leader for craft supplies in the home shopping market.

### Current developments

After being acquired by AURELIUS, the company has already implemented preliminary measures to optimize revenues and costs, which have begun to yield positive results.

### Significant factors affecting business performance

A significant factor affecting the business performance of Ideal Shopping Direct is the challenging macroeconomic environment in the United Kingdom. Above all, the uncertainties related to Britain's exit from the EU have had a considerably negative impact on the economy. According to the International Monetary Fund, the British economy only grew by 1.4 percent in 2018, after 1.8 percent in 2017.

The company implemented various measures last year to stabilize the business, including the introduction of new products, the development of a proprietary brand for e-bikes, and marketing measures such as the introduction of an e-magazine.

All operating segments were analyzed after the acquisition of Ideal Shopping Direct by the AURELIUS Group in July 2018. Based on the results of this analysis, processes were simplified, costs were lowered (including personnel expenses) and warehouse inventories and capacities were reduced.

### Outlook

The advancing trend of digitalization and the need to fulfill the wishes of customers represent two of the greatest future challenges for established home shopping providers in particular.

The company intends to increase the number of suppliers and thus the number of directly shipped craft products. Some new suppliers were already signed up after the appointment of the new CEO and COO in December 2018.

The company's IT systems and broadcast systems are being reviewed and will be modernized if necessary in order to become more attractive for important new brands and support the planned growth of 'Ideal World'



and 'Create & Craft'. Larger service agreements are being reviewed with an eye to cost savings. The revenues of Ideal Shopping Direct in 2019 should at least be at the level of the previous year.

## HELLANOR



### Company

Hellanor is Norway's second-biggest wholesaler of automotive parts. The company offers a full-range portfolio of parts, shop equipment, and services to an extensive customer base including independent mechanic shops, car dealerships, and local wholesalers. In addition, Hellanor offers repair shop concepts under the in-house brand Automester and concepts for third-party customers such as Bosch Car Service, for example. The company has belonged to the AURELIUS Group since December 2018.

### Structure and organization

The company has its headquarters in Hagan near Oslo (Norway) and operates a central warehouse there, as well as more than 20 branches located throughout the country. The management team is composed of a CEO, a CFO, a Sales Director, a Managing Director for the connected franchise concept, a Marketing Director and a Director of Operations.

### Market environment

The number of vehicle registrations in Norway increased by 2.6 percent in 2017. Norway's gross domestic product is expected to have expanded by 2.1 percent in 2018.

### Current developments

The market for automotive parts is dependent on weather conditions. It lagged behind expectations in 2018 due to the warm autumn and late onset of winter. On a positive note, Hellanor acquired new customers for its repair shop equipment products. Hellanor increased the number of repair shops under its own shop concept in 2018 and so expanded its customer base further.

### Significant factors affecting business performance

Also in the coming year, the target customer segment of independent repair shops will be heavily influenced by digitalization and the growing importance of professionalism.

### Outlook

In 2019, the company will focus primarily on the separation from the Hella Group and the implementation of optimization measures, including a streamlining of the product assortment, the renegotiation of customer agreements with below-average profitability, and a possible consolidation of the industry. As a result of these measures, the company expects stable revenues and considerably higher profitability for 2019.



## FINANCIAL PERFORMANCE, CASH FLOWS AND FINANCIAL POSITION

### Financial performance

| in EUR millions                                                                 | 1/1-12/31/2018 | 1/1-12/31/2017 | Change |
|---------------------------------------------------------------------------------|----------------|----------------|--------|
| Consolidated revenues <sup>1,2</sup>                                            | 3,389.0        | 2,998.3        | 13%    |
| Consolidated revenues (annualized) <sup>2</sup>                                 | 3,819.1        | 3,257.5        | 17%    |
| EBITDA <sup>1,2</sup>                                                           | 100.9          | 272.6          | -63%   |
| EBIT <sup>1,2</sup>                                                             | 25.4           | 202.0          | -87%   |
| Consolidated profit/loss attributable to the shareholders of the parent company | -50.7          | 483.8          | >-100% |
| Earnings per share (basic), in EUR <sup>1,2</sup>                               | -0.70          | 6.51           | >-100% |
| Earnings per share (diluted), in EUR <sup>1,2</sup>                             | -0.55          | 5.98           | >-100% |

<sup>1</sup> The previous-year consolidated statement of comprehensive income was adjusted for comparison purposes in accordance with IFRS 5.

<sup>2</sup> From continued operations.

The consolidated revenues from continued operations of AURELIUS rose by 13 percent to EUR 3,389.0 million in financial year 2018 (2017: EUR 2,998.3 million). This increase in consolidated revenues can be attributed in particular to the group companies acquired in financial year 2017 that were fully consolidated for a full twelve months for the first time in financial year 2018, as well as the newly acquired subsidiaries in financial year 2018.

The annualized, i.e. extrapolated to a full twelve months, consolidated revenues of the AURELIUS Group from continued operations amounted to EUR 3,819.1 million in financial year 2018, 17 percent higher than the annualized revenues for financial year 2017 in the amount of EUR 3,257.5 million.

Other income decreased by 65 percent to EUR 161.8 million (2017: EUR 462.5 million). This decrease is mainly due to the fact that the gains on bargain purchases recognized in financial year 2018 in the amount of EUR 84.4 million were considerably less than the previous-year figure (2017: EUR 420.7 million). The item of other income also includes the following items: income from the reversal of provisions in the amount of EUR 20.9 million (2017: EUR 7.0 million), income from claims for damages in the amount of EUR 9.8 million (2017: EUR 0.3 million), income from the derecognition of liabilities in the amount of EUR 7.2 million (2017: EUR 9.4 million), and other miscellaneous income in the amount of EUR 18.3 million (2017: EUR 13.2 million). The changes in the individual income items are usually likewise due to changes in the basis of consolidation.

Purchased goods and services increased by 15 percent to EUR 2,109.5 million in financial year 2018 (2017: EUR 1,841.6 million). The purchased goods and services ratio was therefore 62 percent (2017: 61 percent). Personnel expenses amounted to EUR 661.8 million (2017: EUR 720.4 million). The personnel expenses ratio declined to 20 percent (2017: 24 percent).

Other expenses increased by eight percent to EUR 676.6 million (2017: EUR 625.9 million). This figure mainly includes the following items: expenses for buildings and machinery (mainly rental and maintenance and repair expenses) in the amount of EUR 164.8 million (2017: EUR 125.1 million), freight and transport expenses in the amount of EUR 147.7 million (2017: EUR 124.5 million), marketing expenses and commissions in the amount of EUR 97.8 million (2017: EUR 99.7 million), administrative expenses in the amount of EUR 74.9 million (2017: EUR 69.9 million), and consulting expenses in the amount of EUR 69.7 million (2017: EUR 66.7 million).



Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 100.9 million, less than the EUR 272.6 million earned in financial year 2017. This decrease, which resulted mainly from the considerably lower gains on bargain purchases, contrasts with the improved operational performance of the Group companies.

Amortization and depreciation of intangible assets and property, plant and equipment rose by seven percent to EUR 75.5 million (2017: EUR 70.6 million). Earnings before interest and taxes (EBIT) in the amount of EUR 25.4 million were considerably lower than the previous-year figure (2017: EUR 202.0 million).

The net financial income/expenses in the amount of minus EUR 16.7 million was little changed from the previous year (2017: EUR -16.3 million). The profit/loss from discontinued operations was minus EUR 30.4 million, after EUR 289.5 million in financial year 2017. This decrease resulted mainly from the successful exits in 2017, especially Getronics, Secop and Studienkreis. The consolidated profit/loss for financial year 2018 came to minus EUR 42.3 million (2017: EUR 484.5 million).

The breakdown of revenues, EBITDA and EBIT by the individual segments Services & Solutions, Industrial Production, and Retail & Consumer Products, as well as discontinued operations, is presented in the table below:

| in kEUR                    | 1/1 - 12/31/2018  |                                       |                                    | 1/1 - 12/31/2017  |                                       |                                    |
|----------------------------|-------------------|---------------------------------------|------------------------------------|-------------------|---------------------------------------|------------------------------------|
|                            | External revenues | Of which from discontinued operations | Of which from continued operations | External revenues | Of which from discontinued operations | Of which from continued operations |
| Services & Solutions       | 446,946           | 280,215                               | 166,731                            | 782,667           | 626,297                               | 156,370                            |
| Industrial Production      | 775,873           | 112,549                               | 663,324                            | 910,889           | 352,550                               | 558,339                            |
| Retail & Consumer Products | 2,553,125         | - / -                                 | 2,553,125                          | 2,348,435         | 70,067                                | 2,278,368                          |
| Other                      | 5,821             | - / -                                 | 5,821                              | 5,268             | - / -                                 | 5,268                              |
| AURELIUS Group             | 3,781,765         | 392,764                               | 3,389,001                          | 4,047,259         | 1,048,914                             | 2,998,345                          |

| in kEUR                    | EBITDA           |                  |        | EBIT             |                  |        |
|----------------------------|------------------|------------------|--------|------------------|------------------|--------|
|                            | 1/1 - 12/31/2018 | 1/1 - 12/31/2017 | Change | 1/1 - 12/31/2018 | 1/1 - 12/31/2017 | Change |
| Services & Solutions       | 11,747           | 18,530           | -37%   | 3,837            | 11,330           | -66%   |
| Industrial Production      | 118,201          | 26,307           | >100%  | 88,591           | -46              | >100%  |
| Retail & Consumer Products | 14,019           | 406,727          | -97%   | -23,452          | 371,156          | >-100% |
| Other                      | -43,071          | -179,004         | 76%    | -43,542          | -180,440         | 76%    |
| AURELIUS Group             | 100,896          | 272,560          | -63%   | 25,434           | 202,000          | -87%   |

In the Services & Solutions segment, revenues from continued operations rose by seven percent to EUR 166.7 million in financial year 2018 (2017: EUR 156.4 million). Segment earnings before interest and taxes (EBIT) amounted to EUR 3.8 million (2017: EUR 11.3 million). Significant parts of Allied Healthcare were sold to the Health Care Resourcing Group, Prescott (United Kingdom) in December 2018.

In the Industrial Production segment, revenues from continued operations rose by 19 percent to EUR 663.3 million (2017: EUR 558.3 million). Segment earnings before interest and taxes (EBIT) amounted to EUR 88.6 million (2017: EUR 0 million).



The Danish subsidiary AH Industries was sold in January 2018. VAG, one of the leading suppliers of valves for water treatment and distribution, waste water systems, dams, power plants and the energy sector, was acquired in November 2018.

In the Retail & Consumer Products segment, revenues from continued operations rose by 12 percent to EUR 2,553.1 million in financial year 2018 (2017: EUR 2,278.4 million). Segment earnings before interest and taxes (EBIT) amounted to minus EUR 23.5 million (2017: EUR 371.2 million). The previous year's EBIT had been positively influenced primarily by the bargain purchase gains recognized in connection with the acquisition of Office Depot Europe. In February, 2018, AURELIUS acquired the globally active multi-channel bookseller Bertram Books (former: Connect Books) in the United Kingdom. In late July 2018, AURELIUS announced the acquisition of Ideal Shopping Direct, a leading multi-channel home shopping provider in the United Kingdom. In December 2018, AURELIUS completed the acquisition of the automotive parts wholesaler Hellanor, headquartered in Hagan near Oslo (Norway).

Please refer to Note 22 of the notes to the consolidated financial statements for additional information on the operating segments.

### Cash flows

| in EUR millions                     | 1/1 - 12/31/2018 | 1/1 - 12/31/2017* | Change |
|-------------------------------------|------------------|-------------------|--------|
| Cash flow from operating activities | -49.8            | -132.2            | 62%    |
| Cash flow from investing activities | -148.4           | 432.0             | >-100% |
| Cash flow from financing activities | -161.3           | -128.1            | -26%   |
| Free cash flow                      | -198.2           | 299.8             | >-100% |
| Cash and cash equivalents at 12/31  | 290.8            | 606.3             | -52%   |

\* The previous-year consolidated statement of cash flows was adjusted for comparison purposes in accordance with IFRS 5.

AURELIUS generated cash flow from operating activities in the amount of minus EUR 49.8 million in financial year 2018 (2017: EUR -132.2 million). This increase resulted mainly from the further improved operational performance of the Group companies.

The cash flow from investing activities was minus EUR 148.4 million, after EUR 432.0 million in financial year 2017. The decrease resulted from the fact that the figure for financial year 2017 included several large company sales and from the substantial investments made in the AURELIUS portfolio in 2018 in the form of new company acquisitions. No company sales of a similar magnitude occurred in financial year 2018.

The cash flow from investing activities included cash outflows (2017: cash inflows) for the acquisition of interests in companies in the amount of EUR 98.8 million (2017: EUR 125.2 million), cash outflows (2017: cash inflows) from sales of subsidiaries in the amount of EUR 9.5 million (2017: EUR 360.3 million), cash inflows from sales of non-current assets in the amount of EUR 22.3 million (2017: EUR 18.5 million), and cash outflows for investments in non-current assets in the amount of EUR 62.4 million (2017: EUR 72.0 million).





The investments of each segment are presented in the table below:

| <b>Investments</b>         |                         |                         |               |
|----------------------------|-------------------------|-------------------------|---------------|
| <b>in kEUR</b>             | <b>1/1 - 12/31/2018</b> | <b>1/1 - 12/31/2017</b> | <b>Change</b> |
| Services & Solutions       | 8,762                   | 6,910                   | 27%           |
| Industrial Production      | 35,507                  | 30,004                  | 18%           |
| Retail & Consumer Products | 24,088                  | 9,989                   | >100%         |
| Other                      | 252                     | 147                     | 71%           |
| <b>AURELIUS Group</b>      | <b>68,609</b>           | <b>47,050</b>           | <b>46%</b>    |

The free cash flow of minus EUR 198.2 million was considerably less than the EUR 299.8 million generated in financial year 2017. The cash flow from financing activities amounted to minus EUR 161.3 million (2017: EUR -128.1 million). This figure includes the cash outflow for the dividend paid to the shareholders of AURELIUS Equity Opportunities SE & Co. KGaA in the amount of EUR 141.0 million (2017: EUR 120.0 million). AURELIUS sold and bought back its own shares in financial year 2018. This yielded a positive balance of EUR 11.2 million (2017: EUR -160.1 million).

Cash and cash equivalents amounted to EUR 290.8 million at the reporting date of December 31, 2018 (December 31, 2017: EUR 606.3 million). Of this total, an amount of EUR 18.7 million was subject to restrictions in disposal at December 31, 2018 (December 31, 2017: EUR 16.6 million). In addition, cash totaling EUR 12.2 million (December 31, 2017: EUR 46.3 million) is presented as assets held for sale in accordance with IFRS 5. At the end of the reporting period, cash and cash equivalents in continued and discontinued operations amounted to EUR 284.2 million (December 31, 2017: EUR 636.1 million).

The financing capacity of AURELIUS was not endangered at any time in financial year 2018 and the Company was capable of meeting its financial obligations at all times. No future financing shortfalls are anticipated.

### Financial position

| <b>in EUR millions</b>         | <b>12/31/2018</b> | <b>12/31/2017</b> | <b>Change</b> |
|--------------------------------|-------------------|-------------------|---------------|
| Total assets                   | 2,148.5           | 2,202.1           | -2%           |
| Equity                         | 536.2             | 628.6             | -15%          |
| Equity ratio                   | 25.0%             | 28.5%             | -12%          |
| Liabilities                    | 1,612.3           | 1,573.5           | 2%            |
| of which financial liabilities | 480.6             | 520.5             | -8%           |

At December 31, 2018, the total assets of the AURELIUS Group amounted to EUR 2,148.5 million, nearly unchanged from the previous year (December 31, 2017: EUR 2,202.1 million). The changes in assets resulted mainly from changes in the basis of consolidation.

Non-current assets rose by 17 percent to EUR 622.4 million (December 31, 2017: EUR 532.5 million) and accounted for 29 percent (December 31, 2017: 24 %) of total assets. Within the category of non-current assets, intangible assets increased by 17 percent to EUR 224.3 million (December 31, 2017: EUR 191.1 million). Property, plant and equipment increased by 21 percent to EUR 356.2 million (December 31, 2017: EUR 294.6 million). Financial assets amounted to EUR 10.2 million (December 31, 2017: EUR 8.5 million). The increase in non-current assets in financial year 2018 resulted mainly from the new acquisitions of VAG, Bertram Books and Ideal Shopping Direct.



Current assets declined by 9 percent to EUR 1,526.1 thousand (December 31, 2017: EUR 1,669.6 million) and accounted for 71 percent of total assets (December 31, 2017: 76%).

Within the category of current assets, inventories increased by 26 percent to EUR 462.4 million (December 31, 2017: EUR 367.4 million). Finished goods and merchandise are mainly held by Office Depot Europe in the amount of EUR 111.9 million (December 31, 2017: EUR 121.5 million), Silvan in the amount of EUR 66.1 million (December 31, 2017: EUR 52.1 million), the Conaxess Trade and Scandinavian Cosmetics Group in the amount of EUR 43.9 million (December 31, 2017: EUR 44.7 million) and SOLIDUS in the amount of EUR 23.5 million (December 31, 2017: EUR 20.6 million). Inventories of raw materials and supplies are mostly held by SOLIDUS in the amount of EUR 18.3 million (December 31, 2017: EUR 13.7 million), VAG in the amount of EUR 16.2 million (December 31, 2017: EUR 0 million) and HanseYachts in the amount of EUR 11.5 million (December 31, 2017: EUR 10.4 million). Unfinished goods and services related mainly to HanseYachts in the amount of EUR 17.6 million (December 31, 2017: EUR 20.0 million) and VAG in the amount of EUR 11.7 million (December 31, 2017: EUR 0 million).

Trade receivables amounted to EUR 468.3 million (December 31, 2017: EUR 378.1 million), reflecting an increase of 24 percent. Trade receivables were mainly held by Office Depot Europe in the amount of EUR 189.3 million (December 31, 2017: 167.8 million), the Conaxess Trade and Scandinavian Cosmetics Group in the amount of EUR 59.5 million (December 31, 2017: 63.2 million), SOLIDUS in the amount of EUR 54.1 million (December 31, 2017: EUR 32.1 million) and VAG in the amount of EUR 40.8 million (December 31, 2017: EUR 0 million).

Other financial assets increased by seven percent to EUR 126.1 million (December 31, 2017: EUR 118.4 million). They mainly consisted of creditors with debit balances in the amount of EUR 33.3 million (December 31, 2017: EUR 41.7 million), financial receivables from third parties in the amount of EUR 61.9 million (December 31, 2017: EUR 47.7 million) and security deposits in the amount of EUR 9.9 million (December 31, 2017: EUR 5.9 million).

Other assets increased slightly by four percent to EUR 68.7 million (December 31, 2017: EUR 66.0 million). They consisted mainly of receivables from down payments in the amount of EUR 3.4 million (December 31, 2017: EUR 23.0 million) and VAT receivables in the amount of EUR 36.2 million (December 31, 2017: EUR 17.5 million).

Cash and cash equivalents amounted to EUR 290.8 million (December 31, 2017: EUR 606.3 million). They were mainly held by AURELIUS Equity Opportunities SE & Co. KGaA in the amount of EUR 43.6 million (December 31, 2017: EUR 298.4 million), Office Depot Europe in the amount of EUR 80.2 million (December 31, 2017: EUR 168.3 million) and the Conaxess Trade and Scandinavian Cosmetics Group in the amount of EUR 38.6 million (December 31, 2017: EUR 40.3 million).

The Group's equity declined by 15 percent to EUR 536.2 million (December 31, 2017: EUR 628.6 million). The equity ratio was 25 percent at the reporting date of December 31, 2018 (December 31, 2017: 29%).

The Company's annual general meeting authorized the management to buy back the Company's shares on May 18, 2018. A total of up to 400,000 treasury shares are to be bought back in the time from August 24, 2018 to August 31, 2019. The Executive Board allotted an amount of EUR 20 million as the highest possible total purchase price for purchasing treasury shares (excluding incidental expenses). The Company bought back 105,000 shares worth EUR 4.4 million from the start of the buy-back program on August 24, 2018 to November 30, 2018.

Non-current liabilities declined modestly by three percent to EUR 449.2 million (December 31, 2017: EUR 463.2 million). This item includes pension obligations, which declined by 12 percent to EUR 24.9 million (December 31, 2017: EUR 28.3 million).



Non-current financial liabilities amounted to EUR 271.5 million at December 31, 2018, nearly unchanged from the previous year (December 31, 2017: EUR 270.9 million). This item includes the liabilities of AURELIUS Equity Opportunities SE & Co. KGaA to the creditors of the convertible bond issued in December 2015 in the amount of EUR 98.6 million (December 31, 2017: EUR 155.2 million). Non-current financial liabilities also include liabilities to banks in the amount of EUR 59.1 million (December 31, 2017: EUR 22.1 million).

Current liabilities increased by five percent to EUR 1,163.2 million (December 31, 2017: EUR 1,110.3 million).

This item includes trade payables in the amount of EUR 531.2 million (December 31, 2017: EUR 424.9 million). Trade payables related particularly to Office Depot Europe in the amount of EUR 178.8 million (December 31, 2017: EUR 178.1 million), Bertram Books in the amount of EUR 63.5 million (December 31, 2017: EUR 0 million), the Conaxess Trade and Scandinavian Cosmetics Group in the amount of EUR 52.3 million (December 31, 2017: EUR 56.6 million), Silvan in the amount of EUR 50.4 million (December 31, 2017: EUR 40.8 million) and SOLIDUS in the amount of EUR 45.1 million (December 31, 2017: EUR 35.5 million).

Current financial liabilities amounted to EUR 209.1 million (December 31, 2017: EUR 249.6 million) and other liabilities in the amount of EUR 262.2 million (December 31, 2017: 298.9 Mio.). Financial liabilities to banks mainly related to Silvan in the amount of EUR 22.2 million (December 31, 2017: EUR 9.4 million), Bertram Books in the amount of EUR 17.4 million (December 31, 2017: EUR 0 million) and HanseYachts in the amount of EUR 7.8 million (December 31, 2017: EUR 6.1 million). Liabilities from factoring mainly related to Office Depot Europe in the amount of EUR 84.2 million (December 31, 2017: 109.9 million) and the Conaxess Trade and Scandinavian Cosmetics Group in the amount of EUR 26.2 million (December 31, 2017: EUR 27.1 million). Other financial liabilities consisted particularly of liabilities to third parties at the Conaxess Trade and Scandinavian Cosmetics Group in the amount of EUR 6.7 million (December 31, 2017: EUR 23.6 million).

The assets and liabilities of the segments are presented in the table below:

| in kEUR                    | Assets     |            |        | Liabilities |            |        |
|----------------------------|------------|------------|--------|-------------|------------|--------|
|                            | 12/31/2018 | 12/31/2017 | Change | 12/31/2018  | 12/31/2017 | Change |
| Services & Solutions       | 120,138    | 164,125    | -27%   | 42,719      | 92,452     | -54%   |
| Industrial Production      | 577,431    | 419,906    | 38%    | 243,543     | 192,442    | 27%    |
| Retail & Consumer Products | 1,245,603  | 1,147,765  | 9%     | 704,611     | 581,265    | 21%    |
| Other                      | 99,542     | 338,282    | -71%   | 37,698      | 88,620     | -57%   |

### Overall assessment of the Executive Board on the Company's performance and situation

AURELIUS Equity Opportunities SE & Co. KGaA focused on investing in its portfolio of companies in financial year 2018. A total of 12 corporate groups were acquired. Two corporate groups were sold. It also focused on the further development of its existing subsidiaries. For some subsidiaries, the conditions for being able to proceed with successful exits in financial year 2019 were created.

Consolidated revenues increased by 13 percent to EUR 3,389.0 million (2017: EUR 2,998.3 million), mainly due to acquisitions.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 100.9 million and were therefore less than the EUR 272.6 million earned in financial year 2017. Earnings before interest and taxes (EBIT)



amounted to EUR 25.4 million in financial year 2018 and were therefore well below the previous-year figure (2017: EUR 202.0 million). The decrease resulted mainly from the considerably lower gains on bargain purchases.

### Employees

AURELIUS had an average of 13,895 employees in financial year 2018 (2017: 22,897 employees). This number included 5,995 wage earners (2017: 11,684 wage earners) and 7,900 salaried employees (2017: 11,213 salaried employees). AURELIUS had 15,131 employees at the reporting date of December 31, 2018 (2017: 19,263 employees).

The decline of the total workforce in the AURELIUS Group is mainly attributable to the sale of Allied Healthcare in financial year 2018. Personnel expenses amounted to EUR 661.8 million (2017: EUR 720.4 million). The personnel expenses ratio declined to 20 percent, after 24 percent in financial year 2017.

### Financial and non-financial performance indicators

The AURELIUS Group does not manage its operations on the basis of non-financial performance indicators. For information on the financial performance indicators employed for this purpose, please refer to the comments on the management system of the AURELIUS Group on page 65 ff. of the Group Management Report.



## FINANCIAL PERFORMANCE, CASH FLOWS AND FINANCIAL POSITION OF AURELIUS EQUITY OPPORTUNITIES SE & Co. KGaA

The separate financial statements of AURELIUS Equity Opportunities SE & Co. KGaA are prepared in accordance with the provisions set forth in Sections 264 ff. HGB for medium-sized corporations and in compliance with the German Stock Corporation Act (Aktiengesetz, AktG). AURELIUS Equity Opportunities SE & Co. KGaA is the parent company of the AURELIUS Group. The business performance of AURELIUS Equity Opportunities SE & Co. KGaA is essentially subject to the same opportunities and risks as that of the AURELIUS Group.

The results of AURELIUS Equity Opportunities SE & Co. KGaA are significantly influenced by the directly and indirectly held subsidiaries. The outlook for the Group therefore also reflects to a large extent the expectations for AURELIUS Equity Opportunities SE & Co. KGaA due to the numerous interconnections between the parent entity and its subsidiaries and the weight of AURELIUS Equity Opportunities SE & Co. KGaA in the Group.

### Financial performance

The Company generates revenues by advising both subsidiaries and third parties. In financial year 2018, the revenues of AURELIUS Equity Opportunities SE & Co. KGaA amounted to EUR 20.4 million (2017: EUR 23.2 million). The other operating income of EUR 7.8 million was higher than the 2017 comparison value of EUR 3.7 million.

Personnel expenses amounted to EUR 12.5 million (2017: EUR 81.9 million). This item includes the compensation of the Executive Board of AURELIUS Management SE, the personally liable shareholder of AURELIUS Equity Opportunities SE & Co. KGaA, and the employees of the Company. The Company had an average of 4 employees (2017: 15 employees) in the 2018 financial year.

The item of other operating expenses declined to EUR 39.9 million (2017: EUR 102.6 million). It mainly includes the costs of the service holding company that are charged to AURELIUS Equity Opportunities SE & Co. KGaA.

Income from equity investments consists exclusively of profit distributions from affiliated companies, which amounted to EUR 27.8 million in financial year 2018 (2017: EUR 392.4 million). Income from profit transfer agreements and loss absorption expenses consist of the income or expenses from the profit transfer agreements concluded between AURELIUS Equity Opportunities SE & Co. KGaA and its subsidiaries. Loss absorption expenses of EUR 8.8 million were incurred in financial year 2018 (2017: profit transfer income in the amount of EUR 103.9 million). Other interest and similar income in the amount of EUR 10.2 million (2017: EUR 8.2 million) included interest income on loans granted to affiliated companies in the amount of EUR 9.8 million (2017: EUR 7.9 million). Interest and similar expenses amounted to EUR 4.5 million (2017: EUR 5.1 million).

AURELIUS Equity Opportunities SE & Co. KGaA generated a loss of EUR 8.8 million in financial year 2017, after a profit of EUR 316.2 million in the previous year. Including the profit carried forward from the previous year in the amount of EUR 83.8 million (2017: EUR 66.4 million) and the changes arising from converting of bonds, sale and purchase of treasury shares, the distributable profit for financial year 2018 amounted to EUR 146.1 million (2017: EUR 224.8 million).



### Cash flows and financial position

The total assets of AURELIUS Equity Opportunities SE & Co. KGaA amounted to EUR 386.4 million at December 31, 2018 (December 31, 2017: EUR 557.6 million). The equity amounted to EUR 246.2 million (December 31, 2017: EUR 321.6 million) and the equity ratio was therefore 64 percent at the reporting date (December 31, 2017: 58 percent).

The liabilities of EUR 119.4 million were below the level of the previous year (December 31, 2017: EUR 179.1 million). They included liabilities of EUR 103.1 million (2017: EUR 166.3 million) from the non-subordinated and unsecured convertible bond maturing at the end of 2020, convertible into new and/or existing no-par value bearer shares of the Company. The convertible bond was initially measured at the original nominal amount of EUR 166.3 million. After the conversions of individual bond creditors in financial year 2018, the convertible bond is now measured at the remaining nominal value of EUR 103.1 million in the separate financial statements of AURELIUS Equity Opportunities SE & Co. KGaA prepared in accordance with the regulations of German commercial law. The liabilities also included trade payables in the amount of EUR 0.1 million (December 31, 2017: EUR 0.6 million) and liabilities to affiliated companies in the amount of EUR 14.2 million (December 31, 2017: EUR 9.9 million).

The non-current assets totaling EUR 106.7 million (December 31, 2017: EUR 65.5 million) mainly included non-current financial assets in the amount of EUR 106.7 million (December 31, 2017: EUR 65.5 million). These assets are composed of interests in the holding companies and operating companies of the AURELIUS Group and long-term loans granted to affiliated companies.

Current assets amounted to EUR 279.6 million (December 31, 2017: EUR 488.7 million). They consisted of receivables and other assets in the amount of EUR 235.9 million (December 31, 2017: EUR 189.8 million) and cash and cash equivalents in the amount of EUR 43.7 million (December 31, 2017: EUR 298.9 million). The changes in the cash flows and the financial position mainly resulted from lower distributions and thus lower income from portfolio companies. Moreover, the dividend paid by Aurelius from the distributable profit in the amount of 141.0 million contributed to reduce cash and cash equivalents.

Under the German Stock Corporation Act (AktG), the amount of the dividend that can be paid to the shareholders is determined on the basis of the distributable profit presented in the separate financial statements of AURELIUS Equity Opportunities SE & Co. KGaA prepared in accordance with German generally accepted accounting principles. The personally liable shareholder's profit utilization proposal specifies a base dividend of EUR 1.50 per share to be paid from the distributable profit of EUR 146,120 thousand presented in the separate financial statements for 2018 prepared in accordance with German generally accepted accounting principles. This corresponds to a total distribution amount of EUR 44,524 thousand. An amount of EUR 101,596 thousand is to be carried forward to new account.

In addition to the base dividend, AURELIUS Equity Opportunities SE & Co. KGaA pays a so-called participation dividend to the shareholders in years with successful company sales. If sales are realized in the time before the date of the annual general meeting, a participation dividend will be paid to the shareholders. If the Company holds treasury shares that do not qualify for dividends according to Section 71b AktG on the date of the annual general meeting, the amount attributable to these shares will be carried forward to new account.



## NET ASSET VALUE OF GROUP UNITS

| (in EUR millions)                 | December 31, 2018 |
|-----------------------------------|-------------------|
| Industrial Production             | 490.4             |
| Retail & Consumer Products        | 537.8             |
| Services & Solutions              | 119.4             |
| <b>NAV of portfolio companies</b> | <b>1,147.6</b>    |
| Other                             | 253.3             |
| <b>Total</b>                      | <b>1,400.9</b>    |

The valuation was carried out using a discounted cash flow model based on the budgets of the Group companies approved by the Supervisory Board for the next three years (2019 to 2021).

The budgets were prepared at the level of the Group's portfolio companies in the period from August to October 2018 (bottom-up planning) and coordinated with Controlling at headquarters. The budgets each include plans for income and expenses as well as balance sheet planning. When assessing the corporate planning, it must be taken into account that some of the group companies are still undergoing major transitions and the financial forecasts of these subsidiaries are, as a rule, fraught with greater uncertainty.

The growth rates assumed for the period following this detailed planning period have been set uniformly at a conservative 0.5 percent. The underlying discount rates WACC ranging from 5.12 to 12.03 percent as of December 31, 2018, were calculated on the basis of individual peer groups. Where appropriate, risk premiums were added to the capital costs in accordance with the respective restructuring phase. The peer groups were determined as part of corporate group's initial consolidation and supported by data from Capital IQ, an IT platform of the rating agency Standard & Poor's, and audited in connection with the initial consolidation. The inputs (for example, beta or the debt ratio) of the individual peer groups, as well as the additional data (e.g. government bonds) for determination of the WACCs, are likewise queried via Capital IQ. As a rule, the peer groups remain unchanged during the period in which the entity belongs to AURELIUS.

The stock exchange-listed subsidiary HanseYachts AG was valued based on its proportional market capitalization as of the reporting date of December 31, 2018.

The carrying amount applied for the Other segment is determined simply based on the position of cash and cash equivalents of AURELIUS Equity Opportunities SE & Co. KGaA and the individual holding companies that were not yet included in the NAV calculations of the portfolio companies. The treasury shares of AURELIUS Equity Opportunities SE & Co. KGaA and a brand company valued using a discounted cash flow model are also applied. In addition, loan receivables, which are presented as deductions in the NAV of the portfolio companies, are adjusted. The nominal amount of the issued convertible bond is likewise deducted.

If a Group company of AURELIUS has been newly acquired and has therefore belonged to the group for less than six months, only the respective purchase prices are included in the NAV calculation, as the complete budget process has not yet been implemented, nor are stand-alone budgets prepared by the new subsidiary yet available within the brief period in which it has belonged to the Group.



## FORECAST REPORT

### Anticipated development of the global economy

In the estimation of the International Monetary Fund (IMF), the global economy will continue to grow in 2019, albeit at a slower pace in the large industrialized nations. The reasons for the slowdown include the smoldering tariff conflicts, the possible consequences of an uncontrolled Brexit, and the weakening Chinese economy. After 3.7 percent in 2018, the IMF's experts now expect global GDP growth of 3.5 percent in 2019, after having predicted 3.7 percent growth for 2019 in October 2018.

According to the IMF, the rate of economic growth will also decelerate slightly in the Eurozone. The IMF expects Eurozone growth of 1.6 percent (after 1.8 percent in 2018). Also for the Eurozone, the IMF's experts had predicted 0.3 percentage points more growth in October. Since October, the forecast for Germany has been lowered by a full 0.6 percentage points to now only 1.3 percent. The UK economy is expected to expand at a rate of 1.5 percent in 2019 (2018: 1.4 percent).

For China, the IMF is forecasting a 6.2 percent increase in GDP in 2019, representing a further slowdown for this developing country after growth of 6.6 percent in 2018. The IMF expects a similar slowdown for the U.S. economy, which is expected to expand by 2.5 percent in 2019, after 2.9 percent in 2018.

### Private equity market

Assuming stable macroeconomic conditions, the German Private Equity and Venture Capital Association (BVK) continues to take a positive view of the private equity environment and expects the market to be at least stable in 2019. It believes that the sentiment towards private equity is still positive, as it continues to enjoy a high level of acceptance as a financing option and growth opportunity among company founders and small and medium-sized enterprises, according to the BVK.

### Company outlook

The revenue and earnings performance of the individual segments is essentially dependent on acquisitions and sales of Group companies in each segment. Based on the Group portfolio at the time of preparation of this report, AURELIUS anticipates the following development of revenues, earnings (EBITDA and EBIT) and cash and cash equivalents of the three segments in the 2019 financial year. For the Industrial Production segment, AURELIUS expects modest revenue growth, accompanied by higher earnings (EBITDA and EBIT) and cash and cash equivalents compared to the 2018 financial year. The Services & Solutions segment is also expected to generate modest revenue growth, while its earnings (EBITDA and EBIT) and cash and cash equivalents are expected to remain stable or increase slightly. For the Retail & Consumer Products segment, AURELIUS expects stable revenues and slightly improved earnings (EBITDA and EBIT) with a constant amount of cash and cash equivalents.

### Overall assessment of the anticipated development of the AURELIUS Group

For the 2019 financial year, the Executive Board of AURELIUS Management SE, which is the personally liable shareholder of AURELIUS Equity Opportunities SE & Co. KGaA, expects earnings to be much improved over the level of the 2018 financial year. Based on the current planning status, earnings will be positively influenced particularly by the planned sales of several Group companies. Based on this assumption, consolidated revenues from continued operations will be lower than in 2018. In addition, the Executive Board expects to strengthen the portfolio of companies by means of additional acquisitions, which will lead, in turn, to an increase in consolidated revenues. The revenues of new Group subsidiaries are recognized from the time of completion of each transaction. Because it cannot yet be foreseen what Group companies will be acquired and sold in 2019, nor when they will be acquired or sold, it is not possible to make an exact statement on this subject. Company acquisitions and sales during the course of a financial year lead to changes in the basis of consolidation of the AURELIUS Group between reporting





dates. Given the nature of AURELIUS' business model, an exact forecast of earnings is subject to uncertainties because they are influenced by various factors that can only be planned in part or not reliably. Such factors include the earnings effects of the acquisition of new Group companies (bargain purchases), non-recurring and often extraordinary restructuring expenses, and complex deconsolidation effects.

## REPORT ON RISKS AND OPPORTUNITIES

Risk management plays a key role in the AURELIUS business model, helping to identify deviations from the defined targets at an early stage and enable appropriate counter-measures to be taken promptly. These deviations may be both positive (opportunities) and negative (risks).

### Opportunities and risks of the AURELIUS business model

#### Investment focus

The specific investment focus of AURELIUS of acquiring companies in situations of transition or distress, without a secure succession plan, with poor profitability or a need for restructuring, contains a large amount of potential for increasing value. If AURELIUS proves successful in developing the acquired companies, the value of these portfolio companies may increase greatly. To this end, the portfolio companies' strengths and weaknesses are analyzed in their market environment as part of the strategy for each company. The opportunities and potential for optimization which this process reveals are made available for the portfolio company to exploit.

#### Acquisition process

The acquisition of companies in situations of transition or distress regularly includes a not inconsiderable business risk. Consequently, AURELIUS has experienced experts from the Finance, Legal Affairs, Mergers & Acquisitions and Taxes departments perform detailed due diligence checks on potential subsidiaries. In some cases, they are supported by external advisors. Nevertheless, it is conceivable in this context that risks in the target companies will not be recognized or be wrongly assessed. Risk notably consists of an incorrect evaluation of a given company's future prospects or ability to be restructured, or in failing to ascertain or identify the subsidiary's liabilities, obligations and other commitments at the time of acquisition despite careful checks. If the achievable market position, earnings potential, profitability, growth options or other key success factors are wrongly assessed, this has consequences for the operational development of the company and hence for the return on investment. At the same time, the profitability of the corporate group could be depressed by impairment losses in subsequent financial years.

#### Restructuring of portfolio companies

The fundamental goal of AURELIUS is to restructure a portfolio company for profitability as fast as possible in order to keep the liquidity requirements and operating losses to a minimum after the acquisition and to increase the value of the acquired company in the medium term and realize earnings on dividends and gains on disposal. It is possible, however, that the measures initiated will not prove successful and the breakeven point will not be reached for any number of reasons. This could result in subsidiaries having to be sold again for less than their acquisition price or, in the worst case, being forced to file for bankruptcy as a last resort. In this instance, AURELIUS would suffer the complete loss of the capital employed, meaning that all funds that the corporate group had employed to acquire, support and possibly also finance the subsidiary. At the present time, this scenario has a low probability with regard to nearly all the corporate groups of the AURELIUS Group. AURELIUS generally does not enter into profit-and-loss-transfer agreements or cash-pooling agreements with its subsidiaries. This policy serves to limit the effects should the restructuring of a given subsidiary fail.



### Sale of subsidiaries

AURELIUS can generate earnings by selling portfolio companies to private, institutional or strategic investors, or arranging an IPO. AURELIUS can, however, not give any guarantees regarding the timing of a possible sale or that the disposal of a portfolio company will be possible at all or with a given return. Notably the economic and industry-specific environment, the condition of the capital markets and also other unforeseeable factors have a decisive influence on the amount of possible proceeds upon disposal. In the event of a negative economic and/or industry environment and/or weak financial markets, disposals may not be possible or may only be possible with high price discounts. Even if the portfolio companies perform well, there is the risk that it will not be possible to realize a suitable price upon disposal due to a negative economic, industry and/or capital market environment. At the same time, a strong economic performance can have a positive impact on the earnings of the portfolio companies and hence on the purchase price that can be realized in the future.

### Risk management

The AURELIUS Group has a systematic, multi-level risk management system in place to avoid, mitigate and manage significant risks arising from the business activities of the corporate group to best effect. It is used to identify, track and subsequently evaluate existing and potential risks. The risk management system is designed to provide a comprehensive overview of the risk position of the corporate group. Events with significant negative financial effects on the corporate group must be identified promptly so that measures can be defined and taken to mitigate, avoid and manage such risks. Revenues, EBITDA and cash and cash equivalents are the central planning and control metric in the AURELIUS Group in this context.

The risk management system is geared above all to identifying at an early stage developments that could endanger the continued existence of the company as a going concern. The system is required to ensure tracking of the risks and changes therein that could endanger the continued existence of the company as a going concern in its respective situation. Since the goal is to identify such risks at an early stage, the risk early warning system must be capable of tracking the risks promptly and forwarding the relevant information to the responsible decision-makers in such a way that these people can respond in a suitable manner. At the same time, the Executive Board of AURELIUS must be informed about risks which, alone or in conjunction with other risks, could endanger the continued existence of the company as a going concern. In order to guarantee this, the company has set up a reporting system which reports to AURELIUS on a quarterly basis within the framework of interim reporting. There are uniform guidelines in place for tracking, documenting and evaluating risk across the entire AURELIUS Group. The Corporate Audit department is responsible for monitoring risk reporting. This department constantly reviews, evaluates and optimizes the effectiveness of the internal control systems together with the management and monitoring processes. Compliance with the internal guidelines is also monitored on the premises of the respective subsidiaries and concrete implementation steps are drawn up with the support of the subsidiary management. The individual subsidiaries are required to list the risks present in their respective area of influence, specifying them in a uniform, Group-wide risk matrix in detail as well as regularly reviewing and updating them.

Potential risks are classified by the eight risk fields of legal disputes, financial risks, sales risks, production risks, procurement risks, IT risks, personnel risks and external risks.

The maximum loss potential in euros and the probability of occurrence are determined for every risk on the level of the portfolio companies and the holding company. The aggregation of the Group's maximum potential losses in every risk field yields the size of the respective risk field and thus the maximum potential loss of each risk field throughout the Group.



For each risk field, the average probability of occurrence, divided into the five classes of low (<10 percent), improbable (10 - 25 percent), possible (25 - 50 percent), probable (50 - 90 percent) and high (>90 percent) is assessed. This classification determines the position of the respective risk field in the graph.

In addition, counter-measures and their effectiveness in the event of occurrence should be defined for all risks and, where appropriate, the level of implementation of the counter-measure in question specified. Where early warning indicators exist to permit the prompt identification of risk, these are also to be listed. The maximum loss potential per risk field is presented in a breakdown by counter-measures in the second graph.

The risk fields are reviewed and updated on a quarterly basis at the least. New risks or the occurrence of existing risks are each reported immediately to the Corporate Audit department and the Executive Board. The risk management system is supplemented by the Group-wide controlling function. The Executive Board receives a detailed evaluation of the indicators regarding the current situation of all the subsidiaries based on weekly and monthly reports submitted by all the subsidiaries.

### Internal control and risk management system

The AURELIUS Group has set up an internal control system which defines rules and regulations for managing the company activities (internal control system) and for monitoring compliance with these rules and regulations (internal monitoring system). The parts of the internal control system geared to the company's business activities are designed to ensure their effectiveness and efficiency and to protect the company's assets. It is also the task of the internal control system to ensure the orderliness and reliability of the internal and external reporting and ensure compliance with the regulations and laws applicable to the portfolio company.

The Executive Board bears overall responsibility for the internal control system. In addition, the management teams of the subsidiaries are responsible for designing, setting up, monitoring, modifying and refining their respective internal control systems. The size, legal form, organization and type of business activity of the company in question are taken into account in the design and practical application of the internal control system. Companies are exposed to a wide range of risks that could endanger achievement of the company's objectives in accordance with the business strategy defined by company management. Such business risks include financial, legal, performance and strategic risks. Consequently, the internal control system of the AURELIUS Group encompasses the components described below.

The control environment represents the framework within which the principles, procedures and measures of the internal control system are introduced and applied. It has a major influence on the awareness of staff for control issues. Risk assessments are performed to identify and analyze such risks. Thorough risk assessments form the basis for decisions made by company management locally regarding how to deal with the risks arising from business activity. They help to ensure that measures required to counter business risk are adopted, and must be documented appropriately.

Control activities are principles and procedures that are intended to ensure that the decisions taken by company management locally are observed. They help to ensure that measures required to counter business risk are adopted. Control activities are to be documented appropriately. Information and communication serve to obtain and collate the information required by company management to take business decisions in a suitable and timely manner and to forward such information to the responsible offices in the company locally. This also includes the information required for the risk assessments and the information given to employees regarding the tasks and responsibilities within the framework of the internal control system.

Company management and the integrated control officers assigned to the processes and workflows are responsible for monitoring the internal control system. Organizational safeguards for the portfolio companies



have been set up within the framework of subsidiary documentation in the AURELIUS Group in the form of by-laws, payment guidelines and requirements for subsidiary documentation (offices, branches, outlets, etc.). The documentation and conduct of business activities must comply with the requirements arising from the company's legal form, articles of incorporation, by-laws and organizational charts. The documentation of business activities in this context follows the main commercial and administrative processes and workflows, and contains instructions and guidelines based on the respective operational performance process (such as sales, purchasing, production, logistics, internal and external reporting, corporate reporting, HR, administration, research and development, and so on).

Furthermore, additional monitoring measures have been introduced such as comprehensive contract and insurance management, instructions regarding retention periods under commercial and tax law, and authorization and competence arrangements. Compliance rules and regulations have been defined in the subsidiaries to ensure compliance with data protection and foreign trade laws, among other things.

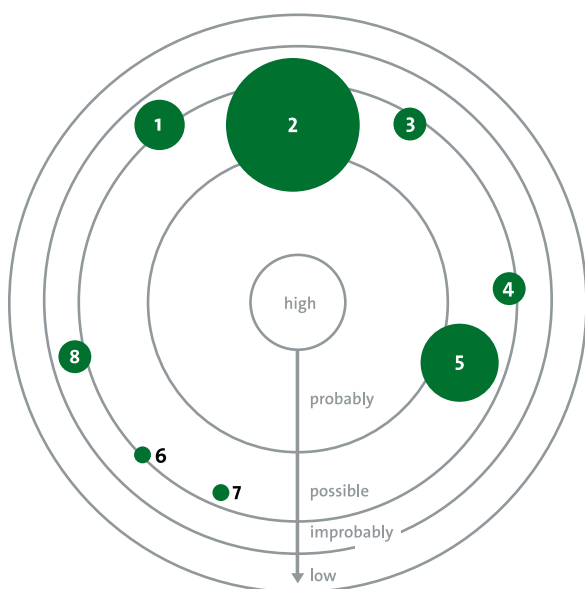
The internal control and risk management system regarding the corporate reporting process ensures that reporting is uniform and in compliance with the statutory provisions and generally accepted accounting principles as well as the International Financial Reporting Standards (IFRS). Information relevant for reporting is to be provided promptly and in full. To this end, an accounting manual has been drawn up for corporate reporting, defining the accounting rules for all AURELIUS Group companies. The goal is to employ various control and monitoring mechanisms to ensure that correct, rule-compliant consolidated financial statements are prepared. The reporting, controlling and accounting systems of the subsidiaries are examined during regular visits by corporate controllers. The Corporate Audit department carries out the regular monitoring of the portfolio companies that is independent of the business process.

All information from the portfolio companies is collated and analyzed by the Subsidiary Controlling, Financial Accounting and Reporting, Risk Control and Cash Management departments in the Finance division of AURELIUS. The accounting data are audited regularly to ensure they are complete, orderly and correct. The independent auditors and other audit bodies such as the Internal Audit department with process-neutral audit activities are integrated in the control environment of the AURELIUS Group. The Supervisory Board is similarly involved in the internal monitoring system of AURELIUS with process-neutral audit activities.

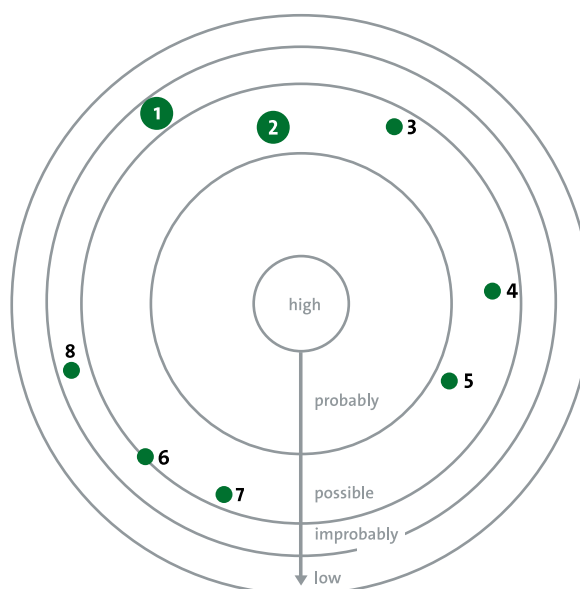
A standardized, professional consolidation and reporting system forms the basis for the planning and reporting process in the AURELIUS Group. The relevant data are entered into this system either manually or via automated interfaces. A qualitative analysis and monitoring function is ensured at all times by means of internal reports.



## PRESENTATION OF RISKS (Maximum loss potential)

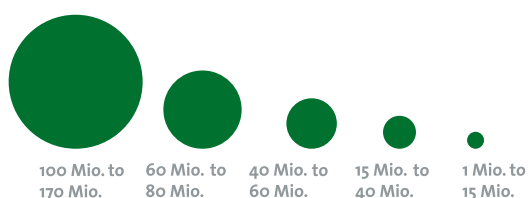


## PRESENTATION OF RISKS (after counter-measures)



### DEFINITION OF PARAMETERS:

#### 1) Circle size:



### IMPORTANCE OF RISKS 1-8:

- 1 – Legal disputes
- 2 – Financial risks
- 3 – Sales risks
- 4 – Production risks
- 5 – Procurement risks
- 6 – IT risks
- 7 – Personnel risks
- 8 – External risks

#### 2) Explanation of probability of occurrence:

|               |                  |
|---------------|------------------|
| ■ Low:        | less than 10 %   |
| ■ Improbable: | 10 % - 25 %      |
| ■ Possible:   | 25 % - 50 %      |
| ■ Probable:   | 50 % - 90 %      |
| ■ High:       | higher than 90 % |



### Risk management in the individual elements of the business model

Risk management has been established at all levels of the AURELIUS business model. AURELIUS already begins to identify business risk at the start of the acquisition process. Once attractive acquisition targets have been selected, potential risks arising from a possible purchase are analyzed in a detailed due diligence process. A team of internal specialists filters out individual risks from all areas of operational activity of the acquisition target and calculates the maximum aggregate risk of the underlying transaction in accordance with specified steps. AURELIUS uses the calculated aggregate risk to determine a maximum purchase price as the basis for submitting an offer to the seller. This already contains an adequate risk premium. In order to further limit the maximum extent of specific risks, AURELIUS makes use of a holding structure in which the operating risk of each individual subsidiary is ring-fenced in a legally independent intermediate company. This approach ensures that the aggregate total of any risks that arise cannot exceed the maximum risk calculated previously. This generally corresponds to the purchase price paid plus further financing measures less reimbursements from the operating activity of the company received during the course of the holding period.

The level of Vice President was added to the management hierarchy in financial year 2008. This intermediate hierarchy level between the Executive Board and middle management makes it possible to respond even faster to changing market conditions. The newly introduced level maintains even closer contact with the subsidiary managers and identified emerging risk potential even faster as a result. The Vice Presidents report on the current situation of the subsidiaries and provide concrete decision proposals in regular meetings with the Executive Board of AURELIUS Equity Opportunities SE & Co. KGaA.

### Description of significant individual risks

Major risk fields and individual risks can be derived from the aggregate risks identified as part of the risk management process, as described below.

#### Legal disputes

With respect to the two companies Old BCA Ltd. and Book Club Trading Ltd., AURELIUS is exposed to the risk of continuing liability for pension obligations based on mistakes made during the implementation of the pension fund in the 1990s. The amount varies and could possibly reach an amount in the middle single-digit millions. Rectification proceedings are currently being carried out by the companies before a British court through which the past mistakes should be rectified. AURELIUS considers the prospects for success to be good overall.

A claim for payment of a mid-six-figure amount is being asserted against a former holding company that is currently in liquidation and a direct subsidiary of AURELIUS Equity Opportunities SE & Co. KGaA by the insolvency administrator of the former investment that was sold more than five years ago and has meanwhile become insolvent, by way of a partial claim. The maximum risk is in the mid-single-digit millions. The allegation stated in the claim reads that the distribution of a dividend in 2010 was an inadmissible, prohibited repayment of share capital. The liquidator of the former holding company assumes that it will be possible to successfully defend against the suit based on factual and legal grounds.

A claim for payment of an amount in the low-double digit millions is being asserted against AURELIUS Equity Opportunities SE & Co. KGaA and three additional defendants by the insolvency administrator of a former company of the Getronics Group as joint and several debtors. The defendants unanimously assume that it will be possible to successfully defend against the suit based on numerous factual and legal grounds.

The insolvency administrator of ACC Compressors S.p.A. is demanding payment of damages from two former Group companies for allegedly anti-competitive behavior. The claim is for an amount in the low double-digit millions. The claim was broadened to include AURELIUS Equity Opportunities SE & Co KGaA in early 2018. In addition,



AURELIUS Equity Opportunities SE & Co KGaA, among others, may have an indemnification obligation under the company purchase agreement by which the two aforementioned companies were sold in 2017.

Please refer to Note 67 of the notes to the consolidated financial statements for a detailed description of contingent liabilities, financial commitments and legal disputes.

## Financial risks

### Loss of receivables

It has been observed in the past that commercial credit insurers may be inclined to withdraw from current commitments in full or in part, or subject them to intensive audits or adjust the insurance terms to the detriment of the insured. Depending on the circumstances, such behavior could potentially lead to heightened liquidity needs on the part of individual portfolio companies. It would also increase the risk of heightened losses on receivables if commercial credits would prove to be uninsurable. AURELIUS attempts to counter these risks by conducting receivables management in a manner appropriate for the given market situation. In addition, most portfolio companies work with commercial credit insurers that cover most of the potential loss on receivables. If it would not be possible to obtain adequate insurance for the given business partner, AURELIUS would have the option of demanding payment in advance.

### Changes in market interest rates

In the ordinary course of business, AURELIUS invests surplus funds in the capital markets. Changes in the level of interest rates could impair the value of the Group's financial investments, which would have a negative effect on its financial performance. Furthermore, the level and development of interest rates could also influence AURELIUS' funding costs. The extent of this risk depends on the general funding need that must be covered with borrowed funds, on the current level of interest rates, and on the fixed interest periods of borrowed loans or credits. Moreover, rising interest rates increase the funding costs of the portfolio companies, which could have a lasting negative effect on the restructuring, dividend-paying capacity and even the sale prospects of the portfolio companies.

### Change in exchange rates

Currency and exchange rate risk can arise when, for instance, subsidiaries are acquired from foreign companies and paid for in foreign currency, or when the portfolio companies conduct business with international ramifications, or when the portfolio companies have foreign subsidiaries. The Corporate Finance department identifies and analyzes financial risks in cooperation with the Group's operating units. A large part of the revenues, earnings and expenses of AURELIUS are still generated and incurred in the eurozone. Consequently, the Group is relatively independent of changes in exchange rates with respect to these amounts. Where appropriate, derivative financial instruments are used to hedge exchange rate risk arising on transactions that are denominated in foreign currency.

### Convertible bond

On November 24, 2015, AURELIUS SE & Co. KGaA (today: AURELIUS Equity Opportunities SE & Co. KGaA) issued an unsubordinated, unsecured convertible bond with a total nominal amount of EUR 166.3 million and maturing at the end of 2020, convertible into new and/or existing no-par bearer shares of the company (the "shares"). The convertible bond was exclusively offered for sale to and placed with institutional investors outside of the United States, Canada, Australia, South Africa, New Zealand and Japan, or any other jurisdiction where sales are not permitted under the applicable law, by way of an accelerated book-building process. The convertible bond was placed at 100 percent of its nominal value in denominations of EUR 100 thousand per bond. The annually payable coupon is 1.0 percent. After the partial conversion of the bond in the past financial year, the bond will be convertible into 2,287,131 shares (PY: 3,455,857), corresponding to 7.433 percent (PY: 11.231%) of the Company's current share capital, by exercising the right to issue convertible bonds while excluding the subscription rights of shareholders.



The initial conversion price of EUR 52.5229 was set with a conversion premium of 30.0 percent above the reference share price, defined as the volume-weighted average price of the AURELIUS share in the XETRA trading system on December 29, 2015. The conversion price was adjusted to EUR 45.0783 by notification of May 22, 2018. Under the terms and conditions, the bond can be called by the Company at any time (1) on or after December 22, 2018 (including accrued interest not yet paid by that time) if the share price exceeds 130 percent of the then applicable conversion price (over a certain period of time), or (2) if 20 percent or less of the total nominal amount of the bond is outstanding. The convertible bond falls due for repayment on December 1, 2020; the Executive Board currently believes that it will be possible to provide the necessary refinancing.

#### **Tax risks**

AURELIUS is currently not aware of any tax risks in the AURELIUS Group that would have a significant influence on the financial position, cash flows and financial performance of the Group.

#### **Liabilities on the level of the portfolio companies**

Because the portfolio companies of AURELIUS are usually in a state of transition, the financial position ratios agreed with the banks (covenants) could be missed, which would entitle the respective lenders to terminate the loan. If the portfolio company would fail to attain its budget targets, moreover, it could be impossible to repay liabilities, or such repayment could be delayed. To minimize this risk and promptly counter it where necessary, AURELIUS continually reviews the business plans of each portfolio company, in close consultation with the respective management team, and regularly analyzes budget variances.

#### **Risks from the use of financial instruments**

In addition to the risks of using financial instruments described above, additional qualitative and quantitative information on individual risks is provided in Note 56 ff. of the notes to the consolidated financial statements of AURELIUS.

#### **Sales risks**

The introduction of new brands or product innovations is an important aspect of the restructuring of the individual portfolio companies of the AURELIUS Group. Such product launches harbor the risk that the funds invested in product launches are not recouped by the planned cash flows and budgeted profit contributions are not attained. To reduce this risk, products are developed with due care and various tests are conducted.

The loss of key customers or the postponement of primarily larger orders could lead to negative effects on the financial performance, cash flows and financial position of individual AURELIUS portfolio companies. The company counters this risk by actively cultivating customer relationships and conducting systematic sales and marketing work. AURELIUS strives to enter into long-term agreements particularly with customers that make up a large percentage of the revenues of the respective AURELIUS portfolio company, as a means of enhancing planning security.

In addition, periodic analyses are conducted, particularly in those companies that operate in the consumer goods and services segment, for the purpose of enhancing the effectiveness of marketing and customer retention programs.

#### **Production risks**

The individual portfolio companies of the AURELIUS Group are exposed to various production risks, including the risk that the production optimization and production cost reduction measures conducted after the acquisition by AURELIUS do not yield the intended effects, or only after a delay, and cost savings in production cannot be realized, or only after a delay. Quality problems and delays in the introduction of new products and developments





could lead to a loss of orders and customers for the respective company. This could adversely affect the financial performance, cash flows and financial position of the respective company.

AURELIUS counters these risks by deploying its own, experienced functional specialists and by closely monitoring production processes.

### Procurement risks

With regard to procurement, the AURELIUS portfolio companies are exposed to risks such as the loss of suppliers, late deliveries or quality-deficient deliveries, and price fluctuations particularly of raw materials. AURELIUS counters these risks by engaging in professional procurement management and by closely monitoring the respective suppliers. Price fluctuations are neutralized by hedging transactions whenever possible.

### IT risks

The business and production processes, as well as the internal and external communications of the AURELIUS Group and its portfolio companies, are increasingly based on information technologies. A serious disturbance or even failure of these systems could result in data losses and impair the portfolio company's business and production processes. IT documentation and continuous monitoring are integral aspects of the internal control and risk management system of the AURELIUS Group. Other measures include compliance with security guidelines, access control and data back-up concepts, and documentation of licenses and internally developed software.

### Personnel risks

The extensive experience of the management is crucial to the future success of AURELIUS. However, the planned growth of AURELIUS is also dependent on having a sufficiently large number of staff available to handle the acquisition, restructuring and operational management of the portfolio companies in the future. Particularly the restructuring of companies in challenging situations places the highest demands on the management. The availability of qualified personnel, whether internal or external, with industry-relevant practical experience and considerable managerial talent is critical to the success of the Group's business model. On the other hand, AURELIUS' good reputation, experience and convincing business concept increases the chances of being able to attract and retain the best workers available in the market.

### External risks

#### Economic changes

The commercial success of the portfolio companies is influenced by the general economic situation and the cyclical development of the markets in which the subsidiary in question operates. A positive economic environment has a positive effect on the financial position, cash flows and financial performance, and hence on the company value, of the portfolio companies, which in the final analysis also has a positive impact on the financial position, cash flows and financial performance of the AURELIUS Group. Economic downturns, on the other hand, generally also have a negative impact on the operational development and restructuring of the individual portfolio companies. With regard to the acquisition activities of AURELIUS, it should be noted that more companies or divisions are put for sale during periods of weak economic growth. Given fewer potential buyers at the same time, this can sometimes result in lower purchase prices. However, recessionary tendencies are also reflected in significant discounts on the selling prices that can be realized on account of lower valuation levels.

#### Industry-specific changes

AURELIUS does not focus on any specific industries when identifying suitable acquisition targets. Instead, the ability to be restructured and the future prospects are the main criteria when selecting companies. Despite a careful selection process, there is a risk for every subsidiary that the restructuring efforts will fail, which could result in the bankruptcy of the subsidiary in extreme cases. AURELIUS does, however, make every effort to min-



imize the risk arising from the economic development of individual companies, industries or regions within the portfolio of subsidiaries by means of diversification.

### **Changes in the competitive situation**

Building on its long-standing network of contacts with M&A consultants, corporate groups and other potential sellers, AURELIUS is regularly involved in disposal processes and on occasion even benefits in the form of lower purchase prices. Greater interest in companies in situations of transition or distress could lead to stronger competition for the companies that are for sale and an increase in the average purchase prices to be paid. This would reduce the return prospects on the investment in question and increase the financial risk for AURELIUS. However, the positive development that AURELIUS has demonstrated in the past from the restructuring of companies, coupled with the many years of experience boasted by management with companies in situations of transition or distress, give AURELIUS a decisive competitive advantage.

### **Overall assessment of the opportunity and risk situation of the AURELIUS Group**

The AURELIUS business model continues to stand to benefit from the trend for corporate groups to concentrate on their core business and dispose of non-core operations as a result. As these peripheral activities were often neglected in the past, this yields above-average potential for AURELIUS to boost profitability and hence also the value of these companies. In addition, there will be a considerable number of company disposals going forward on account of unclear succession arrangements.

To exploit these opportunities, AURELIUS employs in-house specialists in the Mergers & Acquisitions department who constantly monitor the market for company acquisitions and disposals to identify appropriate opportunities.

During their restructuring, the portfolio companies benefit from the operational deployment of AURELIUS functional specialists. Active operational and financial support help to secure the future and jobs at the portfolio companies, improve their market position and hence boost the profitability and company value in the long run. Given the present circumstances, the overall risk situation of the AURELIUS Group is limited in scope and manageable. Based on the information that is currently available, no risks can be identified which, individually or in combination, could endanger the continued existence of the AURELIUS Group as a going concern. However, it is possible that, as a result of the still uncertain outlook for the global economy in particular, future results could deviate from the current expectations of the AURELIUS Executive Board. There is no single risk that could threaten the survival of the AURELIUS Group as a whole

### **Declaration by the Executive Board regarding corporate governance**

AURELIUS Equity Opportunities SE & Co. KGaA and the personally liable partner, AURELIUS Management SE, are subject to the German dual board system. In particular, this requires a strict separation between the Executive Board of the personally liable partner as the management and executive body on the one hand and the members of the Supervisory Board as the monitoring and oversight body on the other hand, each with their own respective functions and powers. The Executive Board of the personally liable partner is responsible for managing and running the company. It manages the company under its own responsibility in the interests of the company with a view to creating lasting value. The Executive Board sets the strategic direction of the company and the corporate policy, agrees them with the members of the Supervisory Board and initiates their implementation. Another important corporate governance matter, and a topic of interest of the Executive Board, is the deployment of women at all hierarchy levels across the company; implementation is scheduled for the medium term. The Supervisory Board of AURELIUS Equity Opportunities SE & Co. KGaA has adopted a resolution stating a target of 30 percent for the minimum number of seats to be held by women on the Supervisory Board.





## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of AURELIUS Equity Opportunities SE & Co. KGaA for the period from January 1 to December 31, 2018

| in kEUR                                                                                             | Note               | 1/1/ - 12/31/2018 | 1/1/ - 12/31/2017* |
|-----------------------------------------------------------------------------------------------------|--------------------|-------------------|--------------------|
| <b>Continued operations</b>                                                                         |                    |                   |                    |
| Revenues                                                                                            | <a href="#">13</a> | 3,389,001         | 2,998,345          |
| Change in inventories of finished and unfinished goods                                              |                    | -2,007            | -366               |
| Other income                                                                                        | <a href="#">14</a> | 161,811           | 462,535            |
| Purchased goods and services                                                                        | <a href="#">15</a> | -2,109,478        | -1,841,567         |
| Personnel expenses                                                                                  | <a href="#">16</a> | -661,792          | -720,442           |
| Other expenses                                                                                      | <a href="#">17</a> | -676,639          | -625,945           |
| <b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>                      |                    | <b>100,896</b>    | <b>272,560</b>     |
| Amortization, depreciation and impairments of intangible assets and property, plant and equipment   |                    | -75,462           | -70,560            |
| <b>Earnings before interest and taxes (EBIT)</b>                                                    |                    | <b>25,434</b>     | <b>202,000</b>     |
| Other interest and similar income                                                                   |                    | 3,269             | 870                |
| Interest and similar expenses                                                                       |                    | -19,981           | -17,204            |
| Net financial income/expenses                                                                       | <a href="#">18</a> | -16,712           | -16,334            |
| Earnings before taxes (EBT)                                                                         |                    | 8,722             | 185,666            |
| Income taxes                                                                                        | <a href="#">23</a> | -20,621           | 9,355              |
| Profit/loss after taxes from continued operations                                                   |                    | -11,899           | 195,021            |
| <b>Discontinued operations</b>                                                                      |                    |                   |                    |
| Profit/loss from discontinued operations                                                            | <a href="#">20</a> | -30,432           | 289,473            |
| <b>Consolidated profit/loss</b>                                                                     |                    | <b>-42,331</b>    | <b>484,494</b>     |
| <b>Other comprehensive income/loss<br/>(to be recognized in profit or loss in the future)</b>       |                    |                   |                    |
| Currency translation differences                                                                    | <a href="#">23</a> | 6,146             | -13,885            |
| Cash flow hedges                                                                                    | <a href="#">23</a> | - / -             | -3                 |
| <b>Other comprehensive income/loss<br/>(not to be reclassified to profit or loss in the future)</b> |                    |                   |                    |
| Revaluation IAS 19                                                                                  | <a href="#">23</a> | 1,526             | 3,172              |
| <b>Other comprehensive income/loss</b>                                                              |                    | <b>7,672</b>      | <b>-10,716</b>     |
| <b>Comprehensive income/loss</b>                                                                    |                    | <b>-34,659</b>    | <b>473,778</b>     |



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

continued

| in kEUR                                                                                                                                            | Note      | 1/1/ - 12/31/2018 | 1/1/ - 12/31/2017* |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------|--------------------|
| <b>Share of consolidated profit/loss attributable to:</b>                                                                                          | <u>19</u> |                   |                    |
| Shareholders of the parent company                                                                                                                 | -         | -50,711           | 483,801            |
| Not-controlling interests                                                                                                                          |           | 8,380             | 693                |
| <b>Share of comprehensive income/loss attributable to</b>                                                                                          | <u>19</u> |                   |                    |
| Shareholders of the parent company                                                                                                                 | -         | -43,039           | 473,085            |
| Non-controlling interests                                                                                                                          |           | 8,380             | 693                |
| <b>Earnings per share</b>                                                                                                                          | <u>21</u> |                   |                    |
| Basic in EUR                                                                                                                                       |           |                   |                    |
| From continued operations                                                                                                                          |           | -0.70             | 6.51               |
| From discontinued operations                                                                                                                       |           | -1.05             | 9.69               |
| Total from continued and discontinued operations                                                                                                   |           | -1.75             | 16.20              |
| Diluted in EUR                                                                                                                                     |           |                   |                    |
| From continued operations                                                                                                                          |           | -0.55             | 5.98               |
| From discontinued operations                                                                                                                       |           | -0.96             | 8.74               |
| Total from continued and discontinued operations                                                                                                   |           | -1.51             | 14.72              |
| * The prior-year consolidated statement of comprehensive income was adjusted for comparison purposes in accordance with IFRS 5 (see also Note 20). |           |                   |                    |





## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of AURELIUS Equity Opportunities SE & Co. KGaA at December 31, 2018

| ASSETS                           |                       |                  |                  |
|----------------------------------|-----------------------|------------------|------------------|
| in kEUR                          | Note                  | 12/31/2018       | 12/31/2017       |
| <b>Non-current assets</b>        |                       |                  |                  |
| Intangible assets                | <a href="#">24/25</a> | 224,281          | 191,071          |
| Property, plant and equipment    | <a href="#">26</a>    | 356,228          | 294,548          |
| Financial assets                 | <a href="#">27</a>    | 10,203           | 8,509            |
| Deferred tax assets              | <a href="#">23</a>    | 31,738           | 38,354           |
| <b>Total non-current assets</b>  |                       | <b>622,450</b>   | <b>532,482</b>   |
| <b>Current assets</b>            |                       |                  |                  |
| Inventories                      | <a href="#">28</a>    | 462,392          | 367,410          |
| Trade receivables                | <a href="#">29</a>    | 468,344          | 378,070          |
| Income tax assets                | <a href="#">30</a>    | 7,034            | 4,386            |
| Other financial assets           | <a href="#">31</a>    | 126,109          | 118,417          |
| Other assets                     | <a href="#">32</a>    | 68,660           | 66,000           |
| Deferred expenses                | <a href="#">33</a>    | 35,742           | 39,715           |
| Cash and cash equivalents        | <a href="#">34</a>    | 290,756          | 606,338          |
| Non-current assets held for sale | <a href="#">35</a>    | 67,054           | 89,305           |
| <b>Total current assets</b>      |                       | <b>1,526,091</b> | <b>1,669,641</b> |
| <b>Total assets</b>              |                       | <b>2,148,541</b> | <b>2,202,123</b> |



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

continued

| EQUITY AND LIABILITIES                                                                      |                    |                  |                  |
|---------------------------------------------------------------------------------------------|--------------------|------------------|------------------|
| in kEUR                                                                                     | Note               | 12/31/2018       | 12/31/2017       |
| <b>Equity</b>                                                                               |                    |                  |                  |
| Subscribed capital                                                                          | <a href="#">36</a> | 30,560           | 28,953           |
| Additional paid-in capital                                                                  | <a href="#">37</a> | 9,982            | 16,101           |
| Other reserves                                                                              | <a href="#">39</a> | -6,763           | -14,436          |
| Retained earnings                                                                           | <a href="#">38</a> | 485,007          | 591,375          |
| Share of equity attributable to shareholders of AURELIUS Equity Opportunities SE & Co. KGaA |                    | 518,786          | 621,993          |
| Non-controlling interests                                                                   | <a href="#">40</a> | 17,384           | 6,564            |
| <b>Total equity</b>                                                                         |                    | <b>536,170</b>   | <b>628,557</b>   |
| <b>Non-current liabilities</b>                                                              |                    |                  |                  |
| Pension obligations                                                                         | <a href="#">54</a> | 24,936           | 28,250           |
| Provisions                                                                                  | <a href="#">44</a> | 50,628           | 48,392           |
| Financial liabilities                                                                       | <a href="#">45</a> | 271,452          | 270,928          |
| Liabilities under finance leases                                                            | <a href="#">49</a> | 26,873           | 22,777           |
| Other financial liabilities                                                                 | <a href="#">50</a> | 27,084           | 39,181           |
| Deferred tax liabilities                                                                    | <a href="#">23</a> | 35,083           | 29,252           |
| Other liabilities                                                                           | <a href="#">51</a> | 13,120           | 24,445           |
| <b>Total non-current liabilities</b>                                                        |                    | <b>449,176</b>   | <b>463,225</b>   |
| <b>Current liabilities</b>                                                                  |                    |                  |                  |
| Pension obligations                                                                         | <a href="#">54</a> | 26               | 6,226            |
| Provisions                                                                                  | <a href="#">44</a> | 41,770           | 37,890           |
| Financial liabilities                                                                       | <a href="#">45</a> | 209,135          | 249,579          |
| Liabilities under finance leases                                                            | <a href="#">49</a> | 3,712            | 4,141            |
| Trade payables                                                                              | <a href="#">46</a> | 531,214          | 424,947          |
| Income tax liabilities                                                                      | <a href="#">47</a> | 11,695           | 11,390           |
| Derivative financial instruments                                                            | <a href="#">48</a> | 1                | 8                |
| Other financial liabilities                                                                 | <a href="#">50</a> | 29,030           | 1,109            |
| Deferred income                                                                             | <a href="#">52</a> | 17,943           | 18,565           |
| Other liabilities                                                                           | <a href="#">51</a> | 262,235          | 298,856          |
| Non-current liabilities held for sale                                                       | <a href="#">35</a> | 56,434           | 57,630           |
| <b>Total current liabilities</b>                                                            |                    | <b>1,163,195</b> | <b>1,110,341</b> |
| <b>Total equity and liabilities</b>                                                         |                    | <b>2,148,541</b> | <b>2,202,123</b> |



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of AURELIUS Equity Opportunities SE & Co. KGaA for the period from January 1 to December 31, 2018

| in kEUR                                                                        |      |                    |                            |                   | Other reserves   |                                  |                     | Share of equity attributable to shareholders of AURELIUS | Non-controlling interests | Total equity   |
|--------------------------------------------------------------------------------|------|--------------------|----------------------------|-------------------|------------------|----------------------------------|---------------------|----------------------------------------------------------|---------------------------|----------------|
|                                                                                | Note | Subscribed capital | Additional paid-in capital | Retained earnings | Cash flow hedges | Currency translation differences | Revaluations IAS 19 |                                                          |                           |                |
| January 1, 2017                                                                |      | 31,646             | 52,004                     | 350,102           | 3                | 11,190                           | -14,912             | 430,033                                                  | 56,490                    | 486,523        |
| <b>Comprehensive income/loss</b>                                               |      |                    |                            |                   |                  |                                  |                     |                                                          |                           |                |
| Consolidated profit/loss for the period                                        | 19   | - / -              | - / -                      | 483,801           | - / -            | - / -                            | - / -               | 483,801                                                  | 693                       | 484,494        |
| <b>Other comprehensive income</b>                                              |      |                    |                            |                   |                  |                                  |                     |                                                          |                           |                |
| Cash flow hedges, net after taxes                                              | 23   | - / -              | - / -                      | - / -             | -3               | - / -                            | - / -               | -3                                                       | - / -                     | -3             |
| Revaluation IAS 19, net after taxes                                            | 23   | - / -              | - / -                      | - / -             | - / -            | - / -                            | 3,172               | 3,172                                                    | - / -                     | 3,172          |
| Currency translation differences                                               | 23   | - / -              | - / -                      | - / -             | - / -            | -13,885                          | - / -               | -13,885                                                  | - / -                     | -13,885        |
| <b>Comprehensive income/loss</b>                                               |      | - / -              | - / -                      | 483,801           | -3               | -13,885                          | 3,172               | 473,085                                                  | 693                       | 473,778        |
| <b>Equity transactions with shareholders</b>                                   |      |                    |                            |                   |                  |                                  |                     |                                                          |                           |                |
| Dividend                                                                       | 39   | - / -              | - / -                      | -120,000          | - / -            | - / -                            | - / -               | -120,000                                                 | - / -                     | -120,000       |
| Changes in shareholdings in subsidiaries that do not lead to a loss of control |      | - / -              | - / -                      | -608              | - / -            | - / -                            | - / -               | -608                                                     | - / -                     | -608           |
| Changes in shareholdings in subsidiaries that lead to a loss of control        | 9    | - / -              | - / -                      | - / -             | - / -            | - / -                            | - / -               | - / -                                                    | -50,499                   | -50,499        |
| Treasury shares                                                                | 44   | -3,128             | -35,903                    | -121,486          | - / -            | - / -                            | - / -               | -160,517                                                 | - / -                     | -160,517       |
| Retirement of treasury shares                                                  | 44   | 435                | - / -                      | -435              | - / -            | - / -                            | - / -               | - / -                                                    | - / -                     | - / -          |
| Non-controlling interests through company acquisitions                         | 6    | - / -              | - / -                      | - / -             | - / -            | - / -                            | - / -               | - / -                                                    | -120                      | -120           |
| <b>December 31, 2017</b>                                                       |      | <b>28,953</b>      | <b>16,101</b>              | <b>591,375</b>    | <b>- / -</b>     | <b>-2,695</b>                    | <b>-11,740</b>      | <b>621,993</b>                                           | <b>6,564</b>              | <b>628,557</b> |





| in kEUR                                                                        |      |                    |                            |                   | Other reserves   |                                  |                     |                                                          |                           |                |
|--------------------------------------------------------------------------------|------|--------------------|----------------------------|-------------------|------------------|----------------------------------|---------------------|----------------------------------------------------------|---------------------------|----------------|
|                                                                                | Note | Subscribed capital | Additional paid-in capital | Retained earnings | Cash flow hedges | Currency translation differences | Revaluations IAS 19 | Share of equity attributable to shareholders of AURELIUS | Non-controlling interests | Total equity   |
| January 1, 2018                                                                |      | 28,953             | 16,101                     | 591,375           | - / -            | -2,695                           | -11,740             | 621,993                                                  | 6,564                     | 628,557        |
| <b>Comprehensive income/loss</b>                                               |      |                    |                            |                   |                  |                                  |                     |                                                          |                           |                |
| Consolidated profit/loss for the period                                        | 19   | - / -              | - / -                      | -50,711           | - / -            | - / -                            | - / -               | -50,711                                                  | 8,380                     | -42,331        |
| <b>Other comprehensive income/loss</b>                                         |      |                    |                            |                   |                  |                                  |                     |                                                          |                           |                |
| Cash flow hedges, net after taxes                                              | 23   | - / -              | - / -                      | - / -             | - / -            | - / -                            | - / -               | - / -                                                    | - / -                     | - / -          |
| Revaluation IAS 19, net after taxes                                            | 23   | - / -              | - / -                      | - / -             | - / -            | - / -                            | 1,526               | 1,526                                                    | - / -                     | 1,526          |
| Currency translation differences                                               | 23   | - / -              | - / -                      | - / -             | - / -            | 6,146                            | - / -               | 6,146                                                    | - / -                     | 6,146          |
| <b>Comprehensive income/loss</b>                                               |      | - / -              | - / -                      | -50,711           | - / -            | 6,146                            | 1,526               | -43,039                                                  | 8,380                     | -34,659        |
| <b>Equity transactions with shareholders</b>                                   |      |                    |                            |                   |                  |                                  |                     |                                                          |                           |                |
| Convertible bond                                                               |      | 1,443              | -6,119                     | 64,243            | - / -            | - / -                            | - / -               | 59,568                                                   | - / -                     | 59,568         |
| Dividend                                                                       | 39   | - / -              | - / -                      | -141,008          | - / -            | - / -                            | - / -               | -141,008                                                 | - / -                     | -141,008       |
| Changes in shareholdings in subsidiaries that do not lead to a loss of control |      | - / -              | - / -                      | 781               | - / -            | - / -                            | - / -               | 781                                                      | -1,351                    | -570           |
| Changes in shareholdings in subsidiaries that lead to a loss of control        | 9    | - / -              | - / -                      | 9,317             | - / -            | - / -                            | - / -               | 9,317                                                    | - / -                     | 9,317          |
| Treasury shares                                                                | 44   | 164                | - / -                      | 11,010            | - / -            | - / -                            | - / -               | 11,174                                                   | - / -                     | 11,174         |
| Non-controlling interests through company acquisitions                         | 6    | - / -              | - / -                      | - / -             | - / -            | - / -                            | - / -               | - / -                                                    | 3,791                     | 3,791          |
| <b>December 31, 2018</b>                                                       |      | <b>30,560</b>      | <b>9,982</b>               | <b>485,007</b>    | <b>- / -</b>     | <b>3,451</b>                     | <b>-10,214</b>      | <b>518,786</b>                                           | <b>17,384</b>             | <b>536,170</b> |



## CONSOLIDATED STATEMENT OF CASH FLOWS

of AURELIUS Equity Opportunities SE & Co. KGaA for the period from January 1 to December 31, 2018

| in kEUR                                                                                                           | Note                  | 1/1 - 12/31/2018 | 1/1 - 12/31/2017* |
|-------------------------------------------------------------------------------------------------------------------|-----------------------|------------------|-------------------|
| <b>Earnings before taxes (EBT)</b>                                                                                |                       | <b>8,722</b>     | <b>185,666</b>    |
| Profit/loss from discontinued operations                                                                          | <a href="#">20</a>    | -30,432          | 289,473           |
| Reversal of gains on bargain purchases                                                                            | <a href="#">14</a>    | -84,389          | -420,704          |
| Gains (-) / losses (+) on deconsolidations                                                                        | <a href="#">14/20</a> | -8,510           | -306,470          |
| Amortization, depreciation and impairments of intangible assets and depreciation of property, plant and equipment | <a href="#">25/26</a> | 75,462           | 70,560            |
| Increase (+) / decrease (-) in pension obligations and other provisions                                           |                       | -7,968           | 3,044             |
| Gains (-) / losses (+) on disposal of property, plant and equipment                                               |                       | -9,208           | -833              |
| Gains (-) / losses (+) on disposal of non-current financial assets                                                |                       | 1,727            | 1,725             |
| Gains (-) / losses (+) on currency translation                                                                    | <a href="#">14/17</a> | 1,016            | 21,365            |
| Net financial income/expenses                                                                                     | <a href="#">18</a>    | 16,712           | 16,334            |
| Interest received                                                                                                 |                       | 5,492            | 3,209             |
| Interest paid                                                                                                     |                       | -7,290           | -12,221           |
| Income taxes paid                                                                                                 |                       | -3,004           | -10,933           |
| <b>Gross cash flow</b>                                                                                            |                       | <b>-41,670</b>   | <b>-159,785</b>   |
| <b>Change in working capital</b>                                                                                  |                       |                  |                   |
| Increase (-) / decrease (+) in inventories                                                                        |                       | 1,714            | 32,354            |
| Increase (-) / decrease (+) in trade receivables and other assets                                                 |                       | 14,531           | -161,137          |
| Increase (+) / decrease (-) in trade payables and other liabilities                                               |                       | -35,689          | 207,800           |
| Increase (+) / decrease (-) in other items of the statement of financial position                                 |                       | 11,309           | -51,388           |
| <b>Cash flow from operating activities (net cash flow)</b>                                                        |                       | <b>-49,805</b>   | <b>-132,156</b>   |



## CONSOLIDATED STATEMENT OF CASH FLOWS

continued

| in kEUR                                                                                                                               | Note      | 1/1 - 12/31/2018 | 1/1 - 12/31/2017* |
|---------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------|-------------------|
| Cash inflows (+) / cash outflows (-) from the acquisition of shares in subsidiaries including cash acquired                           | <u>6</u>  | -98,817          | 125,170           |
| Cash inflows (+) / cash outflows (-) from the sale of subsidiaries less cash sold                                                     | <u>7</u>  | -9,494           | 360,285           |
| Proceeds from sales of non-current assets                                                                                             |           | 22,291           | 18,468            |
| Payments for investments in non-current assets                                                                                        |           | -62,361          | -71,954           |
| <b>Cash flow from investing activities</b>                                                                                            |           | <b>-148,381</b>  | <b>431,969</b>    |
| <b>Free cash flow</b>                                                                                                                 |           | <b>-198,186</b>  | <b>299,813</b>    |
| Cash inflows from the borrowing (+) of current financial liabilities                                                                  | <u>46</u> | 30,086           | 139,037           |
| Cash outflows for the repayment (-) of current financial liabilities                                                                  | <u>46</u> | -51,618          | -1,460            |
| Cash inflows from the borrowing (+) of non-current financial liabilities                                                              | <u>46</u> | 73,469           | 25,134            |
| Cash outflows for the repayment (-) of non-current financial liabilities                                                              | <u>46</u> | -51,618          | -5,654            |
| Cash inflows from the borrowing (+) of liabilities under finance leases                                                               | <u>46</u> | 3,666            | 17,997            |
| Cash outflows for the repayment (-) of liabilities under finance leases                                                               | <u>46</u> | - / -            | -310              |
| Sale (+) / purchase (-) of treasury shares                                                                                            | <u>44</u> | 11,174           | -160,082          |
| Cash inflows (+) / cash outflows (-) from transactions with non-controlling interests without change of status                        |           | 781              | - / -             |
| Decrease (+) / increase (-) in restricted cash                                                                                        | <u>35</u> | -2,143           | 6,149             |
| Decrease (-) / increase (+) of cash and cash equivalents shown under assets held for sale in accordance with the provisions of IFRS 5 | <u>35</u> | -34,124          | -28,906           |
| Dividend of AURELIUS Equity Opportunities SE & Co. KGaA                                                                               | <u>39</u> | -141,008         | -120,000          |
| <b>Cash flow from financing activities</b>                                                                                            |           | <b>-161,336</b>  | <b>-128,095</b>   |
| Effects of currency fluctuations on cash and cash equivalents                                                                         |           | 7,672            | -4,552            |
| Cash and cash equivalents, beginning of period                                                                                        |           | 636,059          | 468,894           |
| Change in cash and cash equivalents                                                                                                   |           | -359,522         | 171,717           |
| <b>Cash and cash equivalents, end of period</b>                                                                                       |           | <b>284,209</b>   | <b>636,059</b>    |
| Cash and cash equivalents subject to restrictions on disposal                                                                         | <u>35</u> | 18,722           | 16,578            |
| Cash and cash equivalents shown under assets held for sale in accordance with the provisions of IFRS 5                                | <u>35</u> | -12,175          | -46,299           |
| <b>Cash and cash equivalents as per Statement of Financial Position</b>                                                               |           | <b>290,756</b>   | <b>606,338</b>    |

\* The prior-year consolidated statement of cash flows was adjusted for comparison purposes in accordance with IFRS 5 (see also Note 20).



## KEY ABBREVIATIONS

### A

|      |                                                             |
|------|-------------------------------------------------------------|
| AB   | Aktiebolag (stock corporation under Swedsich law)           |
| Afs  | Available-for-sale financial assets                         |
| AG   | Aktiengesellschaft (stock corporation under German law)     |
| AktG | Aktiengesetz (German Stock Corporation Act)                 |
| ApS  | Anpartsselskab (limited liability company under Danish law) |
| ARS  | Argentine peso (currency)                                   |
| AS   | Aksjeselskap (stock corporation under Norwegian law)        |
| A/S  | Aktieselskab (stock corporation under Danish law)           |
| AUD  | Australian dollar (currency)                                |

### B

|     |                                                                                                     |
|-----|-----------------------------------------------------------------------------------------------------|
| BCA | Book Club Associates                                                                                |
| BRL | Brazilian real (currency)                                                                           |
| BV  | Besloten vennootschap met beperkte aansprakelijkheid<br>(limited liability company under Dutch law) |

### C

|     |                             |
|-----|-----------------------------|
| CDO | Chief Development Officer   |
| CEO | Chief Executive Officer     |
| CFO | Chief Financial Officer     |
| CGU | Cash Generating Unit        |
| CHF | Swiss franc (currency)      |
| CIO | Chief Investment Officer    |
| CLP | Chilean peso (currency)     |
| CNY | Chinese yen (currency)      |
| Co. | Company                     |
| COO | Chief Operating Officer     |
| CRC | Costa Rica colon (currency) |
| CZK | Czech koruna (currency)     |

### D

|        |                                                                                   |
|--------|-----------------------------------------------------------------------------------|
| d.o.o. | Družba z omejeno odgovornostjo<br>(limited liability company under Slovenian law) |
| DBO    | Defined benefit obligation                                                        |
| DCF    | Discounted cash flow                                                              |
| DKK    | Danish Krone (currency)                                                           |
| Dr.    | Doctor                                                                            |

### E

|        |                                                                |
|--------|----------------------------------------------------------------|
| EBIT   | Earnings Before Interest and Taxes                             |
| EBITDA | Earnings Before Interest, Taxes, Amortization and Depreciation |
| EBT    | Earnings Before Taxes                                          |
| EDP    | Electronic data processing                                     |
| etc.   | Et cetera                                                      |
| EU     | European Union                                                 |
| EUR    | Euro (currency)                                                |
| excl.  | Excluding                                                      |
| e.V.   | Eingetragener Verein (registered association under German law) |

**F**

|                |                                                                                                                 |
|----------------|-----------------------------------------------------------------------------------------------------------------|
| FA-AC          | Financial assets measured at amortized cost                                                                     |
| FA-FV/FA-FVTPL | Financial instruments (assets) designated at fair value with changes in value recognized in profit or loss      |
| ff.            | and following                                                                                                   |
| FLAC/FL-AC     | Measured at amortized cost (liabilities)                                                                        |
| FL-FV/FL-FVTPL | Financial instruments (liabilities) designated at fair value with changes in value recognized in profit or loss |
| FVOCI          | Measured at fair value with changes in value recognized in other comprehensive income                           |

**G**

|               |                                                                                                                                                                                      |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GBP           | British pound (currency)                                                                                                                                                             |
| GewStG        | Gewerbesteuergezet (German Trade Tax Act)                                                                                                                                            |
| GesmbH        | Gesellschaft mit beschränkter Haftung (limited liability company under Austrian law)                                                                                                 |
| GmbH          | Gesellschaft mit beschränkter Haftung (limited liability company under German law)                                                                                                   |
| GmbH & Co. KG | Gesellschaft mit beschränkter Haftung & Compagnie Kommanditgesellschaft (limited partnership with a limited liability company as the personally liable shareholder under German law) |

**H**

|     |                                                               |
|-----|---------------------------------------------------------------|
| HGB | Handelsgesetzbuch (German Commercial Code)                    |
| HKD | Hong Kong dollar (currency)                                   |
| HRB | Handelsregister, Abteilung B (Commercial Register, Section B) |
| HUF | Hungarian forint (currency)                                   |

**I**

|         |                                                             |
|---------|-------------------------------------------------------------|
| Inc.    | Incorporated company<br>(stock corporation under U.S. law)  |
| IAS     | International Accounting Standards                          |
| IASB    | International Accounting Standard Board                     |
| IFRIC   | International Financial Reporting Interpretations Committee |
| IFRS    | International Financial Reporting Standards                 |
| IFRS IC | IFRS Interpretation Committee                               |
| incl.   | including                                                   |
| INR     | Indian rupee (currency)                                     |
| IP      | Industrial Production (Segment)                             |
| IT      | Information technology                                      |

**K**

|      |                                                                                   |
|------|-----------------------------------------------------------------------------------|
| kEUR | Euro thousands                                                                    |
| Kft. | Korlátolt Felelősségű Társaság<br>(limited liability company under Hungarian law) |
| KGaA | Kommanditgesellschaft auf Aktien (partnership limited by shares under German law) |
| KRW  | South Korean won (currency)                                                       |
| KStG | Körperschaftsteuergesetz (German Corporation Tax Act)                             |

**L**

|       |                                                                      |
|-------|----------------------------------------------------------------------|
| LaR   | Loans and receivables                                                |
| Lda.  | Limitada<br>(limited liability company under Portuguese law)         |
| LLC   | Limited liability company (limited liability company under U.S. law) |
| Ltd.  | Limited (limited liability company under British law)                |
| Ltda. | Limitada limited liability company under Brazilian law)              |

**M**

|     |                              |
|-----|------------------------------|
| MXN | Mexican peso (currency)      |
| MYR | Malaysian ringgit (currency) |

**N**

|      |                                                              |
|------|--------------------------------------------------------------|
| NAV  | Net Asset Value                                              |
| NOK  | Norwegian krone (currency)                                   |
| No.  | Number                                                       |
| N.V. | Naamloze vennootschap<br>(stock corporation under Dutch law) |

**O**

|    |                                                     |
|----|-----------------------------------------------------|
| Oy | Osakeyhtiö<br>(stock corporation under Finnish law) |
|----|-----------------------------------------------------|

**P**

|          |                                                                         |
|----------|-------------------------------------------------------------------------|
| PCL      | Public Company Limited (stock corporation under Thai law)               |
| PLN      | Polish zloty (currency)                                                 |
| Pte Ltd. | Private Limited<br>(limited liability company under Singaporean law)    |
| Pty Ltd. | Proprietary Limited<br>(limited liability company under Australian law) |

**R**

|     |                                        |
|-----|----------------------------------------|
| RCP | Retail and Consumer Products (segment) |
| RON | Romanian new lei (currency)            |
| RUB | Russian ruble (currency)               |

**S**

|               |                                                                                                                                                                                                                                                                                   |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| S&S           | Services & Solutions (Segment)                                                                                                                                                                                                                                                    |
| S.L.          | Sociedad Limitada (limited liability company under Spanish law)                                                                                                                                                                                                                   |
| s.r.o.        | Společnost s Ručením Omezeným (limited liability company under Czech law)                                                                                                                                                                                                         |
| s.r.o.        | Spoločnosť s Ručením Obmedzeným (limited liability company under Slovakian law)                                                                                                                                                                                                   |
| SA            | Société Anonyme (stock corporation under French law)                                                                                                                                                                                                                              |
| S.A.          | Sociedad Anonima (stock corporation organized under the laws of Chile, Argentina, Spain, Portugal, and Brazil)                                                                                                                                                                    |
| SARL          | Société à Responsabilité Limitée (limited liability company under French law)                                                                                                                                                                                                     |
| SAS           | Société par Actions Simplifiée (simplified stock corporation under French law)                                                                                                                                                                                                    |
| SE            | Societas Europaea (European stock corporation)                                                                                                                                                                                                                                    |
| SEK           | Swedish krone (currency)                                                                                                                                                                                                                                                          |
| Sdn. Bhd.     | Sendirian Berhad (limited liability company under Malaysian law)                                                                                                                                                                                                                  |
| SEStEG        | Gesetz über steuerliche Begleitmaßnahmen zur Einführung der Europäischen Gesellschaft und zur Änderung weiterer steuerrechtlicher Vorschriften (German Act on Tax Measures Accompanying the Introduction of the European Company and on the Amendment of Further Tax Regulations) |
| SGD           | Singapore dollar (currency)                                                                                                                                                                                                                                                       |
| SIC           | Standard Interpretations Committee                                                                                                                                                                                                                                                |
| SpA           | Società per azioni (stock corporation under Italian law)                                                                                                                                                                                                                          |
| Spółka z o.o. | Spółka z Ograniczoną Odpowiedzialnością (limited liability company under Polish law)                                                                                                                                                                                              |
| SNC           | Société en Norm Collectif (partnership under French law)                                                                                                                                                                                                                          |
| Srl/S.r.l.    | Società a responsabilità limitata (corporation under Italian law)                                                                                                                                                                                                                 |

**T**

|     |                         |
|-----|-------------------------|
| THB | Thai baht (currency)    |
| TRY | Turkish lira (currency) |

**U**

|     |                      |
|-----|----------------------|
| UK  | United Kingdom       |
| US  | United States        |
| USD | US dollar (currency) |

**W**

|      |                                                         |
|------|---------------------------------------------------------|
| WKN  | Wertpapierkennnummer (Security ID No.)                  |
| WpHG | Wertpapierhandelsgesetz (German Securities Trading Act) |

**Z**

|     |                               |
|-----|-------------------------------|
| ZAR | South African rand (currency) |
|-----|-------------------------------|



A photograph of a large industrial robotic arm, painted blue, suspended by a hook in a factory setting. The arm is positioned vertically, and its base is mounted on a blue frame. In the background, there are complex systems of red and blue pipes, structural steel beams, and other industrial equipment. The lighting is bright, typical of a large industrial hall.

# BASIC PRINCIPLES APPLIED IN PREPARING THE FINANCIAL STATEMENTS





## BASIC PRINCIPLES APPLIED IN PREPARING THE FINANCIAL STATEMENTS

1. Reporting company
2. Accounting principles
3. Functional and presentation currency
4. Use of discretionary judgments and estimates



## BASIC PRINCIPLES APPLIED IN PREPARING THE FINANCIAL STATEMENTS

### 1. Reporting company

AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald (“AURELIUS SE” or the “Company”) is a German partnership limited by shares that was originally formed in Munich on March 20, 2006 as AURELIUS AG. After entry into the Commercial Register on October 1, 2015, the reorganization of AURELIUS AG from a stock corporation (Aktiengesellschaft – AG) into a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) was completed. The company’s registered head office is located on Ludwig-Ganghofer-Strasse 6 in 82031 Grünwald. The company is registered with the Munich Registry Court (record HRB 221100).

AURELIUS SE today is a holding company with a long-term investment horizon, which specializes in acquiring companies with development potential. By providing operational and financial support, the Company offers its subsidiaries a GOOD HOME for innovation, long-term growth and a secure future. Sustainable business concepts and responsible actions provide a stable environment for the subsidiaries, in the interest of all stakeholders. When selecting target objects, AURELIUS SE does not pursue a certain industry focus, but has its main focal points of activity in the following areas: IT & business services, industrial enterprises & chemicals, and lifestyle & consumer goods.

The activities of the current portfolio companies of AURELIUS SE include mainly lifestyle and consumer goods as well as industrial and chemical companies.

The consolidated financial statements of AURELIUS SE for the financial year from January 1 to December 31, 2018, were prepared in accordance with the International Financial Reporting Standards as applicable in the European Union and the German commercial regulations to be applied additionally in accordance with Section 315e (1) of the German Commercial Code (HGB) in conjunction with Section 315e (3) HGB. They were prepared on March 26, 2019, by AURELIUS Management SE, the personally liable shareholder of AURELIUS SE, represented by its Executive Board (hereinafter referred to as the “Executive Board”) and subsequently forwarded to the Supervisory Board for review and approval. The consolidated financial statements cover the Company and its subsidiaries (referred to collectively as “AURELIUS” or the “Group” and individually as a “portfolio company” or “Group company”), as well as the Group’s investments in associates and jointly managed companies.

The consolidated financial statements and group management report are available through the electronic Federal Gazette and on our website: [www.aureliusinvest.com/en/](http://www.aureliusinvest.com/en/).

### 2. Accounting principles

Since the enactment of the Directive of the European Parliament and Council of Ministers of the European Union on the Application of International Financial Reporting Standards of June 6, 2002, all capital markets-oriented companies are obligated to prepare their consolidated financial statements for financial years that begin after December 31, 2004 in accordance with International Financial Reporting Standards (IFRS).

In the period from June 26, 2006, to April 9, 2012, the shares of AURELIUS Equity Opportunities SE & Co. KGaA were traded in the Open Market section of the Frankfurt Stock Exchange. Effective April 10, 2012, the shares of the



company have been listed in the small and medium-sized enterprises segment m:access (open market) of the Munich Stock Exchange, which is not an organized market within the meaning of Section 2 (5) WpHG. Thus, the Company is not a capital markets-oriented company within the meaning of this legal requirement.

The present consolidated financial statements of AURELIUS SE for financial year 2018 were voluntarily prepared pursuant to Section 315e (1) HGB in accordance with International Financial Reporting Standards and International Accounting Standards (IAS), as published by the International Accounting Standards Board (IASB) in London through December 31, 2018, in the manner in which they have been interpreted by the Standard Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). All IFRS and IFRIC that had been adopted by the European Union (EU) as of December 31, 2018, and are applicable to the Company were observed. A Group management report and the obligatory disclosures to be made under German commercial law pursuant to Section 315e (1) HGB were added to the consolidated financial statements. Please refer to the comments in Note 11 of the notes to the consolidated financial statements regarding the key accounting policies. The present consolidated financial statements are the first consolidated financial statements in which the new International Financial Reporting Standards IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) were applied. The changes of significant accounting policies are described in Note 10 of the notes to the consolidated financial statements.

The consolidated financial statements of AURELIUS comprise the statement of comprehensive in-come, the statement of financial position, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements.

For the sake of improving the clarity and usefulness of the financial statements, individual items of the statement of financial position and statement of comprehensive income have been combined and explained separately in the notes.

### 3. Functional and presentation currency

The present consolidated financial statements are presented in euros in accordance with Section 315a para.1 HGB in conjunction with Section 244 HGB (German Commercial Code). The determination of the functional currency is not made for the combined Group, but individually for AURELIUS SE and for each of its domestic and foreign portfolio companies.

All financial information presented in euros is rounded to the nearest thousand unless otherwise specified. Due to this rounding, minor differences from the figures shown in the notes may arise in calculating totals or percentages.

### 4. Use of discretionary judgments and estimates

The preparation of financial statements according to IFRS requires that the management make certain assumptions and estimates that have an effect on the amounts presented in the financial statements and disclosures related to them. Estimates and discretionary judgments are made primarily in connection with the assessment of the actual value of goodwill, other intangible assets and trade receivables, the adoption of uniform Group-wide useful lives for property, plant and equipment and intangible assets, and the accounting policies on the recognition and measurement of provisions.



The assumptions underlying such discretionary judgments and estimates are based on the information available at the time of preparing the financial statements, particularly with regard to the expected future business performance and the circumstances prevailing at the time when the consolidated financial statements are prepared. Assumptions must also be made regarding realistic expectations of future market conditions. If actual conditions in the future would differ from the assumptions made, or if future developments would differ from the underlying assumptions and are beyond the control of the management, the resulting amounts may differ from the originally estimated amounts. Estimates are made on the basis of experience values and other assumptions that are deemed to be accurate given the prevailing circumstances. Estimates and assumptions are reviewed on a regular basis. When changes in estimates only affect a single period, they are only taken into account in this period. Revisions of estimates that relate to both the current as well as the subsequent reporting periods are recognized correspondingly in this period and the following periods.

Also in connection with company acquisitions, estimates are generally made for the purpose of measuring the fair value of the assets acquired and the liabilities assumed. Land and buildings are usually measured on the basis of standard land values or appraisals conducted by independent experts; such appraisals are used also for measuring the value of technical equipment, plant and machinery. Marketable securities are measured at their respective market values. In case of intangible assets, depending on the nature of the asset in question and the difficulty of measuring the value of such an asset, an independent external expert is consulted or the fair value of an intangible asset is determined internally using a suitable valuation method, usually based on a forecast of all future cash flows. Depending on the nature of the asset and the availability of information, different valuation techniques are applied. Such techniques are based either on cost, market price or other net present value methods.

AURELIUS considers the estimates made with regard to the expected useful lives of certain assets and the assumptions made with regard to the future macroeconomic conditions and developments in the industries in which AURELIUS operates, as well as the estimates made with respect to the present value of future cash flows, to be appropriate. Nonetheless, changes in assumptions or changed circumstances may necessitate corrections. This can lead to additional impairment losses or reversals of impairment in the future if the developments expected by AURELIUS are not fully realized.

The companies of the AURELIUS Group are obligated to pay income taxes. Assumptions need to be made for the purpose of measuring tax provisions. The final taxation of certain transactions and calculations cannot be conclusively determined in the normal course of business. Provisions for the costs of anticipated tax payments are measured on the basis of estimates concerning whether and in what amount additional taxes will be owed. If the final taxation of such transactions differs from the initially assumed taxation, that difference will have an effect on current and deferred taxes in the period when the final taxation is conclusively determined.

At the time of preparing the present consolidated financial statements, no significant changes in the underlying assumptions and estimates are to be expected, so that, from the current perspective, there is no reason to expect that significant adjustments will be made to the assets and liabilities presented in the statement of financial position in financial year 2019. The carrying amounts of the items affected by estimates are derived from the other chapters in the notes.







# COMPOSITION OF THE GROUP



## COMPOSITION OF THE GROUP

5. [List of Portfolio Companies](#)
6. [Acquisition of subsidiaries](#)
7. [Sales of subsidiaries](#)
8. [Non-controlling interests](#)
9. [Change in non-controlling interests](#)



## COMPOSITION OF THE GROUP

### 5. List of Portfolio Companies

The portfolio companies of the Group that are assigned to continued operations in accordance with IFRS are listed below:

| Corporate group                  | Country of main activity | Main activity                                                                                                    | Share of equity 2018 | Share of equity 2017 |
|----------------------------------|--------------------------|------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| HanseYachts                      | Germany                  | Manufacturer of sailing yachts and catamarans                                                                    | 75.72%               | 75.29%               |
| CalaChem                         | United Kingdom           | Producer of fine chemicals                                                                                       | 100.00%              | 100.00%              |
| Briar Chemicals                  | United Kingdom           | Producer of specialty chemicals                                                                                  | 100.00%              | 100.00%              |
| SOLIDUS                          | Netherlands              | Manufacturer and processor of solid cardboard                                                                    | 100.00%              | 100.00%              |
| Reuss-Seifert & Hammerl          | Germany                  | Producer of spacers made of plastic, steel, and concrete, as well as construction films and consumable materials | 100.00%              | 100.00%              |
| VAG                              | Germany                  | Provider of water fittings for water infrastructure                                                              | 91.07%               | - / -                |
| GHOTEL Group                     | Germany                  | Hotel chain                                                                                                      | 100.00%              | 100.00%              |
| LD Didactic                      | Germany                  | Provider of technical teaching systems                                                                           | 100.00%              | 100.00%              |
| AKAD University                  | Germany                  | Distance learning college                                                                                        | 100.00%              | 100.00%              |
| B+P Gerüstbau                    | Germany                  | Scaffold building and services for building site facilities                                                      | 75.00%               | 75.00%               |
| Transform/<br>The Hospital Group | United Kingdom           | Provider of surgical and non-surgical cosmetic interventions                                                     | 100.00%              | 100.00%              |
| Scholl Footwear                  | Italy                    | Provider of orthopedic and comfort shoes                                                                         | 100.00%              | 100.00%              |
| MEZ                              | Germany                  | Provider of handcraft products                                                                                   | 100.00%              | 100.00%              |
| Conaxess Trade Group             | Denmark                  | Distributor of fast-moving consumer goods                                                                        | 100.00%              | 100.00%              |
| Scandinavian Cosmetics Group     | Sweden                   | Distributor of high-value cosmetics and perfumes                                                                 | 100.00%              | 100.00%              |
| Calumet Wex                      | Germany                  | Multi-channel chain of retail outlets for photo accessories and manufacturer of professional lighting systems    | 89.61%               | 89.61%               |
| Office Depot Europe              | Netherlands              | Provider of office supplies, printing and document services, as well as facility management and office furniture | 100.00%              | 100.00%              |
| Silvan                           | Denmark                  | Leading 'Do-It-Yourself' retail chain                                                                            | 100.00%              | 100.00%              |
| Bertram Books                    | United Kingdom           | Globally active multi-channel bookseller                                                                         | 100.00%              | - / -                |
| Ideal Shopping Direct            | United Kingdom           | Multi-channel home shopping provider                                                                             | 100.00%              | - / -                |
| Hellanor                         | Norway                   | Wholesaler of automotive parts                                                                                   | 100.00%              | - / -                |





The portfolio companies listed without a 2017 comparison were newly acquired in financial year 2018.

All material companies in which AURELIUS can indirectly or directly exercise governance or control are included in the consolidated financial statements, in addition to AURELIUS Equity Opportunities SE & Co. KGaA as the parent company.

In accordance with IFRS 10.27, a parent company must determine whether it is an investment entity on the basis of the following criteria, which must be complied with cumulatively. If this is the case, the presentation of financial position, cash flows and financial performance must conform to the rules applicable to such companies. An investment entity is an entity that

- collects funds from one or more investors for the purpose of providing those investor(s) with investment management services (IFRS 10.27 (a)),
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation and/or investment income (IFRS 10.27 (b)),
- Measures and evaluates the performance of substantially all of its investments on a fair-value basis (IFRS 10.27 (c)).

The condition set out in IFRS 10.27 (a) initially pertains to typical private-equity or venture-capital companies because such companies usually raise funds off market from both institutional and private capital providers for the purpose of investing in companies. Some of AURELIUS' investors fit this description, but it cannot be said that funds are collected in this case, and no investment funds are created with such funds. The stock exchange listing in the over-the-counter market can be regarded as a collection of funds, but it contradicts both the wording and the underlying concept of the IASB. Considering the fact that AURELIUS has only conducted two capital increases since it was founded, it cannot be said that the Company regularly collects funds; moreover, no funds were ever requested directly in connection with the acquisition of companies. Furthermore, AURELIUS does not provide investment management services. AURELIUS SE actively influences the company's operational activities from the first day onward, and this is its primary focus. Therefore, the criterion of IFRS 10.27 (a) is not met.

At first glance, it could be said that AURELIUS SE meets the criterion of IFRS 10.27 (b). Thus, the Company's business object and purpose comprises the acquisition, subsequent restructuring, and afterwards the possible sale of companies or sub-groups. Furthermore, the collection of dividends from subsidiaries is an important element of AURELIUS' business model. However, there is neither a fixed exit time, nor a clearly defined exit plan. In this regard, the question arises again as to what active role AURELIUS SE plays in relation to the companies it acquires. In most cases, the top management level of the purchased company is replaced and staffed with AURELIUS employees. Furthermore, the active role played by AURELIUS is also evidenced by the development of innovations among many of its Group companies. Therefore, it can be concluded that AURELIUS is not a passive investor by reason of the very close operational support provided to the purchased companies, and therefore the criterion of IFRS 10.27 (b) is not met.

Finally, the third criterion stating that the performance of investments is measured on a fair-value basis is not met in the case of AURELIUS, and moreover the Company never even contemplated such a practice in the past. Company values (Net Asset Value, NAV) have been published at the request of foreign investors, in order to ensure even greater transparency beyond the consolidated financial statements according to IFRS. AURELIUS would like to accommodate this request by regularly publishing current NAVs. AURELIUS does not manage the portfolio companies and does not devise potential exit strategies on the basis of NAVs, and also does not plan to do so in the future. The NAVs only serve to assist the analysts of institutional investors who are accustomed to this fair-value approach in appraising private-equity and venture-capital companies.



Based on the foregoing, AURELIUS is indeed subject to the rules of IFRS 10, but the provisions applicable to investment entities in IFRS 10.27-33 and IFRS 10.B85A-W are not relevant to AURELIUS.

The composition of the Group in the reporting period and previous year is presented in the table below:

|                                                                                         | 12/31/2018 | 12/31/2017 |
|-----------------------------------------------------------------------------------------|------------|------------|
| Number of fully consolidated companies (subsidiaries) in                                |            |            |
| Germany                                                                                 | 110        | 88         |
| Abroad                                                                                  | 225        | 221        |
| Number of companies (subsidiaries) not consolidated for materiality reasons in          |            |            |
| Germany                                                                                 | - / -      | - / -      |
| Abroad                                                                                  | - / -      | - / -      |
| Number of companies (associates) accounted for at equity in                             |            |            |
| Germany                                                                                 | - / -      | - / -      |
| Abroad                                                                                  | - / -      | - / -      |
| Number of companies (associates) not accounted for at equity for materiality reasons in |            |            |
| Germany                                                                                 | - / -      | - / -      |
| Abroad                                                                                  | 3          | 2          |
| <b>Total number of companies</b>                                                        | <b>338</b> | <b>311</b> |

Compared to the previous year, 91 companies were included in the consolidation group for the first time, and 64 companies were deconsolidated or sold, liquidated or merged.

With the exception of the sub-groups HanseYachts, VAG and Bertram Books and the companies Warehouse Express Group Ltd., Fixation UK Ltd., Warehouse Express Ltd., Silvan A/S, Granovit SA (formerly: Provimi Kliba SA), the reporting date of the companies included in the consolidated financial statements is the same as the reporting date of AURELIUS Equity Opportunities SE & Co. KGaA. The aforementioned companies likewise prepared IFRS reporting packages at the December 31, 2018, reporting date, which formed the basis for inclusion in the present consolidated financial statements.

The List of Shareholdings of AURELIUS pursuant to Section 313 (2) (1) to (4) HGB is presented in Note 72 of the present notes to the consolidated financial statements.

As a subsidiary of AURELIUS, Hanse (Deutschland) Vertriebs GmbH & Co. KG satisfied the requirements of section 264b of the German Commercial Code (Handelsgesetzbuch, HGB) as a result of its inclusion in the consolidated financial statements and utilizes the exemptions with respect to the preparation, audit, and publication of its annual financial statements.



## 6. Acquisition of subsidiaries

The companies acquired in reporting years 2018 and 2017 are summarized pursuant to IFRS 3.B65.

In the 2018 financial year, AURELIUS acquired and fully consolidated 12 corporate groups for the first time, including eight so-called “add-on” acquisitions to strengthen existing Group companies.

On January 31, 2018, AURELIUS completed the acquisition of Abelan Board Industrial, a well-known producer of packaging solutions made of cardboard and solid board, as an add-on acquisition for the group subsidiary SOLIDUS.

On February 14, 2018, AURELIUS purchased the globally active multi-channel bookseller Bertram Books (formerly: Connect Books) in the United Kingdom.

The AURELIUS subsidiary GHOTEL hotel & living acquired two “nestor” brand hotels in the Stuttgart metropolitan area on February 20, 2018 and a 4-star hotel and the corresponding hotel property in Göttingen on April 30, 2018.

On April 4, 2018, the AURELIUS subsidiary B+P Gerüstbau acquired Gustav Raetz Gerüstbau GmbH, with its headquarters in Munich.

The AURELIUS subsidiary Scandinavian Cosmetics Group purchased the Norwegian Solis International Cosmetics AS and its Swedish subsidiary Alf Sörensen AB on July 4, 2018.

On July 31, 2018, AURELIUS announced the acquisition of Ideal Shopping Direct, a leading multi-channel home shopping provider in the United Kingdom, from Blackstone.

Northern Paper Board was acquired as an add-on to SOLIDUS on August 31, 2018.

GHOTEL hotel & living acquired three locations of Arcadia Hotelbetriebs GmbH on October 31, 2018.

AURELIUS acquired the water and waste water fittings manufacturer VAG, with its headquarters in Mannheim, from the U.S. Rexnord Group on November 26, 2018.

AURELIUS completed the acquisition of the Norwegian wholesaler Hellanor from Nordic Forum Holding A/S, a 100 percent subsidiary of HELLA GmbH & Co. KGaA, on December 10, 2018.

On December 19, 2018, the AURELIUS subsidiary Calumet Wex acquired the equity interests in Foto-Video Sauter from the shareholders of the Sauter family.

The cited acquisition dates are the dates of transfer of control.

The purchase price for the acquired companies totaled EUR 129,277 thousand (PY: EUR -37,849 thousand). The amount of purchase prices to be settled in cash amounted to EUR 125,637 thousand (PY: EUR -43,747 thousand). Contingent consideration in the sense of purchase price adjustment clauses deemed to be probable occurred in the amount of EUR 3,640 thousand (PY: EUR 8 thousand). The corresponding cash flows and the amount of assets acquired and liabilities assumed resulted in a profit on an acquisition at a price below the market value of EUR 84,389 thousand (PY: EUR 420,704 thousand), which was recognized as other income in the consolidated statement of comprehensive income. The gains generated on purchases below market value



in financial year 2018 resulted mainly from the restructuring contributions of the sellers, which are reflected in purchase prices that were lower than the net asset values of the acquired companies.

Goodwill was recognized in the amount of EUR 25,830 thousand (PY: EUR 16,782 thousand). Goodwill is not deductible for tax purposes.

No equity shares or replacement of share-based payment awards were used in these acquisitions.

With the exception of the acquisitions of VAG, Northern Paper and Arcadia, no non-controlling interests resulted from company acquisitions in financial year 2018.

With the exception of the acquisition of Hotel Göttingen and Gustav Raetz, which were executed in the form of an asset deal, all companies were acquired in the form of share deals.

At December 31, 2018, the purchase price allocations for VAG, Foto-Video Sauter and Hellanor were not yet finally completed and was therefore provisional in the sense of IFRS 3.45 ff. The reason for this is AURELIUS has not yet received all of the relevant information for the purchase price allocation in its final version at the current time. The acquired assets and liabilities were largely taken over at their carrying amounts. The process of disclosing hidden reserves and liabilities is still ongoing. The other purchase price allocations have been completed with final effect.

The aggregate result of the acquired companies in the time from the date of initial consolidation to December 31, 2018, was EUR 8,339 thousand (PY: EUR -57,876 thousand). This figure contains start-up and acquisition losses, as well as restructuring losses. This figure does not contain profits from an acquisition at a price below market value. The respective results and revenues for the period from January 1, 2018 to the acquisition date were not calculated because AURELIUS does not have all the necessary information to do this. The cash and cash equivalents of continued operations and outstanding adjustment payments acquired in connection with company acquisitions amounted to EUR 26,820 thousand (PY: EUR 73,861 thousand), leading to an overall cash outflow of EUR 98,817 thousand (PY: cash inflow of EUR 117,608 thousand).



The amounts recorded for the acquired assets and liabilities at the date of acquisition are summarized below:

| in kEUR                                           | Carrying<br>amounts          | Carrying<br>amounts             | Fair value                   | Fair value                     |
|---------------------------------------------------|------------------------------|---------------------------------|------------------------------|--------------------------------|
|                                                   | 1/1/-12/31/2018 <sup>1</sup> | 11/1/-12/31/2017 <sup>1,2</sup> | 1/1/-12/31/2018 <sup>1</sup> | 1/1/-12/31/2017 <sup>1,2</sup> |
| Intangible assets                                 | 20,888                       | 106,993                         | 33,824                       | 115,619                        |
| Land                                              | 5,292                        | 5,293                           | 8,982                        | 5,293                          |
| Buildings                                         | 29,856                       | 33,122                          | 30,065                       | 33,122                         |
| Technical equipment, plant and machinery          | 20,796                       | 7,057                           | 33,360                       | 7,267                          |
| Other non-current assets                          | 11,038                       | 22,732                          | 11,337                       | 22,743                         |
| Deferred tax assets                               | 8,852                        | 7,961                           | 8,856                        | 7,980                          |
| <b>Non-current assets</b>                         | <b>96,722</b>                | <b>183,158</b>                  | <b>126,424</b>               | <b>192,024</b>                 |
| Inventories                                       | 101,313                      | 219,769                         | 107,475                      | 220,992                        |
| Trade receivables                                 | 119,301                      | 241,486                         | 119,305                      | 241,486                        |
| Other assets                                      | 27,874                       | 76,266                          | 27,874                       | 76,266                         |
| Cash and cash equivalents                         | 26,820                       | 73,860                          | 26,820                       | 73,860                         |
| <b>Current assets</b>                             | <b>275,308</b>               | <b>611,381</b>                  | <b>281,474</b>               | <b>612,604</b>                 |
| Provisions                                        | 20,650                       | 33,521                          | 20,650                       | 33,521                         |
| Trade payables                                    | 120,543                      | 240,058                         | 120,543                      | 240,058                        |
| Other liabilities                                 | 63,969                       | 161,210                         | 63,969                       | 161,276                        |
| Deferred tax liabilities                          | 936                          | 911                             | 10,974                       | 3,695                          |
| <b>Liabilities</b>                                | <b>206,098</b>               | <b>435,700</b>                  | <b>216,136</b>               | <b>438,550</b>                 |
| <b>Net assets</b>                                 | <b>165,932</b>               | <b>358,839</b>                  | <b>191,762</b>               | <b>366,078</b>                 |
| Thereof attributable to non-controlling interests | 2,276                        | -172                            | 3,925                        | -118                           |

<sup>1</sup> Carrying amounts and fair values at the respective acquisition dates.

<sup>2</sup> The presentation was adjusted in accordance with IFRS 5.

The gross amounts of the contractual receivables taken over in connection with acquisitions are not significantly different from their carrying amounts.

The valuation techniques used to determine the fair value of the acquired material assets were as follows:

| Assets                               | Valuation methods                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Property, plant and equipment</b> | Market comparison method and cost method: The measurement model takes listed market prices for similar objects into account if they are available, and amortized replacement cost if necessary. Amortized replacement cost reflects adjustments for physical deterioration as well as functional reconditioning and economic obsolescence.                                                                                                            |
| <b>Intangible assets</b>             | Relief-from-royalty and net realizable-value method: The relief-from-royalty method takes into account the discounted estimated payments of usage fees that are expected to be saved because the assets are owned by the Company. The net realizable-value method takes into account the present value of the expected net cash flows that the intangible assets generate, with the exception of all cash flows that are linked to supporting assets. |
| <b>Inventories</b>                   | Market comparison method: The fair value is calculated based on the estimated sales price in the ordinary course of business less estimated completion and selling costs as well as a reasonable profit margin that are based on the necessary efforts for completion and sale of the inventories.                                                                                                                                                    |



If new information becomes known within one year after the acquisition date about facts and circumstances that existed at the acquisition date and would have led to corrections to the existing amounts or to additional provisions, then the accounting for the company acquisition will be adjusted retroactively.

## 7. Sales of subsidiaries

As significant corporate groups that meet the definition of discontinued operations according to IFRS 5, AH Industries and Allied Healthcare were removed from the consolidation group of AURELIUS in 2018. The sales prices totaled EUR 1,752 thousand (PY: EUR 399,561 thousand), including cash and cash equivalents of EUR 1,752 thousand (PY: EUR 399,561 thousand).

AURELIUS sold its investment in AH Industries in a management buy-out in early February 2018. This company, which has its headquarters in Ribe (Denmark), is a supplier of components, modules and systems for the wind, mineral and cement industries, with production facilities in Denmark and China.

Including all deconsolidation effects, these transactions gave rise to a Group level deconsolidation profit of EUR 2,551 thousand, which is included within the profit/loss from discontinued operations.

| in kEUR                                            | 2/1/2018      |
|----------------------------------------------------|---------------|
| <b>Item of the statement of financial position</b> |               |
| <b>ASSETS</b>                                      |               |
| Property, plant and equipment                      | 12,120        |
| Inventories                                        | 10,779        |
| Trade receivables, other assets                    | 14,100        |
| Cash and cash equivalents                          | 8,880         |
| <b>Assets from discontinued operations</b>         | <b>45,879</b> |
| <b>LIABILITIES</b>                                 |               |
| Trade payables                                     | 10,077        |
| Other liabilities                                  | 38,353        |
| <b>Liabilities from discontinued operations</b>    | <b>48,430</b> |
| <b>Net assets from discontinued operations</b>     | <b>-2,551</b> |



AURELIUS sold a major part of its home care business in England, Scotland and Wales to the Health Care Resourcing Group (CRG), Prescott (United Kingdom), in December 2018. As one of the biggest personnel services provider for the healthcare and home care sector in Britain, CRG will combine the acquired operations with its own activities, creating one of the biggest home care providers in the United Kingdom.

Including all deconsolidation effects, this transaction gave rise to a Group level deconsolidation profit of EUR 5,960 thousand, which is included within the profit/loss from discontinued operations.

| in kEUR                                             | 12/21/2018    |
|-----------------------------------------------------|---------------|
| <b>Items of the statement of financial position</b> |               |
| <b>ASSETS</b>                                       |               |
| Intangible assets                                   | 983           |
| Property, plant and equipment                       | 2,673         |
| Trade receivables, other assets                     | 22,593        |
| Cash and cash equivalents                           | 2,365         |
| <b>Assets from discontinued operations</b>          | <b>28,614</b> |
| <b>LIABILITIES</b>                                  |               |
| Provisions                                          | 6,763         |
| Trade payables                                      | 13,254        |
| Other liabilities                                   | 12,805        |
| <b>Liabilities from discontinued operations</b>     | <b>32,822</b> |
| <b>Net assets from discontinued operations</b>      | <b>-4,208</b> |



## 8. Non-controlling interests

Information on each corporate group within the AURELIUS Group with significant non-controlling interests is presented in the table below:

| <b>12/31/2018</b><br><b>in kEUR</b>                       | <b>HanseYachts,<br/>Greifswald</b> | <b>B+P Gerüstbau,<br/>Wandlitz</b> | <b>VAG,<br/>Mannheim</b> |
|-----------------------------------------------------------|------------------------------------|------------------------------------|--------------------------|
| Percentage of non-controlling interests                   | 24.28%                             | 25.00%                             | 8.93%                    |
| Carrying amount of non-controlling interests              | 3,291                              | 3,081                              | 6,055                    |
| Profit or loss of non-controlling interests               | -6                                 | 257                                | -72                      |
| Share of dividends allocated to non-controlling interests | - / -                              | - / -                              | - / -                    |
| Total current assets                                      | 50,449                             | 7,276                              | 94,655                   |
| Total non-current assets                                  | 44,025                             | 23,831                             | 38,879                   |
| Total current liabilities                                 | 60,336                             | 7,997                              | 41,793                   |
| Total non-current liabilities                             | 20,584                             | 13,907                             | 21,759                   |
| Profit or loss                                            | -23                                | 1,028                              | -808                     |

| <b>12/31/2017</b><br><b>in kEUR</b>                       | <b>HanseYachts,<br/>Greifswald</b> | <b>B+P Gerüstbau,<br/>Wandlitz</b> | <b>VAG,<br/>Mannheim</b> |
|-----------------------------------------------------------|------------------------------------|------------------------------------|--------------------------|
| Percentage of non-controlling interests                   | 24.71%                             | 25.00%                             | - / -                    |
| Carrying amount of non-controlling interests              | 3,223                              | 2,598                              | - / -                    |
| Profit or loss of non-controlling interests               | 31                                 | 45                                 | - / -                    |
| Share of dividends allocated to non-controlling interests | - / -                              | 38                                 | - / -                    |
| Total current assets                                      | 40,685                             | 7,377                              | - / -                    |
| Total non-current assets                                  | 44,796                             | 23,104                             | - / -                    |
| Total current liabilities                                 | 47,901                             | 7,148                              | - / -                    |
| Total non-current liabilities                             | 24,003                             | 15,194                             | - / -                    |
| Profit or loss                                            | 124                                | 182                                | - / -                    |

## 9. Change in non-controlling interests

There was a significant increase in non-controlling interests within the Group compared to 2017. The acquisition of VAG in November 2018 led to an increase in the percentage of non-controlling interests compared to the previous year.









# ACCOUNTING POLICIES





## ACCOUNTING POLICIES

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|       | 11.12.3.1 | <a href="#"><u>Classification and measurement</u></a>                                               |
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| 11.15 |           | <a href="#"><u>Assets held for sale and discontinued operations</u></a>                             |
| 11.16 |           | <a href="#"><u>Derivative financial instruments</u></a>                                             |
| 11.17 |           | <a href="#"><u>Hedge accounting</u></a>                                                             |
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| 11.18 |           | <a href="#"><u>Cash and cash equivalents</u></a>                                                    |
| 11.19 |           | <a href="#"><u>Equity</u></a>                                                                       |
| 11.20 |           | <a href="#"><u>Employee benefits</u></a>                                                            |
| 11.21 |           | <a href="#"><u>Other provisions</u></a>                                                             |
| 11.22 |           | <a href="#"><u>Financial liabilities</u></a>                                                        |
|       | 11.12.1   | <a href="#"><u>Classification</u></a>                                                               |
|       | 11.22.2   | <a href="#"><u>Other financial liabilities</u></a>                                                  |
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| 11.23 |           | <a href="#"><u>Financial guarantees</u></a>                                                         |
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| 11.28 |           | <a href="#"><u>Prior-year information</u></a>                                                       |
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## ACCOUNTING POLICIES

### 10. Basic principles applied in preparing the financial statements

The presentation of the consolidated financial statements is conformant with the provisions of IAS 1. The cost summary method is applied for the consolidated statement of comprehensive income. In accordance with IFRS 3, gains on bargain purchases are presented within the item of other income and are therefore contained in the earnings before interest, taxes, depreciation and amortization (EBITDA).

In accordance with IAS 1.60 ff., items presented in the consolidated statement of financial position are presented separately on the basis of maturity. Accordingly, current assets are assets which are recoverable within one year, or are intended for sale or use in the normal course of business, or are held for trading or consist of cash or cash equivalents. Conversely, all assets that will remain within the Group for longer than one year are classified as non-current assets. In accordance with IAS 1.68, inventories and trade receivables are always presented as current assets. Deferred tax assets, by contrast, are always presented as non-current assets. In accordance with IAS 1.69, liabilities are classified as current when they are due and payable within twelve months or in the normal course of business, or when they are held for trading. By way of exception to this rule, trade payables are always judged, like trade receivables, on the basis of their settlement in the normal course of business, not by the twelve-month rule, and so they are always presented as current liabilities. Deferred tax liabilities are always classified as non-current liabilities. Non-controlling interests are presented as a separate component of equity (non-controlling interests).

The consolidated financial statements are prepared based on historical cost, with the exception of some specific financial instruments that were recognized at fair value on the reporting date, December 31, 2018. Historical costs are generally based on the fair value of the consideration paid in exchange for the asset. The fair value is the price that would be received in orderly transactions between market participants on the measurement date for the sale of an asset or paid for the transfer of liabilities. This applies regardless of whether the price can be directly observed or is estimated using a measurement method.

When determining the fair value of an asset or a liability, the Group takes into account certain features such as the condition and location of the asset or restrictions on its sale or use if market participants would likewise take these features into account when specifying the price to acquire the respective asset or to transfer the liability on the measurement date. In the present AURELIUS consolidated financial statements, the fair value for measurement and/or reporting obligations is fundamentally calculated on this basis. Leases that fall within the scope of IAS 17 as well as measurement standards that are similar to the fair value but do not correspond to it, such as the net realizable value of inventories under IAS 2 or the value in use under IAS 36, are excluded.

The fair value is not always available as a market price. It must frequently be calculated based on various measurement parameters. The fair value is assigned to levels 1, 2, or 3 depending on the availability of observable parameters and the significance of these parameters for calculating the fair value as a whole.



The classification is done according to the following rules:

- Input parameters for Level 1 are listed prices (unadjusted) on active markets for identical assets or liabilities that the company can access on the measurement date.
- Input parameters for Level 2 are other parameters than the listed prices included in Level 1 that can be directly observed for the asset or liability or can be derived indirectly from other prices.
- Input parameters for Level 3 are parameters that cannot be observed for the asset or liability.

In accordance with the provisions of IFRS 5, continued operations are presented separately from discontinued operations and from assets and liabilities held for sale (disposal groups). Individual items of the consolidated financial statements are presented separately on this basis (see also Sections 20 and 35 of the notes to the consolidated financial statements).

The consolidated financial statements are prepared on the assumption of a going concern.

### 10.1 New Standards and Interpretations that have effects on the consolidated financial statements for 2018

The Group applied IFRS 15 and IFRS 9 for the first time in financial year 2018. Due to the transition methods elected by the Group for the application of these Standards, the comparison figures were not adapted to the requirements of the new Standards in the present financial statements.

The main effects of the first-time application of these Standards can be summarized as follows:

- Down payments received on account of customer contracts (contract liabilities) in the amount of EUR 30,120 thousand were reclassified to the item of “Other financial liabilities” from the item of “Other liabilities” in financial year 2018.
- Variable consideration in the form of rebates and discounts, measured at their most probable value of EUR 19,427 thousand, were deducted directly from the transaction price for the sold goods, netted with revenues and presented accordingly in financial year 2018.
- The Group holds unconsolidated investments amounting to EUR 6,360 thousand as strategic investments. After analyzing the business model and evaluating the cash flow condition, the investments were classified as and measured at fair value through profit or loss (FVTPL). The fair values were increased by a total of EUR 339 thousand in financial year 2018.

**IFRS 15 “Revenues from Contracts with Customer”:** IFRS 15 establishes a comprehensive framework for determining whether, in what amount and at what time revenues are recognized. The new Standard supersedes the previous guidelines for revenue recognition, including IAS 18 “Revenues”, IAS 11 “Construction Contracts” and IFRIC 13 “Customer Loyalty Programs”. According to IFRS 15, revenues are to be recognized when control of a good or service is transferred to the customer so that the customer obtains power of disposal over them. The determination of whether control is obtained at a point in time or over a period of time necessitates discretionary decisions. A new five-step model is to be applied for revenue recognition.

For the transition to IFRS 15, the Group elected to apply the modified retrospective method, under which the accumulated adjustment amounts are recognized in equity at January 1, 2018. The Group did not exercise the simplification option by which completed contracts from the prior period are not considered. Consequently, the comparison figures for 2017 were not adjusted, meaning that they are still presented in accordance with IAS 18, IAS 11 and the corresponding Interpretations. In addition, the disclosure obligations under IFRS 15 were not generally applied to the comparison information.



The effects of the transition to IFRS 15 on retained earnings and non-controlling interests at January 1, 2018 after taxes did not necessitate any adjustments because IFRS 15 essentially only gave rise to effects on the presentation of revenues and down payments received in financial year 2018.

The effects of the application of IFRS 15 on the affected items of the consolidated statement of financial position and the consolidated statement of comprehensive income in financial year 2018 are summarized in the table below. There were no significant effects on the consolidated statement of cash flows for financial year 2018. Effects on the consolidated statement of financial position and consolidated statement of comprehensive income:

| December 31, 2018                                                                                 | As reported      | Adjustments   | Amounts without the application of IFRS 15 |
|---------------------------------------------------------------------------------------------------|------------------|---------------|--------------------------------------------|
| <b>Assets</b>                                                                                     |                  |               |                                            |
| Intangible assets                                                                                 | 224,281          | - / -         | 224,281                                    |
| Property, plant and equipment                                                                     | 356,228          | - / -         | 356,228                                    |
| Financial assets                                                                                  | 10,203           | - / -         | 10,203                                     |
| Deferred tax assets                                                                               | 31,738           | - / -         | 31,738                                     |
| Inventories                                                                                       | 462,392          | - / -         | 462,392                                    |
| Trade receivables                                                                                 | 468,344          | 19,427        | 487,771                                    |
| Cash and cash equivalents                                                                         | 290,756          | - / -         | 290,756                                    |
| Other assets                                                                                      | 304,599          | - / -         | 304,599                                    |
| <b>Total assets</b>                                                                               | <b>2,148,541</b> | <b>19,427</b> | <b>2,167,968</b>                           |
| <b>Equity and liabilities</b>                                                                     |                  |               |                                            |
| Retained earnings                                                                                 | 485,007          | - / -         | 485,007                                    |
| Other equity                                                                                      | 51,163           | - / -         | 51,163                                     |
| Provisions                                                                                        | 92,398           | 3,210         | 95,608                                     |
| Trade payables                                                                                    | 531,214          | 16,217        | 547,431                                    |
| Other financial liabilities                                                                       | 56,114           | -30,120       | 25,994                                     |
| Other liabilities                                                                                 | 245,497          | 30,120        | 275,617                                    |
| Deferred tax liabilities                                                                          | 35,083           | - / -         | 35,083                                     |
| Other miscellaneous liabilities                                                                   | 652,065          | - / -         | 652,065                                    |
| <b>Total equity and liabilities</b>                                                               | <b>2,148,541</b> | <b>19,427</b> | <b>2,167,968</b>                           |
| <b>Statement of comprehensive income</b>                                                          |                  |               |                                            |
| Revenues                                                                                          | 3,389,001        | 19,427        | 3,408,428                                  |
| Other income                                                                                      | 159,804          | - / -         | 159,804                                    |
| Purchased goods and services                                                                      | -2,109,478       | -16,217       | -2,125,695                                 |
| Personnel expenses                                                                                | -661,792         | - / -         | -661,792                                   |
| Other expenses                                                                                    | -676,639         | -3,210        | -679,849                                   |
| Amortization, depreciation and impairments of intangible assets and property, plant and equipment | -75,462          | - / -         | -75,462                                    |
| Net financial income/expenses                                                                     | -16,712          | - / -         | -16,712                                    |
| Income taxes                                                                                      | -20,621          | - / -         | -20,621                                    |
| <b>Earnings after taxes from continued operations</b>                                             | <b>-11,899</b>   | <b>- / -</b>  | <b>-11,899</b>                             |



Contract liabilities: Down payments received on account of customer contracts in the amount of EUR 30,120 thousand were reclassified to the item of “Other financial liabilities” in financial year 2018. These amounts mainly consist of down payments on customer contracts received by the subsidiaries HanseYachts AG and VAG, which were treated as consideration received before the performance obligations under the customer contracts were satisfied. The down payments represent additional security for the manufacturer and are generally paid at the inception of the customer contract. This item is reversed and recognized in revenues as soon as the customer obtains control of the goods or services. In prior years, down payments received were presented within Other liabilities.

Variable consideration: The Conaxess Trade Group employs various customer incentive instruments in the form of rebates and discounts for marketing purposes. Before January 1, 2018, these incentive instruments were recognized as provisions or other liabilities and measured at experience values and presented separately. With the introduction of IFRS 15, the most probable values of rebates and discounts are deducted directly from the achievable transaction price for the goods. Expenses of EUR 19,427 thousand were deducted from revenues in financial year 2018. The prior-year figures were not adjusted.

Please refer to Note 11.2 of the notes to the consolidated financial statements for additional information on the Group’s accounting policies in relation to revenue recognition.

**IFRS 9 “Financial Instruments”:** IFRS 9 specifies the requirements for the recognition and measurement of financial assets, financial liabilities and some contracts for the purchase or sale of non-financial assets. It replaces the numerous classification and measurement models of IAS 39 with a uniform model that relied on only three classification categories upon initial recognition: measured at amortized cost, measured at fair value through other comprehensive income, and measured at fair value through profit or loss.

The AURELIUS Group exercised the option of not adjusting the comparison information for prior periods with respect to changes of classification, measurement and impairments. No differences between the carrying amounts of financial assets and financial liabilities resulted from the application of IFRS 9. For this reason, the information presented for 2017 generally does not meet the requirements of IFRS 9, but rather IAS 39.

In addition, the Group applied the consequential amendments to IFRS 7 Financial Instruments: Disclosures to the notes for financial year 2018. The amendments were not applied to the comparison information.

IFRS 9 defines three basic categories for the classification of financial assets: measured at amortized cost (AC), measured at fair value through other comprehensive income (FVOCI), and measured at fair value through profit or loss (FVTPL). The judgments presented in the following table were made on the basis of the facts and circumstances in effect at the date of first-time application. They include the determination of the subsidiary’s business model under which a financial asset is held and determinations with regard to financial assets measured at FVTPL.

The first-time application of IFRS 9 had no significant effects on the Group’s accounting policies related to financial liabilities and derivative financial instruments.

Please refer to Note 11.12 ff. for an explanation of how the Group classifies and measures financial instruments and the corresponding gains and losses according to IFRS 9.

The original valuation category according to IAS 39 and the new valuation category according to IFRS 9 at January 1, 2018 are presented in the table below for each category of financial assets and financial liabilities. AURELIUS classifies financial assets as measured at amortized cost (FA-AC) or at fair value through profit or loss





(FA-FVTPL) and it classifies financial liabilities as measured at amortized cost (FL-AC) or at fair value through profit or loss (FL-FVTPL).

| January 1, 2018                  | Original valuation category per IAS 39 | New valuation category per IFRS 9 | Original carrying amount per IAS 39 | New carrying amount per IFRS 9 |
|----------------------------------|----------------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| <b>Financial assets</b>          |                                        |                                   |                                     |                                |
| Financial assets                 | LaR                                    | FA-FVTPL                          | 3,860                               | 3,860                          |
|                                  | Afs                                    | FA-FVTPL                          | 4,649                               | 4,649                          |
| Trade receivables                | LaR                                    | FA-AC                             | 378,070                             | 378,070                        |
| Other financial assets           | LaR                                    | FA-AC                             | 118,417                             | 118,417                        |
| Cash and cash equivalents        | LaR                                    | FA-AC                             | 606,338                             | 606,338                        |
| <b>Financial liabilities</b>     |                                        |                                   |                                     |                                |
| Financial liabilities            | FLAC                                   | FL-AC                             | 520,507                             | 520,507                        |
| Liabilities under finance leases | FLAC                                   | FL-AC                             | 26,918                              | 26,918                         |
| Trade payables                   | FLAC                                   | FL-AC                             | 424,947                             | 424,947                        |
| Derivative financial instruments | FL-FV                                  | FL-FVTPL                          | 8                                   | 8                              |
| Other financial liabilities      | FL-FV                                  | FL-FVTPL                          | 8,182                               | 8,182                          |
| Other financial liabilities      | FLAC                                   | FL-AC                             | 32,108                              | 32,108                         |

Other investments: Other investments are strategic investments of the Conaxess Trade Group and SOLIDUS. In accordance with IFRS 9, AURELIUS designated these investments as FVTPL at the date of first-time application because they are managed on the basis of fair values and subsequent changes in value are monitored on this basis. At the end of the financial year, the equity investments were measured on the basis of a DCF model and the value adjustment is recognized in profit or loss. The carrying amounts of these equity investments increased by EUR 339 thousand in financial year 2018.

Trade receivables and other assets that had been classified as loans and receivables according to IAS 39 are now classified as at amortized cost.

IFRS 9 replaces the model of “realized losses” from IAS 39 with a model of “expected credit losses” (“ECL”). The new impairment model is applicable to financial assets measured at amortized cost, contract assets and debt instruments measured at FVOCI, but is not applicable to equity investments held as non-current financial assets. The application of the ECL model did not lead to any significant effects on impairments of trade receivables and other assets.

## 10.2 New Standards and Interpretations that have no effects on the consolidated financial statements for 2018

The following Standards and Interpretations were to be applied by the Group for the first time or in amended form in the reporting year. However, they had no effects on the present consolidated financial statements. At the current time, however, it is not possible to make statements regarding their effects on future transactions or agreements.

**Amendments to IFRS 4 “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”:** In September 2016, the IASB published an amendment to IFRS 4 to regulate the accounting effects of the different first-time application dates for IFRS 4 and IFRS 9. The amendment offers the following two voluntary approaches for insurance companies: (i) a temporary exemption from the application of IFRS 9 for insurance companies that meet certain



criteria, and (ii) the so-called “overlay approach.” IFRS 4 will be rescinded when IFRS 17 Insurance Contracts enters into effect. The amendments are to be applied in financial years beginning on or after January 1, 2018. The amendment was adopted into EU law on November 3, 2017.

**Amendments to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”:** The amendments to IFRS 2 published in June 2016 clarify the measurement of cash-settled grants. It also introduces an exception to the classification principles of IFRS 2: If an employer is obligated to withhold an employee’s tax liability for a share-based payment and pay this amount to the tax authority, the entire grant is classified as “equity-settled” if such a classification would have been appropriate in the absence of a tax withholding. The adjustment is to be applied in financial years beginning on or after January 1, 2018. The amendment was adopted into EU law on February 26, 2018.

**Amendments to IAS 40 “Transfers of Investment Property”:** According to IAS 40.57, property is to be transferred to or from investment property when there is a change of use of the property. The amendments specify that there must be evidence of a change of use. The mere intention of the management to bring about a change of use is not sufficient. Two options are given for the transition: (i) Prospective application of all changes of use occurring on or after the beginning of the reporting period in which the company applies the amendments for the first time, and (ii) retrospective application. The adjustment must be applied in financial years beginning on or after January 1, 2018. The amendment was adopted into EU law on March 14, 2018.

**IFRIC Interpretation 22 “Foreign Currency Transactions and Advance Consideration”:** IFRIC 22 clarifies the exchange rate to be applied upon the initial recognition of a foreign currency transaction in the company’s functional currency when the company pays or receives advance consideration for the assets or expenses or income underlying the transaction. In the case of a one-time advance consideration, the date of initial recognition is deemed to be the transaction date and the currency translation date between the functional currency and the foreign currency at the effective spot rate. The Interpretation may be applied either (i) retrospectively, (ii) prospectively to all assets, expenses and income recognized on or after the beginning of the reporting period in which the Interpretation is applied for the first time, or (iii) prospectively from the beginning of a reporting period indicated as a comparison period. The Interpretation must be applied in financial years beginning on or after January 1, 2018. The amendment was adopted into EU law on March 28, 2018.

The following financial reporting policies of the IASB (Amendments to IFRS 1 and IAS 28) are part of the Annual Improvements to IFRSs, 2014 – 2016 Cycle. The amendments to IFRS 1 and IAS 28 must be applied in reporting periods beginning on or after January 1, 2018. The amendments were adopted into EU law on February 26, 2018.

**Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”:** Deletion of the short-term exemptions to the application of the transition requirements of IFRS 7, IAS 19 and IFRS 10 because they are no longer relevant due to the passage of time.

**Amendments to IAS 28 “Investments in Associates and Joint Ventures”:** Clarification that the election to measure at fair value through profit or loss an investment in an associate or joint venture that is held by a company that is a venture capital organization or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. It was also clarified that the reporting entity may opt to continue measuring an investment in a subsidiary held by an investment entity at fair value when the investment company is included in the consolidated financial statements of a non-investment entity as an associate or joint venture.



### 10.3 New Standards and Interpretations that were applied early to the consolidated financial statements for 2018

AURELIUS did not apply ahead of time any IFRS that had already been published and adopted and recognized by the EU, the application of which was not required at December 31, 2018.

### 10.4 New Standards and Interpretations that have not yet been applied

AURELIUS will apply amended or newly issued Standards and Interpretations as of the respectively required dates, provided that they will have been adopted into European Union law by such times.

**IFRS 16 “Leases”:** The AURELIUS Group is obligated to apply IFRS 16 as of January 1, 2019. The Group reviewed all its leases in the least year with reference to the new financial reporting requirements of IFRS 16 and assessed the estimated effects of first-time application, which are described below. The actual effects of the first-time application of this Standard as of January 1, 2019 may be different from the effects described below because the new financial reporting guidelines may be changed before the publication of the first consolidated financial statements after the first-time application date. The Standard will primarily affect the accounting treatment of leases previously classified as operating leases.

For lessees, the new Standard requires a completely new approach to presenting leases on the statement of financial position. IFRS 16 introduces a uniform accounting model under which leases are to be recognized in the lessee’s statement of financial position in the form of a right-of-use asset representing its right to use the underlying asset, and a liability under the lease representing its obligation to make lease payments. It also grants exemptions for short-term leases and low-value leases. The accounting treatment to be applied by the lessor is comparable with the current Standard IAS 17 “Leases” and retains the distinction between finance leases and operating leases.

IFRS 16 supersedes IAS 17 Leases and the corresponding Interpretation IFRIC 4 “Determining Whether an Arrangement Contains a Lease”, SIC-15 “Operating Leases – Incentives”, and SIC-27 “Evaluating the Substance of Transactions in the Legal Form of a Lease”.

At the reporting date, the Group had commitments under non-cancellable operating leases in the amount of EUR 650,716 thousand (see Note 66). Of these commitments, EUR 2,545 thousand pertains to short-term leases and EUR 139 thousand pertains to low-value leases, both of which are still recognized as expenses in the 2019 statement of comprehensive income.

The AURELIUS Group expects to recognize rights of use in the amount of EUR 675,616 thousand and lease liabilities in the amount of EUR 690,251 thousand on January 1, 2019. The principal items are to be expected at the GHOTEL Group and Silvan due to the long-term lease obligations for their business operations.

In addition, the estimated effect on earnings after taxes to result from the new regulations is a reduction of EUR 4,311 thousand. It is expected that the Group’s EBITDA will increase by EUR 99,385 thousand in the 2019 financial year as a result of the IFRS 16, assuming no changes in the basis of consolidation. Based on experience, the amortization of rights-of-use assets should amount to EUR 83,457 thousand and the interest on lease liabilities should amount to EUR 20,239 thousand in 2019.

AURELIUS is the intermediate lessor under the leases and classifies the sub-leases as finance leases. The expected net investment from these leases is EUR 23,033 thousand.



AURELIUS will apply IFRS 16 for the first time at January 1, 2019 by using the modified retrospective method. The comparison information will not be adjusted. The simplification option for the retention of the definition of a lease will be exercised at the time of conversion, meaning that IFRS 16 will be applied to all leases that were concluded before January 1, 2019 and identified as leases according to IAS 17 and IFRIC 4.

**IFRS 17 “Insurance Contracts”:** The objective of IFRS 17 is to establish rules for the recognition, measurement, presentation and disclosure of insurance contracts as well as the provision of relevant information on the part of companies accounting for such contracts and should lead to a credible presentation of insurance contracts. This information serves as the basis for the users of the financial statements to enable them to assess the effects of insurance contracts on a company’s financial position, financial performance and cash flows. The application scope of IFRS 17 covers all active insurance contracts as well as reinsurance contracts that are issued or held. The respectively relevant IAS/IFRS standards apply to an insurer’s other assets and liabilities. IFRS 17 replaces IFRS 4 “Insurance Contracts”. The standard must be applied for the first time in annual periods beginning on or after January 1, 2021. So far, the standard has not been adopted into EU law.

**Amendments to IFRS 9 “Prepayment features with negative compensation”:** These amendments to IFRS 9 published in October 2017 allow reporting entities to measure certain financial assets featuring negative compensation upon early repayment at amortized cost. These assets would otherwise be measured at fair value through profit or loss. In order to qualify for measurement at amortized cost, the negative compensation must represent an appropriate fee for the early termination of the contract and the financial asset must be assigned to the “holding” business model. The amendment must be applied in financial years beginning on or after January 1, 2019. The amendment was adopted into EU law on March 22, 2018.

**IFRIC Interpretation 23 “Uncertainty over Income Tax Treatments”:** This Interpretation explains how deferred and current income tax assets and liabilities are to be accounted for and measured when there is uncertainty regarding their tax treatment. Essentially, a suitable unit of account must be defined and any unclear tax treatment considered individually or collectively as a group, depending on which approach provides better predictions of the resolution of the uncertainty. The effects of the uncertainty are to be measured either at the most probable amount or by applying the experience value method, depending on which method provides a better prediction of the resolution of the uncertainty. IFRIC 23 must be applied in financial years beginning on or after January 1, 2019; earlier application is permitted. The amendment was adopted into EU law on October 23, 2018.

**Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”:** The amendments include the following: (1) An additional paragraph 14A was added in order to clarify that an entity applies IFRS 9, including the provisions governing impairment, to long-term interests in an associate or joint venture that are part of the net investment in this associate or joint venture, but are not accounted for using the equity method, (2) paragraph 41 was deleted, since in the opinion of the Board it only repeated provisions from IFRS 9 and contributed to the lack of clarity regarding the accounting treatment of long-term interests. The amendments take effect for reporting periods beginning on or after January 1, 2019. Earlier application is permitted. The standard was adopted into EU law on February 8, 2019.

**Amendments to IAS 19 “Employee Benefits”:** The amendments to IAS 19 include rules for the accounting treatment of plan amendments, curtailments and settlements. Reporting entities must use updated actuarial assumptions and the net liability value or net asset value at the time when changes are made to the plan for determining the current service cost and the net interest for the period after a plan amendment, curtailment or settlement. The effects of changes in the asset ceiling are recognized on other comprehensive income. The amendments are applicable in reporting periods beginning on or after January 1, 2019. The amendments were adopted into EU law on March 13, 2019.



**Amendments to IAS 1 and IAS 8 “Definition of Material”:** The objective of these amendments is to refine the definition of materiality. Information is to be considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments are applicable in reporting periods beginning on or after January 1, 2020. The amendments have not yet been adopted into EU law.

**Amendments to IFRS 3 “Business Combinations”:** The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also adjust the definitions of a business and of outputs, and add new guidance and illustrative examples to help entities assess whether a substantive process has been acquired. Additionally, they remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. Finally, they add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments are applicable in reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The amendments have not yet been adopted into EU law.

The following financial reporting requirements of the IASB (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23) are part of the Annual Improvements to IFRSs 2015 – 2017 Cycle. The amendments take effect for reporting periods beginning on or after January 1, 2019. They were adopted into EU law on March 14, 2019.

**Amendments to IFRS 3 “Business Combinations”:** When an entity obtains control within the meaning of IFRS 10 of a business that is a joint operation by purchasing additional interests in that business, the transaction is a successive business combination and the previously held interests must be remeasured.

**Amendments to IFRS 11 “Joint Arrangements”:** If an entity obtains joint control of a business that is a joint operation by purchasing additional shares, it does not remeasure the previously held interests in that business.

**Amendments to IAS 12 “Income Taxes”:** These amendments clarify that the provisions of the earlier paragraph 52B are applicable to all income tax effects of dividends in that the paragraph is taken from paragraph 52A, which only refers to situations in which different interest rates are applied to distributed and undistributed profits.

**Amendments to IAS 23 “Borrowing Costs”:** The amendment deals with the treatment of existing outside capital components as a part of funds borrowed generally when calculating the capitalization rate of the generally borrowed funds if these components were raised expressly to obtain assets that are ready for their intended use or for sale.



## 11. Significant accounting policies

The separate financial statements of the associates included in consolidation were consolidated on the uniform basis of the accounting policies applied at AURELIUS. The accounting policies, as well as the explanations and notes to the consolidated financial statements according to IFRS for financial year 2018 differ from the accounting policies applied in the 2017 consolidated financial statements mainly as a result of the introduction of IFRS 15 Revenue from Contracts With Customers and IFRS 9 Financial Instruments, which the Group has applied since January 1, 2018. Other Standards applicable since January 1, 2018 and revised IFRSs to be applied in the EU did not lead to significant changes in the reporting period. Unless otherwise indicated, the policies applied in 2017 were applied continuously in the two reporting periods covered in this report.

The principal accounting policies of AURELIUS that were applied in the present financial statements or are significant to understanding the financial statements are described in the following. An accounting policy can be material due to the type of entrepreneurial activity, even if the amounts are not material in the current period or earlier periods. When making the decision whether a particular method must be disclosed, the management must consider whether such a statement makes it easier for the reader to understand how the transaction as well as other events and conditions are reflected in the Company's financial position, cash flows and financial performance. AURELIUS's management considers it useful for the reader of the statement of financial position particularly when a method is selected from a number of methods permitted by a Standard or an Interpretation.

### 11.1 Consolidation

#### 11.1.1 Acquisition of subsidiaries

The capital consolidation of subsidiaries is effected by application of the acquisition method according to IFRS 3, in conjunction with IFRS 10, by netting the acquisition cost with the fair value of the acquired assets, liabilities and contingent liabilities at the acquisition date. The acquisition cost of a purchase is equal to the fair value of the assets transferred, the equity instruments issued and the liabilities incurred or assumed at the acquisition date. The fair values of assets and liabilities under contingent consideration agreements, known as earn-outs, are likewise included, in exchange for control of the acquired company.

The acquired identifiable assets and assumed liabilities are measured at fair value. The following exceptions apply in this context:

- Deferred tax assets and deferred tax liabilities and assets or liabilities in conjunction with agreements for employee benefits are recognized and measured according to IAS 12 and IAS 19.
- Liabilities and equity instruments that relate to share-based payment or substitution for share-based payment by the Group are measured at the acquisition date according to IFRS 2.
- Assets or disposal groups that are classified as assets held for sale or discontinued operations are measured according to this IFRS Standard.

Any excess of net assets measured at fair value over the acquisition cost (goodwill) is recognized as goodwill. If the acquisition costs are less than the proportional share of the acquired portfolio company's net assets measured at fair value (bargain purchases), the matter is first reviewed again and any remaining difference is recognized directly in the consolidated statement of comprehensive income (bargain purchase).

The non-controlling interests of other shareholders that grant current ownership rights and grant the holder the right in case of liquidation to receive a proportional share of the net assets of AURELIUS are disclosed in equity upon acquisition at fair value or at the corresponding share of the recognized assets and liabilities. This option can be exercised anew at each business combination. If other components of non-controlling interests exist, they are measured at fair value or using the measures of value derived from other Standards.



If the transferred consideration includes contingent consideration, it is measured at the fair value existing at the acquisition date. Changes to the fair value of the contingent consideration within the measurement period are corrected retroactively and posted accordingly against goodwill or the bargain purchase. These retroactive changes within the measurement period are only applied when the Group has gained better knowledge of the factors and circumstances in effect at the respective acquisition dates. However, the measurement period is not permitted to exceed one year after the acquisition date. Recognition of changes in the fair value of the contingent consideration that do not represent corrections during the measurement period is done depending on how the contingent consideration is to be classified. If it is equity, subsequent measurement does not occur on successive reporting dates because performance is recognized within equity. If the contingent consideration is an asset or a liability, then measurement occurs on successive reporting dates pursuant to IAS 37 or IAS 9 and any resulting profit or loss is recognized in the Group's statement of comprehensive income.

In the case of step acquisitions, the shares already held at the time when the company attains control are revalued at the new acquisition date. Any gain or loss arising from the restatement is recognized in profit or loss. Changes in the value of the equity shares previously held in the acquired company recorded in other comprehensive income before the acquisition date are reclassified in the statement of comprehensive income if AURELIUS acquires control of the acquired company.

If the initial recognition of a business combination under IFRS 3 has not been finally concluded at the end of the financial year, AURELIUS indicates preliminary amounts for those items with such recognition. If new information becomes known within the measurement period that illuminates the circumstances at the acquisition date, the amounts recognized on a preliminary basis are corrected or additional assets or liabilities are recognized if necessary.

### 11.1.2 Subsidiaries

As a general rule, all domestic and foreign companies that are controlled by AURELIUS SE are included in the consolidated financial statements at December 31, 2018, in addition to AURELIUS Equity Opportunities SE & Co. KGaA. According to IFRS 10.7, the investor controls an investee if and only if the following criteria are met:

- The investor has power over the investee,
- The investor is exposed to risk in the form of, inter alia, variable returns from its involvement with the investee,
- The investor uses its power over the investee to affect the amount of the investor's returns.

AURELIUS carries out a new assessment of whether an investee is or is not controlled when facts and circumstances indicate that one or more of the three control criteria listed above have changed.

If the Company would not hold a majority of voting rights, then an investee is nevertheless controlled if the Company has the practical possibility of unilaterally determining the primary activities of the Group company using its voting rights. When assessing whether its voting rights are sufficient for the decision-making power, AURELIUS takes all facts and circumstances into account, including:

- The scope of the voting rights in the Company's possession in relation to the scope and distribution of the voting rights of other holders of voting rights,
- Potential voting rights of the Company, other shareholders, other holders of voting rights, and other parties,
- Rights from other contractual relationships, and
- Additional facts and circumstances that indicate that the Company does or does not have the present possibility of determining the primary activities at those dates on which decisions must be made, taking into account the voting behavior at earlier shareholder or general meetings.





As a general rule, subsidiaries are included in the consolidated financial statements by way of full consolidation from the time when the Group obtained control over or the ability to control the subsidiary. They are deconsolidated as of the date when the Group no longer has control or the ability to control, meaning that the Group derecognizes the assets and liabilities of the subsidiary, as well as any shares of other non-controlling shareholders and other elements of the subsidiary's equity, as of this date. The profit or loss and every component of other comprehensive income must be assigned to the shareholders of AURELIUS and the interests of other shareholders. This also applies if the non-controlling interests show a negative balance.

All revenues, other income and expenses, receivables, liabilities and provisions between fully consolidated companies, as well as intermediate profits on internal transactions within the Group that are not generated on sales to third parties, are eliminated in full in the context of consolidation. The results of companies that are fully consolidated or deconsolidated for the first time in the past financial year are included in the consolidated statement of comprehensive income as of the date when the power to control the respective companies is obtained or lost.

The shares of consolidated equity and the share of the period profit or loss and comprehensive income that are attributable to non-controlling interests are presented separately from the shares attributable to shareholders of AURELIUS.

The separate financial statements of the subsidiaries are prepared by application of uniform accounting policies, as are the separate financial statements of the parent company. If necessary, the annual financial statements of the subsidiaries are adjusted accordingly in order to align the accounting policies with the methods used in the Group.

### 11.1.3 Changes in the investment share of existing subsidiaries

Changes in the investment ratios of the Group in portfolio companies that do not lead to a loss of control over such a company are recognized as equity transactions. The carrying amounts of the shares held by the Group and the non-controlling interests are adjusted in such a way that they reflect the changes in the proportional shares existing at the subsidiaries. Every difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is immediately recognized in equity and assigned to the shareholders of AURELIUS.

When AURELIUS Equity Opportunities SE & Co. KGaA loses control over a portfolio company, the remaining equity share is revalued at fair value and the resulting difference is recognized as deconsolidation profit or loss in the statement of comprehensive income. The deconsolidation result is calculated from the difference between:

- The total amount of the fair value of the consideration received and the fair value of the retained shares, and
- The carrying amount of the assets including any possible goodwill, the liabilities of the subsidiary, and all non-controlling interests.

In addition, all amounts presented within the item of other comprehensive income in relation to the respective company are accounted for in the manner that would be required if the parent company had directly sold the corresponding assets and liabilities. As a result, any profit or loss that had formerly been recognized in other comprehensive income is transferred to profit or loss for the period.

If AURELIUS would retain shares in the former portfolio company, they would be recognized at the fair value determined at the date of loss of control. This value represents the acquisition costs of the shares, which are measured according to IFRS 9 or the regulations for associated or joint venture companies depending on the degree of control in subsequent periods.



#### 11.1.4 Associates and joint ventures

Companies over which AURELIUS can exert significant control (associates), but which it cannot control, and companies over which AURELIUS shares control, directly or indirectly, with another company (joint ventures), are accounted for by application of the equity method, in accordance with IAS 28. Significant influence is the possibility of cooperating in making the financial and business policy decisions of the company in which the investment exists. In this case, neither control nor joint management of the decision-making processes exists. A joint venture is a joint agreement in which the parties that jointly exercise control have rights to the net assets of the agreement. Joint management is the contractually established, jointly exercised management of an agreement. This only exists when decisions on the primary activities require unanimous consent of the parties participating in the joint management. If an associate and/or joint venture should be classified as available for sale, the provisions of IFRS 5 are to be taken into account.

In such cases, AURELIUS generally holds between 20 and 50 percent of the voting rights. Upon initial recognition, such companies are measured at acquisition cost; in subsequent periods, the carrying amount is increased or decreased by the share of the associates' or joint venture's profit or loss and/or the share of the associates' or joint venture's other comprehensive income attributable to AURELIUS, less dividends paid to AURELIUS and any impairment losses. Losses on the part of an associate or joint venture that exceed the Group's interest in this company are not recognized. They are only recognized if AURELIUS has entered into legal or constructive obligations to assume the losses and/or makes payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method beginning with the date on which the requirements for this classification have been met. Any excess between the cost of the investment and the acquired share of the fair values of the identified assets, liabilities and contingent liabilities is accounted for as goodwill. This goodwill is not tested separately for impairment, but is instead a component of the carrying amount of the investment. Any excess of the Group's share of the fair values of the identified assets, liabilities and contingent liabilities over the cost of the acquired interest (bargain purchase) is recognized immediately as a gain after re-evaluating the value of the investment.

The regulations of IFRS 9 are consulted to determine whether indications exist that the shares in associates or joint ventures have been impaired. If an impairment test must be carried out, the net carrying amount including any goodwill is tested for impairment according to the regulations of IAS 36. For this purpose, the recoverable amount, that is, the higher of the value in use or the fair value less costs to sell of the investment are compared with the net carrying amount. The calculated need for impairments is offset against the net carrying amount. An apportionment of the impairment loss over the carrying amount of the assets contained in the share including goodwill is not applied. If the recoverable amount should increase again in subsequent periods, then a recovery of value is applied in conformity with IAS 36.

There is no listed market price in an active market for the companies accounted for at equity in the consolidated financial statements of AURELIUS. As a general rule, the accounting policies of associates are adjusted to reflect the uniform, Group-wide accounting policies of AURELIUS, so as to ensure uniform Group-wide accounting.

If the investment in an associate becomes an investment in a joint venture, or vice versa, AURELIUS continues to apply the equity method and does not apply any revaluation to fair value due to the change in the nature of the investment. Insofar as the investment ratio of the Group in an associate or joint venture company changes, but the Group continues to apply the equity method, the share of the profit or loss previously recognized in other comprehensive income that is allocated to the reduction in the investment ratio is reclassified with an effect on expenses or income if this profit or loss would have to be reclassified with an effect on profit or loss in case of sale of the related assets and liabilities.



Profits and losses on transactions between Group companies and associates or joint venture companies are eliminated in the amount of the proportional share of equity held in the joint venture.

#### 11.1.5 Joint operations

A joint operation is a joint agreement in which the parties that exercise joint management possess rights to the assets and have obligations for the liabilities of the agreement. Joint management is the contractually established, jointly exercised management of an agreement. This only exists in those cases in which decisions on the primary activities require unanimous consent of the parties participating in the joint management. Insofar as a Group company carries out activities in the context of a joint operation, AURELIUS recognizes the following items as a jointly active party in connection with its share in the operation:

- Its assets, including the share of jointly held assets,
- its liabilities, including its share of jointly incurred liabilities,
- its proceeds from the sale of its share in the products or services of the joint operation,
- its share in the proceeds from the sale of the products or services of the joint operation, and
- its expenses, including its share of jointly incurred expenses.

The Group recognizes the assets, liabilities, revenues and expenses in connection with its share in the joint operation in conformity with the IFRS regulations applicable to these assets, liabilities, revenues and expenses.

In case of transactions such as the sale of assets by a Group company, profits and losses are only recognized to the extent of the Group share in the joint operation upon resale of the assets to third parties.

### 11.2 Revenue recognition – Methodology applied as of January 1, 2018

AURELIUS applied IFRS 15 for the first time as of January 1, 2018. The effects of the first-time application of IFRS 15 on revenues from contracts with the Group's customers are described in Note 10.1.

For revenue recognition and measurement, the AURELIUS Group systematically applies the five-step model for customer contracts: (i) identification of contracts with customers, (ii) identification of separate performance obligations, (iii) determination of the transaction price, (iv) allocation of the transaction price to separate performance obligations, and (v) revenue recognition when or as the corresponding performance obligations are satisfied.

AURELIUS recognizes revenues when the control of distinct goods or services is transferred to the customer, meaning that the customer has the ability to direct the use of and obtain substantially all the remaining benefits from the transferred goods or services. The preconditions for this are the conclusion of a contract with enforceable rights and obligations and the probable receipt of consideration. The revenues are equal to the transaction price to which AURELIUS is expected to be entitled. Variable consideration is included in the transaction price when it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved. The amount of variable consideration is determined either on the basis of experience values or as the most probable amount, depending on which value represents the most accurate estimate of the variable consideration.

If the period of time between the transfer of goods and services and the payment date exceeds 12 months and a significant benefit for the customer or AURELIUS results from the financing, the consideration is adjusted for the time value of money. When a contract provides for multiple distinct goods or services, the transaction price is allocated to the performance obligations on the basis of the relative standalone selling prices. If standalone selling prices are not directly observable, AURELIUS estimates them on the basis of appropriate methods. Revenues are recognized for each performance obligation either at a certain point in time or over a certain period of time.



However, the sales tax or other kinds of tax are deducted from revenues only when AURELIUS is not the economic tax debtor, as in the case of pass-through taxes. Revenues between Group companies are eliminated.

### 11.2.1 Sales of goods

As a general rule, revenues from sales of goods are recognized when control of a good passes to a customer. The transfer of control includes all rights to the good. It includes the ability of the customer to obtain benefits from the good, including all the cash flows generated by the good during the rest of its useful life.

Distinct goods of a product bundle are identified as separate performance obligations. In that case, the transaction price is allocated to the performance obligations on the basis of relative standalone selling prices and any identified variable consideration is likewise allocated to the separate performance obligations. The amount of variable consideration is determined either on the basis of experience values or as the most probable amount that AURELIUS can expect to receive for the transfer of goods.

The Group generates revenues from multi-component contracts only to an insignificant degree.

### 11.2.2 Provision of services

Revenues from the provision of services are recognized as soon as control passes to the customer and the determination has been made as to whether the services are provided at a certain point in time or over a certain period of time. Control is transferred over a certain period of time if

- the customer simultaneously receives and consumes all of the benefits of the service as it is provided,
- the service creates or enhances an asset that the customer controls as the asset is created, or
- the service does not create an asset with an alternative use to AURELIUS and AURELIUS has a legal claim to payment for services already provided.

Revenues from services provided over a certain period of time are recognized according to the progress of performance. AURELIUS employs both input-oriented and output-oriented methods to measure the progress of performance. Output-oriented methods are based on measurement by reference to completed milestones, percentage of time expended or unites produced and delivered. By contrast, input-oriented methods are based on the percentage of inputs already provided by AURELIUS (e.g. cost-to-cost method).

AURELIUS applies the method that faithfully reflects the transfer of control. Selected methods are applied uniformly to similar performance obligations. At the end of every reporting period, the progress of satisfaction of the performance obligation is determined anew on the basis of the selected method.

When one of the parties to the contract with the customer has performed its contractual obligations, a contract asset, a contract liability or a receivable is recognized, depending on the relationship between the provision of service by AURELIUS and payment by the customer. Contract assets and liabilities are presented as current assets and liabilities if they are due within 12 months or the customary business cycle.

Receivables are recognized when the claim to payment of consideration is no longer subject to any conditions. Impairments of contract assets and receivables to account for credit standing risks are recognized on the basis of the measurement method applied for receivables (see Note 11.12.4.).

If a service is not provided over a period of time, revenues are recognized after the transfer of control.



### 11.2.3 Usage fees

Income from usage fees (licenses) is recognized on a period accrual basis, at a point in time or over a period of time, in accordance with the provisions of the underlying contract. For this purpose, AURELIUS determines whether the license conveys the right to use intellectual property over the entire period of time or only at the time when the license is granted. The precondition for revenue recognition over a period of time is that essential activities are undertaken to influence or modify the intellectual property. Revenues from revenue-based or usage-based licenses are recognized at the later of the following times: (i) the time when the subsequent sale of the licensee is effected or the subsequent use occurs, or (ii) the time when the performance obligation is completely satisfied. AURELIUS only recognizes revenues when there are no uncertainties concerning the amount.

### 11.2.4 Dividends and interest income

Dividend income is recognized when the shareholder's right to receive the dividend has been legally established, as by way of a dividend resolution, for example. This requires that it is probable that the economic benefit will accrue to the Group and the amount of the income can be reliably determined.

Interest income and expenses are recognized in the corresponding period, with due consideration given to the outstanding loan amount and the interest rate to be applied in accordance with the effective interest method as set forth in IFRS 9. The interest rate to be applied upon initial recognition is the rate that exactly discounts the estimated future cash payments and receipts through the life of the financial asset to the net carrying amount of the asset.

### 11.2.5 Revenue recognition – Methodology applied before January 1, 2018

Revenues are measured at the fair value of the consideration received or to be received, after deduction of discounts, customer returns, sales tax and liquor tax and other taxes related to the sale. However, the sales tax or other kinds of tax are deducted from revenues only when AURELIUS is not the economic tax debtor, as in the case of pass-through taxes. Revenues between Group companies are eliminated.

#### 11.2.5.1 Sale of goods

Revenues generated on the sale of goods are recognized when (1) the significant risks and rewards of ownership have been transferred by the Group to the buyer, (2) the amount of revenues can be measured reliably, (3) it is sufficiently probable that the economic benefits associated with the sale will flow to the Group, (4) the costs incurred or to be incurred in respect of the sale can be measured reliably, and (5) the selling company retains neither a right of disposition to the degree usually associated with ownership, nor effective control over the goods sold.

#### 11.2.5.2 Provision of services

Revenues generated on the sale of services are recognized in accordance with the date when the services were rendered (proportion of value-added), so that it is sufficiently probable that economic benefits will flow to the Company and the amount of revenues can be measured reliably. A reliable estimate is always possible when the revenues and the related expenses incurred or still to be incurred for the transaction and the degree of completion can be reliably determined.



The degree of completion is determined as follows:

- Set-up fees for software are recognized based on the ratio of the time that has passed at the reporting date to the entire period expected for the installation.
- Service fees that are included in the price of the products sold are recognized based on their ratio to the overall service of the product sold.
- Income from contracts settled on a time and materials basis are recognized at the contractually stipulated rates for working hours and directly incurred costs.

#### 11.2.5.3 Usage fees

Income from usage fees (licenses) is recognized on a period accrual basis, in accordance with the provisions of the underlying contract if the usage fees are based on production, sales, or other measures. Otherwise, the income from usage fees is recognized on an annual basis in conformity with the economic substance of the relevant agreement. This requires that it is probable that the economic benefit will accrue to the Group and the revenues can be reliably determined.

#### 11.2.5.4 Construction contracts

If the outcome and the percentage of completion of a construction contract can be measured reliably and if the future receipt of revenues is sufficiently certain, the income and expenses are recognized in proportion to the percentage of completion at the reporting date, in accordance with IAS 11. The method applied by AURELIUS to determine the percentage of completion is the so-called cost-to-cost method. The percentage of completion is calculated as the ratio of contract costs incurred up to the reporting date to the total estimated contract costs. This method is only one of the methods allowed for determining the percentage of completion. Other methods such as, for example, efforts expected, contract milestones or units produced or delivered are not applied. Changes in contract work, claims and incentive payments are included to the extent that they will probably result in revenues and are capable of being reliably measured.

For all ongoing construction contracts, the gross amount due from customers is recognized as an asset, provided that the costs incurred, including the profits recognized to date, are higher than the sum of partial invoices plus the sum of losses recognized to date. If, on the other hand, a net amount is due to the customer under an ongoing construction contract, a liability is recognized. Amounts received prior to performance of construction work are recognized in the statement of financial position as liabilities under Advance payments received. Amounts billed for work already performed that have not yet been paid by the customer are presented under Other financial assets in the consolidated statement of financial position.

If the outcome of a construction contract cannot be measured reliably, the contract revenues are recognized only in the amount of contract costs incurred that are probably recoverable, based on the zero-profit method. Furthermore, contract costs are recognized as expenses in the period in which they are incurred. If it is probable that the total contract costs will exceed the total contract revenues, the anticipated loss is recognized immediately as an expense.



### 11.3 Income taxes

Total income tax expenses are calculated as the sum of current tax expenses and deferred taxes. Both types of tax expenses are recognized as expenses in the statement of comprehensive income, unless they are imposed on items that are recognized directly in equity or in other comprehensive income, in which case the corresponding taxes are also recognized directly in equity or in other comprehensive income. When current or deferred taxes arise from the initial recognition of a business combination, the tax effects are included in the accounting treatment of the business combination.

#### 11.3.1 Current taxes

For the purpose of measuring current German taxes, a uniform corporate income tax rate of 15 percent is applied to distributed and retained earnings and a solidarity surtax rate of 5.5 percent is applied to that amount. That yields a tax rate of 15.83 percent. In addition, the German trade tax is imposed on profits earned in Germany. The trade tax is based on the assessment rates of the various municipalities and the basic federal rate, which is a flat rate of 3.5 percent according to the business tax reform of 2008 in Section 11 (2) GewStG. Trade tax varies based on the different assessment rates applied by municipalities, but is stated in the consolidated financial statements of AURELIUS at the tax rate of the German parent company of 8.4 percent.

The profits earned by the non-German Group companies are calculated on the basis of the national tax laws applicable in each country and taxed at the tax rates in effect in those countries. The country-specific tax rates range from 5 to 35 percent. The Group tax of approximately 24 percent is based on the tax rate of the German parent company since this is the most appropriate rate for the purposes of informing the users of the financial statements. Current tax expenses are calculated on the basis of the taxable income for the year. Taxable income differs from the net profit presented in the consolidated statement of comprehensive income as a result of the expenses and income that will not be taxable or tax-exempt in later years, or ever. The Group's liability for current taxes is calculated on the basis of the tax rates currently in effect or to be in effect in the near future.

#### 11.3.2 Deferred taxes

Deferred tax liabilities in respect of temporary differences related to the Group's investments in subsidiaries and associates are recognized in the consolidated financial statements, unless the Group is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, based on the control exerted by the Group. Deferred taxes are also only recognized to the extent that it is likely that sufficient taxable income will be available with which the claims arising from the temporary differences can be utilized.

Deferred taxes represent the tax liabilities or assets expected to result from differences between the carrying amounts of assets and liabilities in the financial statements according to IFRS and the tax bases of those assets and liabilities. The liability method, which is oriented to the statement of financial position, is applied for that purpose. Deferred tax liabilities are recognized in respect of all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available in the future for which the deductible temporary differences can be utilized. Such deferred tax assets and deferred tax liabilities are not recognized if the temporary differences from goodwill or from the initial recognition (except with respect to business combinations under IFRS 3) of other assets and liabilities arise as a result of events that affect neither taxable income nor the annual financial statements.



Deferred tax assets and deferred tax liabilities should be netted when the conditions of IAS 12 are met, that is, when the reporting entity has a legal right to settle on a net basis and when the deferred tax assets and deferred tax liabilities refer to income taxes that are levied by the same taxing authority on the same entity or on different entities that intend to recover the asset and settle the liability at the same time.

The carrying amount of deferred tax assets is reviewed every year at the reporting date and adjustments are made when necessary. Deferred taxes are calculated on the basis of the tax rates that apply or are expected to apply when the liability is settled or the asset is recovered, based on tax laws that have been enacted as of the reporting date. The measured value of deferred tax assets and liabilities reflects the tax consequences of the manner in which AURELIUS expects as of the reporting date to settle the liability or recover the asset. As a general rule, deferred taxes are recognized in the statement of comprehensive income, except in the case of items that are recognized directly in equity.

#### 11.4 Foreign currency

The items presented in the present consolidated financial statements are measured on the basis of the currency of the primary economic environment, also known as the “functional currency.” It is the currency in which the respective company operates. By reason of the financial, economic and organizational autonomy of the foreign subsidiaries, the functional currency is identical to the national currency in all cases.

By contrast, the consolidated financial statements are denominated in euros, as the functional currency of AURELIUS SE. Unless otherwise stated, all figures are presented in euro thousands (kEUR).

The items presented in the statements of comprehensive income and statements of financial position of all Group companies that have a different functional currency than the Group’s reporting currency are translated to the reporting currency as follows:

- Assets and liabilities are translated at the exchange rate on the respective reporting date, while equity is translated at historical exchange rates.
- The income and expenses presented in the statement of comprehensive income are translated at the average exchange rate.
- Currency translation differences are recognized in equity, in a separate sub-item within the other reserves.

Foreign currency transactions are translated at the exchange rate on the transaction date. The profits and losses arising on such transactions and on currency translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income, unless they are to be recognized in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign currency gains and losses resulting from the translation of cash and cash equivalents and financial liabilities are presented in the statement of comprehensive income within the item of net financial income/expenses, affecting net income. All other foreign currency gains and losses are presented in the statement of comprehensive income within the item of other income or other expenses.





The exchange rates applied for currency translation are presented in the table below (equivalent to 1 euro). Where no prior-year exchange rates are presented, the corresponding currencies were necessary to the Group for the first time in the current year or for the last time in the past financial year:

|                            |               | 2018                                | 2018                  | 2017                                | 2017                  |
|----------------------------|---------------|-------------------------------------|-----------------------|-------------------------------------|-----------------------|
| 1 Euro                     | Currency code | Exchange rate at the reporting date | Average exchange rate | Exchange rate at the reporting date | Average exchange rate |
| Argentina                  | ARS           | - / -                               | - / -                 | 22.3338                             | 18.7365               |
| Australia                  | AUD           | 1.6220                              | 1.5799                | 1.5347                              | 1.4715                |
| Brazil                     | BRL           | - / -                               | - / -                 | 3.9730                              | 3.5945                |
| Chile                      | CLP           | - / -                               | - / -                 | 738.7973                            | 732.4593              |
| Costa Rica                 | CRC           | 696.3788                            | 677.9661              | - / -                               | - / -                 |
| Denmark                    | DKK           | 7.4673                              | 7.4532                | 7.4449                              | 7.4387                |
| United Kingdom             | GBP           | 0.8945                              | 0.8847                | 0.8872                              | 0.8762                |
| Hong Kong                  | HKD           | 8.9675                              | 9.2599                | 9.3721                              | 8.7873                |
| India                      | INR           | 79.7321                             | 80.7298               | 76.6284                             | 73.4214               |
| Malaysia                   | MYR           | 4.7317                              | 4.7642                | 4.8544                              | 4.8497                |
| Mexiko                     | MXN           | 22.4921                             | 22.7159               | - / -                               | - / -                 |
| Norway                     | NOK           | 9.9483                              | 9.6006                | 9.8425                              | 9.3197                |
| Poland                     | PLN           | 4.3014                              | 4.2606                | 4.1771                              | 4.2571                |
| Romania                    | RON           | 4.6635                              | 4.6540                | 4.6577                              | 4.5683                |
| Russia                     | RUB           | 79.7130                             | 74.0576               | - / -                               | - / -                 |
| Sweden                     | SEK           | 10.2548                             | 10.2567               | 9.8425                              | 9.6339                |
| Switzerland                | CHF           | 1.1269                              | 1.1549                | 1.1701                              | 1.1104                |
| Singapore                  | SGD           | 1.5591                              | 1.5928                | 1.6023                              | 1.5576                |
| South Africa               | ZAR           | 16.4593                             | 15.6133               | - / -                               | - / -                 |
| South Korea                | KRW           | - / -                               | - / -                 | 1,278.7724                          | 1,275.5102            |
| Thailand                   | THB           | 37.0521                             | 38.1636               | 39.1236                             | 38.2702               |
| Czech Republic             | CZK           | 25.7241                             | 25.6430               | 25.5363                             | 26.3158               |
| Turkey                     | TRY           | 6.0588                              | 5.6986                | 4.5455                              | 4.1085                |
| Hungary                    | HUF           | 321.0273                            | 318.7759              | 310.3662                            | 309.2146              |
| USA                        | USD           | 1.1450                              | 1.1815                | 1.1993                              | 1.1274                |
| People's Republic of China | CNY           | 7.8751                              | 7.8074                | 7.8064                              | 7.6220                |

For the sale of a foreign operation (a subsidiary, an associate, a joint venture or a branch office whose activities are located in a country outside of Germany), all accumulated translation adjustments attributable to the Group from this business operation are reclassified to profit or loss in the consolidated statement of comprehensive income. The following transactions are regarded as the sale of a foreign operation:

- Sale of the Group's entire share of a foreign operation,
- Partial sale with loss of control of a foreign subsidiary, or
- Partial sale of an investment in a joint arrangement or an associate that includes a foreign operation.



If parts of a portfolio company that includes a foreign operation are sold without a loss of control, the share in amount of translation adjustments attributable to the part of the company that has been sold are attributed to the non-controlling interests from the disposal date. By contrast, in the case of a partial sale of interests in an associate or joint arrangement without a change in status, the corresponding share of the amount of translation differences is reclassified to profit or loss.

Goodwill arising from the acquisition of a foreign operation and adjustments to the fair values of the identifiable assets and liabilities are treated as assets and liabilities of the foreign operation and translated at the exchange rate on the reporting date. Resulting translation differences are recognized in the currency translation reserve.

None of the currencies used within the Group are the currencies of hyperinflationary economies within the meaning of IAS 29.

### 11.5 Earnings per share

In accordance with the provisions of IAS 33, basic earnings per share are calculated by dividing the consolidated profit after taxes to which the shareholders of the parent company are entitled by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share are presented when the Group has issued equity instruments that could lead to a higher number of shares in the future, in addition to the common and preferred shares outstanding at the given reporting date. Diluted earnings per share are calculated using the assumption that all potentially diluting securities and share-based compensation plans will be converted or exercised.

### 11.6 Research and development costs

Costs incurred in connection with the attainment of new technical and/or scientific knowledge (research activities) are always recognized as expenses in the full amount. On the other hand, costs of development activities, meaning activities by means of which research results are implemented in the form of a plan and/or a prototype for the production of new or substantially improved products or processes must be capitalized. The necessary preconditions for recognizing an internally generated intangible asset resulting from the development activity or from the development phase of an internal project are the following: (1) The costs attributable to the development of the intangible asset can be measured reliably; (2) The research phase can be distinguished from the development phase; (3) The technical and commercial feasibility has been established, so that the asset can be made ready for use or sale; (4) The reporting entity is able and has the intention to use or sell the asset; (5) Sufficient technical, financial and other resources are available to complete the development phase; and (6) The inflow of future economic benefits is probable.

Capitalizable costs include all directly allocable costs required to create, produce and prepare the asset for its intended use. As a general rule, that includes material costs, manufacturing wages and directly allocable overhead costs. All other development costs are recognized as expenses.

The amount at which an internally generated intangible asset is measured upon initial recognition represents the sum of costs incurred from the date on which the intangible asset fulfills the above-mentioned conditions for the first time. If an internally generated intangible asset cannot be capitalized, or if there is no intangible asset, the development costs are recognized in profit or loss in the period in which they are incurred.

Capitalized development costs are presented in the statement of changes in non-current assets within the item of "Other intangible assets." They are measured at historical production cost, less accumulated amortization and accumulated impairments from subsequent periods.



### 11.7 Leases

Leases are classified either as finance leases or operating leases. They are classified as finance leases when, by virtue of the lease's contractual terms and conditions, substantially all the risks and awards incident to ownership of the leased asset are transferred to the lessee. The primary criteria to be examined for the purpose of classifying finance leases are the contractual clauses applicable to the transfer of ownership, the existence of a favorable purchase option, the ratio of the lease term to the useful life of the leased asset, the present value of minimum lease payments and/or the degree of specialization of the leased assets. Leases that do not transfer substantially all the risks and rewards incident to ownership are operating leases.

In the case of finance leases, the company recognizes both an asset and a liability of equal amount, at the beginning of the lease term. This amount is measured as either the fair value of the leased assets or the discounted present value of the minimum lease payments, whichever is lower, plus any incidental costs assumed by the lessee. The corresponding liability due to the lessor is presented as an obligation under finance leases in the consolidated statement of financial position. The lease payments are apportioned between the interest expenses and repayment of the lease obligation in such a way as to produce a constant periodic rate of interest on the remaining balance of the liability. Interest expenses are recognized directly in the statement of comprehensive income, unless they can be clearly attributed to a qualifying asset. In this case, interest expenses are capitalized as borrowing costs in accordance with the Group's internal guidelines. Contingent lease payments are recognized as expenses in the period in which they occur.

The depreciation methods and useful lives applied to leased assets under finance leases are the same as those applied to similar purchased assets. If at the inception of the lease it is not sufficiently certain that ownership will be transferred to the lessee, the asset should be depreciated in full over the shorter of the lease term or the useful life of the leased asset.

Lease payments under an operating lease are recognized as expenses (rent payments) over the term of the lease. Lease payments are generally recognized as expenses on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern of the benefit to the Group. Contingent rent payments are recognized as expenses in the period in which they occur.

### 11.8 Borrowing costs

Borrowing costs are added to the acquisition cost only in the case of certain assets known as qualifying assets. According to IAS 23.8 ff., borrowing interest costs should be capitalized in full or proportionately when they can be attributed directly or indirectly to the funds borrowed for the purpose of financing the acquisition or production of the asset. Borrowing costs are included in the cost of the asset until it is ready for its intended use or sale.

Qualifying assets are those assets that take a substantial period of time to get ready for their intended use or sale. Such assets may include factory equipment and land or buildings held as investment property. If, however, the assets are manufactured on a repetitive basis or over a short period of time, they may not be classified as qualifying assets.

Income earned from the interim investment of debt accepted for special purposes until it is spent for qualified assets is subtracted from the borrowing costs that can be capitalized. All other borrowing costs are recognized in profit or loss in the period in which they occur.



## 11.9 Intangible assets

### 11.9.1 Goodwill

Goodwill arising on consolidation represents the excess of acquisition costs of a business acquisition over the Group's proportionate share of the fair values of the identifiable assets and liabilities and contingent liabilities of a subsidiary at the acquisition date (net assets). Upon initial recognition, goodwill is measured at cost; in subsequent periods, it is measured at cost minus accumulated impairments. In accordance with IFRS 3, goodwill is not subjected to systematic amortization; instead, it is subjected to an annual impairment test according to IAS 36 at December 31, 2018.

For purposes of the impairment test, goodwill is allocated to the cash-generating units (CGUs), i.e. to those groups of cash-generating units based on identified operating segments that are expected to benefit from the synergies of the business combination on which the goodwill arose. When necessary, the CGUs must be written down to their recoverable amounts and the corresponding impairments must be recognized in profit or loss ("impairment-only approach"). Any impairment loss in excess of the full impairment of goodwill is allocated proportionately to the other assets on the basis of the carrying amounts of each asset in proportion to the total carrying amount of the assets within the cash-generating unit.

When so-called "triggering events" meaning indications of a possible impairment, occur during the year, an impairment test is conducted already at that time and the goodwill is written down to the recoverable amount, if necessary. This means that it may be necessary to carry out impairment tests more frequently during the year. For that purpose, the recoverable amount is the higher of the fair value less costs to sell and the present value of future cash flows expected to be generated from the continued use of the asset in question. A subsequent reversal of impairment losses recognized in goodwill is not permitted. When a subsidiary or joint venture is sold, the attributable amount of goodwill is included in the determination of the profit or loss on the sale.

### 11.9.2 Intangible assets acquired in connection with a business combination

Intangible assets acquired in the context of a business combination under IFRS 3 are recognized separately from goodwill and measured at fair value at the acquisition date. This may include, inter alia: Customer relationships and base, order backlog, technologies, brand rights, etc.

They are recognized as an intangible asset in accordance with IAS 38, measured at fair value and amortized over their expected useful lives the same as separately acquired intangible assets.

When so-called "triggering events," meaning indications of a possible impairment, occur during the year, an impairment test is conducted already at that time and the goodwill is written down to the recoverable amount, if necessary.

### 11.9.3 Other, separately acquired intangible assets

Purchased patents, licenses and trademarks that are not acquired in connection with business combinations, as well as other intangible assets, are measured at their historical acquisition or production costs. They have determinable useful lives. They are measured at their acquisition or production costs, minus accumulated amortization and impairments. The amortizations are expensed on a straight-line basis over the expected useful life. The expected useful lives and the amortization method applied are reviewed at every reporting date and all changes in estimates are taken into consideration prospectively.

### 11.9.4 Internally generated intangible assets

In the case of internally generated intangible assets, IAS 38 makes a distinction between the research phase and the development phase. Costs incurred during the research phase may not be capitalized, but must be charged to expense. On the other hand, costs incurred during the development phase must be capitalized, provided that the



reporting entity demonstrably fulfills all six objectification criteria set out in IAS 38.57 ff. (See also Note 11.6 of the notes to the consolidated financial statements.)

#### 11.9.5 Impairments of intangible assets

Intangible assets with determinable useful lives are amortized on a straight-line basis over their estimated useful lives. Amortization begins from the time when the intangible asset is ready for use. The useful lives are as follows:

- Customer base, customer relationships: 3 - 8 years,
- Brands, brand rights: 5 - 25 years,
- Technologies: 3 - 7 years,
- Order backlog: 1 - 6 years,
- Software and licenses: 1 - 10 years,
- Patents, utility designs, trademarks, publishing rights, copyrights and performance rights: 3 - 5 years,
- ERP software and Internet domain names: 5 - 15 years,
- Copyrighted software: 3 - 10 years.

Depending on the type of intangible asset, the expected useful lives of customer bases or customer relationships are determined on the basis of the extrapolated average cancellation rate and the average term of the individual user agreements.

The expected useful lives and the amortization method applied are reviewed at the end of every financial year and all changes in estimates are taken into consideration prospectively. If there are signs of impairment, depreciable intangible assets are subjected to an impairment test and, if appropriate, written down to the recoverable amount within the meaning of IAS 36.

For intangible assets with indefinite useful lives or those that are not yet available for use, an impairment test is carried out at least annually and always when there is an indication of an impairment.

#### 11.9.6 Derecognition of intangible assets

Intangible assets must be derecognized upon disposal or when no further economic use is expected from their use or disposal. The profit or loss from the derecognition of an intangible asset, measured as the difference between the net realizable value and the carrying amount of the asset, is recognized in the statement of comprehensive income at the time when the asset is derecognized. Derecognition results are presented in other income or other expenses.

#### 11.10 Property, plant and equipment

Items of property, plant and equipment are measured at acquisition or production cost, minus accumulated straight-line depreciation and accumulated impairments. Production cost comprises all costs that are directly allocable to the production process. That also includes appropriate proportions of production-related overhead costs; on the other hand, borrowing costs are usually not capitalized. Borrowing costs are added to the acquisition cost only in the case of certain assets known as qualifying assets. According to IAS 23.8 ff., borrowing costs should be capitalized in full or proportionately when they can be attributed directly or indirectly to the funds borrowed for the purpose of financing the acquisition or production of the asset. Qualifying assets are those assets that take a substantial period of time to get ready for their intended use or sale. Such assets may include factory equipment and land or buildings held as investment property. If, however, the assets are manufactured on a repetitive basis or over a short period of time, they may not be classified as qualifying assets.



Subsequent acquisition or production costs are added to the acquisition or production cost of a tangible asset only when it is probable that economic benefits will flow to the Group as a result and when the costs can be measured reliably. Maintenance costs, i.e., expenses for repairs and maintenance that do not represent any material replacement investment (day-to-day servicing) are recognized as expenses in the reporting period, whereas the costs of measures that expand the capacity or improve the use of a tangible asset are capitalized, as a general rule.

Assets of property, plant and equipment under construction are assigned to an appropriate category within property, plant and equipment upon completion and achieving operational status. Depreciation of these assets begins on an identical basis to other assets upon achieving operational status.

Assets that are held in connection with finance leases are depreciated over their expected useful life in the same manner as assets in the possession of AURELIUS. In contrast, if there is no sufficient security that ownership is transferred to the lessee at the end of the lease relationship, the assets are depreciated over the shorter of the length of the term of the lease relationship and the expected useful life.

#### **11.10.1 Impairments of property, plant and equipment**

While land is not subjected to systematic depreciation, all other items of property, plant and equipment are depreciated in a manner that reflects their loss of economic value. Buildings are deemed to have useful lives of between ten and 50 years. Under normal usage conditions, operational devices, operational equipment and office equipment are deemed to have useful lives of between three and ten years. Machinery and technical plant and equipment are depreciated over useful lives of two to 15 years.

Depreciation is charged in such a way that the acquisition and production costs less their residual values are generally depreciated on a straight-line basis over their useful lives. The residual values and economic lives are reviewed every year on the reporting date and adjusted as necessary. All necessary changes in estimates are taken into consideration prospectively.

If the carrying amount of a tangible asset exceeds the recoverable amount, an impairment loss is recognized, in addition to systematic depreciation, in order to lower the carrying amount to the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell (net selling price) and the present value of the net cash flows expected to result from the continued use of the asset. Whenever possible, the net selling price is derived from the most recently observed market transactions. Profits and losses from disposals of property, plant and equipment are determined as the difference between the proceeds of sale and the carrying amounts of the property, plant and equipment and recognized in the item of Other income or Other expenses in the profit or loss for the period.

If it is not possible to estimate the expected future cash flows for an individual asset, the expected future cash flows for the next-higher group of assets is estimated and discounted to present value by application of a risk-adjusted discount factor, and then the recoverable amount is allocated proportionately to the carrying amounts of the individual assets.

#### **11.10.2 Derecognition of property, plant and equipment**

An item of property, plant and equipment is derecognized upon disposal or when no future economic use is expected from the continued use of the asset. The profit or loss from the sale or decommissioning of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset. It is recognized in profit or loss in the statement of comprehensive income.



### 11.11 Government grants

Government grants are forms of assistance that can be granted to an enterprise in the form of financial resources and serve as compensation for the past or future fulfillment of certain conditions related to the operating activities of the enterprise. Other forms of government assistance that cannot be measured reliably or business dealings with government entities that cannot be distinguished from the company's normal activities are not covered by the definition of government grants. By contrast, other forms of government assistance are defined as measures that serve the purpose of granting an economic advantage to one or more companies, subject to the fulfillment of certain criteria, as opposed to advantages created indirectly through measures that influence general economic conditions.

The recipient of government grants should recognize them as consideration for the past or future fulfillment of certain conditions attached to the grant only when the company in question fulfills those conditions and the grant is received. According to IAS 20, it must be reasonably assured that both conditions will be met.

According to IAS 20, any contingent liabilities or contingent assets arising in connection with government grants that have already been recognized must be accounted for in accordance with IAS 37. Applying the income approach, government grants are properly recognized as income on a systematic basis over the periods in which the Group recognizes the corresponding expenses that the grants are intended to compensate. The AURELIUS Group does not exercise the option set forth in IAS 20 of recognition in equity (the capital approach) with no effect on income. Government grants that are paid as compensation for expenses or losses already incurred or for immediate financial support without future related expenses are recognized in the statement of comprehensive income in the period in which the corresponding claim arises.

With regard to the presentation of an asset in the statement of financial position, the AURELIUS Group recognizes the grant as deferred income. The AURELIUS Group does not exercise the option of deducting the grant from the carrying amount of the asset; thus, any asset acquired with the aid of government grants is always measured at the full purchase price and the amount of the government grant is recognized as deferred income. In addition, government grants are presented as other income and not reduced by the amount of costs related to the grant.

Any repayment of government grants, due to non-fulfillment of contractual conditions, for example, must be accounted for as a change in estimates according to IAS 8. Furthermore, any such repayment must be deducted from the deferred income that has not yet been reversed and recognized in profit or loss; if the repayment amount exceeds the amount of deferred income, the latter is charged to expense.

The benefit of a government loan at an interest rate below the market interest rate is treated as a government grant and measured as the difference between the payments received and the fair value of a loan at the market interest rate.

### 11.12 Financial assets – Methodology applied as of January 1, 2018

Financial assets and liabilities are to be recognized initially on the transaction date when a Group company becomes a party to the contractual provisions of the financial instrument. Trade receivables and issued bonds are recognized at the time when they are issued. With the exception of trade receivables without a significant financing component, a financial asset is measured at fair value upon initial recognition. Trade receivables without a significant financing component are measured at the transaction price upon initial recognition. Transactions costs that are directly allocable to the acquisition or issuance of a financial instrument are added to financial instruments that are not measured at fair value.



Transaction costs of financial assets measured at fair value are recognized in profit or loss. Financial instruments with embedded derivative financial instruments are accounted for in their entirety if it is determined that the cash flows are solely payments of principal and interest. If the trade date is different from the settlement date, the settlement date is determining for initial recognition.

For subsequent measurement, financial assets are assigned to different categories. Depending on the classification, they are measured either at amortized cost or at fair value.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership.

### 11.12.1 Classification

As of January 1, 2018, the Group assigns its financial assets to one of the following measurement categories:

- Financial instruments measured subsequently at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL), or
- Financial instruments measured at amortized cost (AC).

The classification depends on the business model by which the Group company manages the financial assets and on the contractual cash flows. Financial assets are not subsequently reclassified unless the Group company changes the business model by which it manages the financial assets. In this case, they are reclassified on the first day of the reporting period following the change of business model.

The assessments of the objectives of the business model under which the financial is held are made on the portfolio level. This means that the intentions of the management are not based on a single financial instrument, but on a higher level of aggregation because this is the best reflection of how the business is managed and information is provided to the management. Such information includes:

- The guidelines and objectives of the portfolio and the implementation of these guidelines in practice. This includes the strategy of the management for collecting the contractual interest, maintaining a certain interest rate profile, matching the term of a financial asset with the term of a related liability or expected cash outflows, or generating cash flows from the sale of assets,
- Evaluation of portfolio results and the manner in which they are reported to the management,
- Risks that affect the results of the business model and the manner in which they are managed,
- The compensation of managers, and
- The frequency, scope and timing of sales of financial assets in prior periods and the expectations for future selling activities.

Financial assets that are held or managed for trading purposes, the performance of which is determined with reference to fair value, are measured at FVTPL.

For the purpose of determining whether the contractual cash flows are solely payments of principal and interest, the principal is defined as the fair value of the financial asset upon initial recognition. Interest is defined as the compensation for the time value of money and the default risk associated with an outstanding principal amount over a certain period of time, and for other fundamental credit risks, costs, and a profit margin.





In performing this analysis, AURELIUS considers the contractual provisions of the instrument. It also considers contractual provisions that could modify the timing or amounts of contractual cash flows in such a way that they would no longer meet the requirements. The following additional factors are considered in the analysis:

- Certain events that could modify the amount or timing of cash flows,
- Conditions that would adjust the fixed or variable interest rate,
- Early repayment and extension options, and
- Conditions that could limit the right of AURELIUS to cash flows from a certain asset.

In performing this analysis, contractually fixed early repayment options meet the criterion when the repayment amount mainly consists of payments of principal and interest on the outstanding principal.

### 11.12.2 Subsequent measurement of financial instruments

As of January 1, 2018, AURELIUS assigns its debt instruments to one of three measurement categories depending on the Group's business model for managing the assets and the corresponding cash flow characteristics:

- **AC:** Debt instruments that are held for the purpose of collecting the contractual cash flows and are solely payments of principal and interest are measured at amortized cost. Interest income on these financial assets are presented in Net financial income/expenses by application of the effective interest method. Gains or losses on derecognition are recognized directly in profit or loss and presented within Other income or Other expenses after consideration of currency translation gains or losses.
- **FVOCI:** Debt instruments that are held for the purpose of collecting contractual cash flows and for sale, and the cash flows which are solely payments of interest and principal are measured at fair value through other comprehensive income. Changes in the carrying amounts are presented in Other comprehensive income. Impairments of financial assets, interest income and currency translation gains or losses are recognized in profit or loss. When such assets are derecognized the accumulated gain or loss recognized in Other comprehensive income is reclassified from equity to Other income or Other expenses. The interest income is presented within Other interest and similar income by application of the effective interest method. Currency translation gains and losses are presented within Other income or Other expenses.
- **FVTPL:** Debt instruments that are measured neither at amortized cost nor at FVOCI are assigned to the FVTPL category. Subsequent gains or losses are presented on a net basis within Other income or Other expenses in the period in which they occur.

Subsequent to initial recognition, AURELIUS measures all equity instruments at fair value. If the equity instruments are classified as at FVOCI, the accumulated gain or loss is not subsequently reclassified to Other income or Other expenses upon derecognition of the instrument. Dividends received are presented with Other income when the claim to payments is legally founded.

### 11.12.3 Financial assets – Methodology applied prior to January 1, 2018

Financial assets are recognized when a Group company becomes a contractual party to a financial instrument. Financial assets are recognized initially at fair value. Transaction costs increase the fair value of financial assets upon recognition only for financial assets that are not measured at fair value through profit or loss. In the case of financial assets measured at fair value through profit or loss, transaction costs are recognized directly as expenses in the statement of comprehensive income.

If the trade date differs from the settlement date, the settlement date is applied for purposes of initial recognition. In subsequent periods, financial assets are divided into various categories; their classification depends on the purpose for which they were acquired, occurs at the time of acquisition, and is reviewed at every reporting date. Depending on the classification, financial assets are measured either at amortized cost or at fair value. The



recognition and derecognition of financial assets occurs on the trade date when the financial assets involved are delivered within the customary period for the market in question.

### 11.12.3.1 Classification and measurement

The effective interest method is used to calculate the amortized cost of a debt instrument and to allocate interest income to the respective periods. The effective interest rate is the interest rate that is necessary to discount the estimated future cash flows (including all fees that are part of the effective interest rate, as well as transaction costs and other premiums and discounts) through the expected life of the debt instrument, or a shorter period where applicable, to equal the net carrying amount upon initial recognition. The income earned on debt instruments is recognized on the basis of the effective interest rate. An exception to this rule is made for financial instruments designated as at fair value through profit or loss.

Prior to January 1, 2018, financial assets are assigned to one of the following categories:

- Financial assets at fair value through profit or loss,
- Financial assets held to maturity,
- Available-for-sale financial assets,
- Loans and receivables.

### 11.12.3.2 Financial assets measured at fair value through profit or loss

This category comprises two sub-categories: Financial assets classified as held for trading from the beginning and financial assets designated from the beginning as at fair value through profit or loss. A financial asset is assigned to this category when it was acquired with the basic intention to resell it in the short-term future or when it was designated as such by the management. Derivative financial instruments are also assigned to this category if they do not qualify as hedges. The financial assets assigned to this category are presented as current when they are either held for sale or when it is expected that they will be recovered within twelve months of the reporting date.

A financial asset is classified as held-for-trading (1) when it was acquired principally for the purpose of selling it in the near term, or (2) when it is, upon initial recognition, part of portfolio of clearly identified financial instruments that are managed together by the Group, and for which there is evidence of a recent pattern of short-term profit-taking, or (3) when it is a derivative that has not been designated as a hedging instrument, is not effective as such and is also not a financial guarantee.

A financial asset can be designated upon initial recognition as at fair value through profit or loss when (1) such a designation eliminates or significantly reduces measurement and recognition inconsistencies that would otherwise occur, or when (2) the financial asset is part of a group of financial assets and/or financial liabilities that are managed in accordance with a documented risk management or investment strategy, when changes in value are assessed on the basis of fair value, and when information about this portfolio is provided internally on this basis, or when (3) the asset is part of a contract that covers one or more embedded derivative financial instruments, and can be designated as at fair value through profit or loss in accordance with IAS 39.

Financial assets measured at fair value through profit and loss are recognized at fair value. Any gain or loss arising from the measurement is recognized in profit or loss. The recognized net gain or loss includes any dividends and interest of the financial asset and is disclosed in the item Other income or Other expenses in the Group's statement of comprehensive income.



### 11.12.3.3 Financial assets held to maturity

Financial assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed terms that the management of the Group intends and is able to hold to maturity.

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value and subsequently at amortized cost calculated in accordance with the effective interest method, less any impairments. If loans are due in more than 12 months, they are presented as non-current assets. They are presented as current financial assets if they are due in twelve months or less of the reporting date. With the exception of current receivables, the interest effect of which would be immaterial, interest income is recognized on the basis of the effective interest method.

### 11.12.3.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that have not been assigned to any of the other categories. They are presented as non-current financial assets when the management does not intend to sell them within twelve months of the reporting date and when the asset in question will not mature within that period of time.

Subsequent to initial recognition, available-for-sale financial assets and financial assets classified as at fair value through profit or loss are measured at fair value less the costs to sell.

Unrealized gains or losses arising from the change in fair value of non-monetary securities classified as available-for-sale financial assets are recognized as other comprehensive income. When securities classified as available-for-sale financial assets are sold or impaired, the accumulated changes in fair value that had been recognized in equity are recognized as profits or losses from financial assets in the period's profit or loss.

The fair value of quoted shares is determined on the basis of current market prices. If there is no active market for financial assets or the assets are not listed on an organized exchange, the fair value is determined by means of appropriate methods, including reference to recent transactions between parties in an arm's length transaction, the current market prices of other assets that are essentially similar to the asset in question, discounted cash flow methods, or option price models that take the specific circumstances of the issuer into account.

When a financial asset classified as available for sale is deemed to be impaired, the profits and losses that had previously been recognized in the other comprehensive income section of equity must be reclassified as profits or losses in the statement of comprehensive income. If in subsequent periods the impairment of a financial asset that is not an available-for-sale equity instrument is reduced, and if the reduction can be objectively attributed to an event that occurred after the recognition of the impairment loss, the previously recognized impairment is reversed and recognized in the period's profit or loss. However, such reversals may not lead to a carrying amount that is higher than the amortized cost would have been if no impairment loss had been recognized.

The fair value of monetary financial instruments denominated in foreign currency of the category available-for-sale financial assets is determined in the foreign currency and subsequently converted at the spot rate prevailing on the reporting date. Foreign currency gains and/or losses that are recognized in the consolidated statement of comprehensive income are calculated based on the amortized cost of the monetary asset. Other gains or losses from foreign currencies are recognized in other comprehensive income.

In the case of equity instruments classified as available for sale, impairment losses recognized in previous periods may not be reversed and recognized in profit or loss. Any increase in the fair value after a previous impairment is recognized in other comprehensive income.



### 11.12.3.5 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are constituted when the Group delivers money, goods or services directly to a borrower without the intention of trading the corresponding receivables. Depending on the term to maturity, they are classified as non-current or current assets. Loans and receivables are presented within the items of trade receivables and other financial assets as well as in liquid funds in the statement of financial position.

Non-interest-bearing or low-interest-bearing loans and receivables are discounted to present value. Loans and receivables denominated in foreign currencies are translated to the reporting currency at the exchange rate in effect on the reporting date. Any write-offs on the basis of probable default risks are recognized in the form of valuation allowances. Cash is composed of bank balances and cash on hand, whereas cash equivalents refer to highly liquid, short-term securities with terms to maturity of no more than three months at the time of being purchased. Items denominated in foreign currencies are translated to the reporting currency at the exchange rate in effect on the respective reporting date.

### 11.12.4 Impairments of financial assets – Methodology applied as of January 1, 2018

As of January 1, 2018, AURELIUS assesses the expected credit losses associated with its debt instruments measured at amortized cost or at fair value through other comprehensive income on a forward-looking basis. Impairments are measured at the amount of credit losses to be expected over the life of the financial instruments. Impairment of bonds exhibiting a low level of risk and bank balances are measured at the amount of the 12-month expected credit losses.

AURELIUS applies the simplified approach allowed by IFRS 9 to trade receivables and contract assets. Under this approach, the expected lifetime credit losses are recognized upon the initial recognition of the receivables.

In determining whether the default risk of a financial asset has increased significantly since initial recognition and in estimating the expected credit losses, AURELIUS evaluates all appropriate and reliable information that is relevant and available at a reasonable cost of time and money. This includes both quantitative and qualitative information and analyses that are based on past experience and reasoned judgments, including forward-looking information.

Expected lifetime credit losses are expected credit losses that will result from all default events over the expected life of the financial instrument. Twelve-month expected credit losses are the credit losses that will result from default events in the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period to be considered in estimating expected credit losses is the maximum contractual term during which AURELIUS is exposed to credit risk.

Loss allowances are measured on the basis of probability-weighted estimates of credit losses. This is done by each Group company itself on the basis of historical data or forward-looking data and coordinated with Group headquarters. The amount of the credit loss is determined as the difference between the payments owed to the given Group company under the corresponding contractual provisions and the payments that are actually collected. The resulting amount is discounted to present value by application of the effective interest rate for the financial asset in question.



At every reporting date, AURELIUS determines whether financial assets measured at amortized cost or at FVOCI are credit-impaired. This is the case when one or more events occur that have detrimental effects on the future cash flows from the financial asset. The following indications may be considered in making this determination:

- Significant financial difficulties of the issuer or borrower,
- A breach of contract, such as a default or past-due event,
- Restructuring of a loan or credit facility,
- Probable assumption of imminent insolvency or other financial reorganization proceedings of the borrower, or
- The disappearance of an active market for the financial asset because of financial difficulties.

A financial asset is classified as in default when it is improbable that the debtor can completely satisfy its credit obligation without AURELIUS having to resort to the execution of collateral.

Impairments of financial assets measured at amortized cost are deducted from the gross carrying amount. Impairments of bonds measured at FVOCI are recognized in profit or loss.

Assumptions that the default risk of a financial asset has increased significantly or that defaults of financial assets will occur are made by reference to average, probability-oriented weighting factors and are based on estimates of the individual Group companies.

A financial asset is completely derecognized when AURELIUS cannot reasonably expect that the gross carrying amount of the asset is recoverable in full or in part.

#### **11.12.5 Impairments of financial assets – Methodology applied before January 1, 2018**

With the exception of financial assets measured at fair value through profit and loss, financial assets are examined for possible indicators of impairment at every reporting date. Financial assets are considered impaired when, as a result of one or more events that occurred after the initial recognition of the asset in question, there is an objective indication that the expected future payment flows from the financial asset have undergone a negative change.

For equity capital investments that were classified as available-for-sale, a significant or lasting decrease in the fair value of the assets below their acquisition costs must be seen as an objective indication of an impairment.

For all other financial assets, objective indications for an impairment may exist as follows: (1) Considerable financial difficulties of the issuer or the counterparty, (2) A breach of contract such as a default or completion of interest and principal payments, (3) an increased probability that the borrower will commence insolvency or other financial reorganization proceedings, or (4) the disappearance of an active market for this financial asset caused by financial difficulties.

For some categories of financial assets, for instance the trade receivables, for which no impairment is determined on a case-by-case basis, a review of impairment occurs at the portfolio level. Objective indications for an impairment of a portfolio of receivables may include the Group's experience with incoming payments in the past, an increase in the frequency of defaults within the portfolio beyond the average credit term, and observable changes in the national or local economic environment that shows a relationship with defaults on receivables.

In case of financial assets measured at amortized costs, the impairment expense corresponds to the difference between the carrying amount of the asset and the present value of the expected future payment flows calculated using the original effective interest rate of the financial asset.



In case of financial assets measured at acquisition costs, the impairment expense corresponds to the difference between the carrying amount of the asset and the present value of the expected future payment flows calculated using the current market return of a comparable financial asset. Such impairments are not permitted to be reversed in subsequent periods.

An impairment leads to a direct reduction in the carrying amount of all affected financial assets except for trade receivables, whose carrying amount is reduced using an impairment account. If an impaired trade receivable is deemed uncollectable, it is charged against the impairment account. Subsequent recoveries on amounts already recorded as impairments are likewise posted against the impairment account. Changes to the carrying amount of the impairment account are recognized in profit or loss through the Group's statement of comprehensive income.

When a financial asset classified as available for sale is deemed to be impaired, the profits and losses that had previously been recognized in the other comprehensive income section of equity must be reclassified as profits or losses in the statement of comprehensive income.

If in subsequent financial years the impairment of a financial asset measured at amortized costs is reduced, and if the reduction can be objectively attributed to an event that occurred after the recognition of the impairment loss, the previously recognized impairment is reversed through the statement of comprehensive income. However, any write-up is not permitted to exceed the amount that would have resulted upon amortization of the acquisition costs without impairment.

In the case of equity instruments classified as for sale, impairment losses recognized in previous periods may not be reversed and recognized in profit or loss. Any increase in the fair value after a previous impairment is recognized in other comprehensive income.

In the case of debt instruments classified as for sale, impairments recognized in profit or loss in the past are reversed in profit or loss in subsequent periods insofar as an increase in the fair value can be attributed to an event that occurred after recognition of the impairment.

#### **11.12.6 Derecognition of financial assets**

The Group only derecognizes a financial asset when the contractual rights to the payment flows from the financial asset expire or when it transfers the financial asset, as well as substantially all the risks and rewards incidental to ownership of the asset, to a third party.

Insofar as AURELIUS neither transfers nor retains substantially all the risks and rewards incidental to ownership, but continues to have the power to dispose of the transferred asset, the Group recognizes its remaining share of the assets and a corresponding liability in the amount that must possibly be paid. If all the risks and rewards incidental to ownership of a financial asset are retained, the Group continues to recognize the financial asset, as well as a secured loan for the consideration received.

In case of full derecognition of a financial asset, the delta between the carrying amount and the sum of the remuneration received or to be received and all accumulated profits or losses that were recognized in other comprehensive income and collected in equity are recognized in the statement of comprehensive income. In case of incomplete derecognition, for instance when AURELIUS retains an option to repurchase a portion of the transferred asset, the Group divides the former carrying amount of the financial asset between the portion that continues to be recognized by the Group according to the continuing involvement and the portion that the Group no longer recognizes based on the relative fair values of these portions on the transfer date. The difference between the carrying amount that was allocated to the portion no longer recognized and the sum of the



remuneration received for the portion no longer recognized and all accumulated gains and losses allocated to it that were recognized in other comprehensive income is recognized in the statement of comprehensive income. Any accumulated gain or loss that was recognized in other comprehensive income is divided between the portion that continues to be recognized and the component that is no longer recognized based on the relative fair values of these portions.

### 11.13 Factoring

According to IFRS 9, a distinction must be made between non-recourse factoring and recourse factoring. If the default risk associated with the receivable is transferred to the buyer (non-recourse factoring), the receivable is to be derecognized. If, on the other hand, the non-payment risk associated with the receivable remains with the seller (recourse factoring), the receivable may not be derecognized. In this case, the del credere risk is the significant risk – along with others – in factoring. Payments received under recourse factoring arrangements are deemed to be secured borrowings and are therefore recognized as liabilities.

If the default risk is divided between the seller and buyer of a receivable, it must be recognized as an asset in the amount of the seller's continuing involvement and concurrently as a liability. The amount of the liability is calculated such that the net balance of the asset and liability is equal to the actual amount of the claim or obligation, respectively.

Any interest income earned from the sale of receivables is recognized in net financial income or expenses, while any administrative fees incurred are recognized as other expenses.

### 11.14 Inventories

The line item of inventories comprises raw materials and supplies, down payments rendered, unfinished and finished goods and services and purchased goods. All such items are measured at the lower of acquisition or production cost and the net realizable value at the reporting date. Consumption of inventories is recognized within the items of purchased goods and services or change in inventories in the statement of comprehensive income.

Production costs comprise direct material costs and direct manufacturing costs, as well as an appropriate proportion of manufacturing overhead costs. Borrowing costs are added to the acquisition cost only in the case of certain assets known as qualifying assets. According to IAS 23.8 ff., borrowing costs should be capitalized in full or proportionately when they can be directly or indirectly attributed to the funds borrowed for the purpose of financing the acquisition or production of the asset. Examples of qualifying assets are assets that take a substantial period of time to get ready for their intended use or sale. If, however, the assets are manufactured on a repetitive basis or over a short period of time, they may not be classified as qualifying assets. The same rule applies to inventories that are ready to sell or use already when they are purchased.

Acquisition or production cost is calculated using the weighted average method. The net realizable value is the estimated selling price, less production costs still to be incurred and the estimated costs of making the sale. If the net realizable value so determined is less than the historical acquisition or production costs, the carrying amount is written down to the lower value. As a general rule, the net realizable value of the final product is applied. By reason of the orientation to the sales market, raw materials and supplies and unfinished goods are written down only when the net realizable value of the finished goods incorporating those items does not allow for a positive profit margin. If the reasons for such a write-down cease to apply, the write-down is reversed. In that case, the new carrying amount is equal to the acquisition or production costs or the corrected net realizable value, whichever is lower.

Inventories resulting from intragroup deliveries are adjusted for intermediate profits and are measured at the Group's production cost.





When necessary, write-downs are charged to account for long inventory turnover rates, obsolescence and reduced salability, subject to the condition that lower selling prices will lead to negative profit margins.

#### **11.15 Assets held for sale and discontinued operations**

Non-current assets (and groups of assets) classified as held for sale are measured at the lower of their carrying amount or their fair value less costs to sell. Systematic depreciation must be discontinued from the time when they are classified as held for sale. Non-current assets and groups of assets are classified as held for sale when their carrying amounts will likely be recovered through sale, rather than through continued use. This condition is deemed to be fulfilled when a sale is highly probable and when the asset (or group of assets held for sale) can be sold immediately in its current condition. It is necessary to assume that the selling transaction will be concluded within one year after such a classification. This applies regardless of whether the Group does or does not retain a non-controlling interest in the former portfolio company after the sale.

Components of the company that meet the requirements of IFRS 5 are classified as discontinued operations and presented separately in the statement of comprehensive income and the cash flow statement. All changes made in the current reporting period to amounts that are directly related to the sale of discontinued operations in one of the previous reporting periods are likewise presented within this separate category. If a component of the company is no longer classified as held for sale, the profit or loss of this component, which had previously been presented within discontinued operations, is reclassified as continued operations in all presented reporting periods.

#### **11.16 Derivative financial instruments**

AURELIUS concludes derivative financial instruments in order to manage interest rate risks and currency risks. These include, for instance, forward exchange deals, interest rate swaps, and currency swaps. Under certain conditions, embedded derivative financial instruments are separated from the host contract and accounted for separately.

The derivative financial instruments are initially recognized at the date of contract conclusion at their fair value and subsequently measured at fair value (FVTPL) on each reporting date. The profit or loss resulting from the measurement is recognized in profit or loss unless the derivative is designated as a hedging instrument within the scope of a hedging relationship (hedge accounting).

#### **11.17 Hedge accounting**

When financial instruments are employed for the purpose of hedging the risks associated with future cash flows or for hedging fair values, IFRS 9 allows hedge accounting provided that certain conditions are met. The purpose is to reduce the volatility of AURELIUS' profit or loss for the period. Hedges are classified as fair-value hedges, cash-flow hedges or hedges of a net investment in a foreign operation, depending on the type of hedged item.

At the inception of a designated hedging relationship, AURELIUS documents the entity's risk management objectives and strategies for undertaking the hedge. It also documents the economic relationship between the hedged item and the hedging instrument and indicates whether it expects that the changes in the cash flows from the hedged item will offset those from the hedging instrument.



### 11.17.1 Fair value hedges

Under a fair value hedge, the hedging instrument is measured at fair value and any changes in fair value are recognized as income or expenses. The purpose of such fair-value hedges is to hedge the assets and liabilities presented in the statement of financial position, as well as any obligations that are not recognized in the statement of financial position at fair value. In the case of a perfect hedge, the effects emanating from the hedged item and the hedging instrument offset each other exactly.

Changes in fair value of derivative financial instruments that are suitable as fair value hedges and have been designated as such are recognized directly in the statement of comprehensive income, along with the changes in fair value of the underlying instrument that are attributable to the hedged risk. The changes in fair value of the hedging instrument and the underlying instrument that are attributed to the hedged risk are presented in the line item to which the underlying instrument belongs in the statement of comprehensive income.

A hedging relationship is discontinued when the Group revokes the hedge designation, when the hedging instrument expires or is sold, terminated or exercised, or when it is no longer suitable for hedging purposes. At this time, the adjustments made to the carrying amount of the underlying instrument as a result of the hedged risk begin to be reversed and recognized in profit or loss.

### 11.17.2 Cash flow hedges

The effective portion of changes in the fair value of derivative financial instruments designated as hedging instruments for cash flow hedges is recognized as a component of equity in the equity reserves. The gain or loss on the ineffective portion is recognized directly in profit or loss within the items of Other income or Other expenses.

AURELIUS only recognizes the change in the fair value of the cash component of forward exchange transactions used to hedge cash flows. The change in fair value of the forward points of forward exchange forwards is recognized separately as a cost of the hedging relationship and presented as an equity reserve for the costs of hedging relationships.

If a hedged forecast transaction subsequently results in the recognition of a non-financial item, as in the case of inventories for example, the amount that has been accumulated in the cash flow hedge reserve and the equity reserve for the costs of hedging relationships is removed and included directly in the initial cost of the non-financial item as soon as it is recognized.

For all other hedges, the accumulated amount is removed from the reserves and reclassified to profit or loss in the period in which the hedged forecast future cash flow influences profit or loss.

A hedging relationship is discontinued when the Group revokes the hedge designation, when the hedging instrument expires or is sold, terminated or exercised, or when it is no longer suitable for hedging purposes. The profit or loss recognized completely in other comprehensive income and accumulated within equity at this time remains within equity and is recognized in profit or loss only when the expected transaction is also recognized in the statement of comprehensive income. If the expected transaction is no longer expected to occur, the entire profit recognized in equity is reclassified immediately to the statement of comprehensive income.

### 11.17.3 Hedge of a net investment in a foreign operation

Hedges of net investments in foreign operations are recognized in the same manner as cash-flow hedges. All profits or losses from the hedging instrument that are attributable to the effective portion of the hedging relationship are recognized in other comprehensive income. Profits or losses attributable to the ineffective portion of a hedging relationship are recognized directly in the statement of comprehensive income and presented



within the item of other income or expenses. Profits and losses from the hedging instrument that are attributable to the effective portion of the hedging relationship and are accumulated in the currency translation reserve are recognized in the statement of comprehensive income at the time of disposal of the net investment.

#### **11.18 Cash and cash equivalents**

Cash and cash equivalents comprise cash, demand deposits and other current, highly fungible financial assets with an original maturity of no more than three months. Such assets are measured at face value. Drawdowns under overdraft facilities are presented in the consolidated statement of financial position within current financial liabilities as liabilities due to banks.

#### **11.19 Equity**

The shares of the company are classified as equity. An equity instrument is a contract that evidences a residual interest in the assets of an enterprise after deducting all of its liabilities. Equity instruments are measured at the amount of issue proceeds collected, minus directly allocable issuance costs, i.e., those costs that are directly related to the issuance of new shares or share options are accounted for in equity on a net basis, and thus they are deducted from the issue proceeds after taxes. Issuance costs include all costs that would not have been incurred if the equity instrument had not been issued. For additional information on the equity of AURELIUS, please refer to Note 36 ff. of the present notes to the consolidated financial statements.

In addition to currency translation differences, unrealized gains or losses arising from the market valuation of financial assets classified as at FVTPL and derivative financial instruments that serve to hedge future cash flows (cash flow hedges) or to hedge a net investment in a foreign operation are recognized not in profit or loss, but in other reserves, in accordance with IFRS 9. The same treatment is applied to amounts arising from the revaluation of the net defined benefit liability according to IAS 19.

Repurchases of the Company's own equity instruments are deducted directly from equity. Neither the purchase and sale nor the issue or retirement of the Company's own equity instruments is recognized in the Group's other comprehensive income.

#### **11.20 Employee benefits**

The projected unit-credit method prescribed in IAS 19 Employee Benefits is applied for the purpose of measuring the actuarial value of employee pension obligations. An actuarial measurement is conducted at every reporting date by an independent, qualified actuarial expert.

There are various pension plans in effect in the AURELIUS Group, but they relate exclusively to the Group's subsidiaries. Under defined contribution plans, the company pays fixed amounts to an independent entity such as a pension fund or insurance company, which will then pay post-termination benefits to employees; in such cases, the company does not have a legal or constructive obligation to pay any further amounts in the event that the entity in question would not have sufficient financial resources to satisfy all the pension claims of all employees for current and previous years. All pension plans that promise to pay post-termination benefits to employees, but do not fall under the definition of a defined contribution plan, are considered to be defined benefit plans.

Under defined contribution plans, the company is only obligated to pay the contribution for a given period. Therefore, it is not necessary to make actuarial assumptions and no actuarial gains or losses can arise. Such obligations are not discounted to present value unless they will not be due and payable in the full amount within twelve months of the end of the period in which the corresponding work was performed. Payments to defined contribution plans are recognized as personnel expenses in the statement of comprehensive income.



Obligations under defined benefit plans are determined separately for each plan by estimating the amount of benefits to be paid to employees in respect of their work in the current and previous periods. Such defined benefits are then discounted to present value, from which is deducted the fair value of plan assets. Net interest expenses or net interest income is calculated by multiplying the net defined benefit liability (pension obligation less plan assets) or net asset at the start of the reporting period by the interest rate employed to discount the gross defined benefit obligation at the start of the reporting period. The factors taken into consideration as part of the projected unit-credit method include the pension benefits and vested benefits known at the reporting date, as well as expected future increases in salaries and pension benefits. The plan assets of AURELIUS are composed of pension liability insurance claims that have been pledged to eligible beneficiaries and other assets that meet the definition of plan assets according to IAS 19.

Revaluation effects include both the actuarial gains and losses resulting from the measurement of the gross defined benefit obligation and the difference between the actually realized return on plan assets and the assumed return on plan assets at the start of the reporting period. If a pension plan is overfunded, the revaluation component will also include the change in the net asset value resulting from the application of the asset ceiling, provided that it was not already included in the net interest component. The revaluation effects are recognized directly in other comprehensive income after taxes. The other components of net pension expenses (service period and net interest component) are recognized as period income or expenses. Past service cost in respect of as yet unvested pension claims, as well as gains and losses from plan settlements, are recognized directly as income or expense in the period when the pension plan was amended or curtailed. The defined benefit obligations recognized in the consolidated statement of financial position represent the current insufficient or excess cover of the Group's defined benefit plans. Any excess cover arising due to this calculation is limited to the present value of future economic benefit, which is available in the form of refunds from the plans or reduced future contribution payments to the plans.

For employee benefits currently due, for instance wages, sick pay, or bonuses, the employee must recognize, in the period the payment is made, the undiscounted amount of the payment that can be expected to be paid in exchange for the service provided. The expected costs for employee benefits currently due in the form of compensated absences must be recognized in the case of accruable claims when the work performance that increases the employee's claims to paid future absences is provided. If the claims cannot be accrued, recognition occurs at the time when the absence occurs.

### 11.21 Other provisions

In accordance with IAS 37, provisions are recognized when the Group has a present legal or constructive obligation to a third party, arising from a past event, and when it is more likely than not that the settlement of the obligation will lead to an outflow of economic resources, and when the amount of the provision can be measured reliably. Other provisions are recognized accordingly in respect of all discernible risks and uncertain obligations. Uncertain obligations are measured at the best possible estimate. In this regard, consideration must be given to the risks and uncertainties inherent in the obligation. Recourse claims are not deducted from the carrying amount of such liabilities. Thus, if it can be assumed that the necessary economic benefits required to settle the liability will be reimbursed in full or in part by an outside third party, this claim is recognized as an asset if the reimbursement is more likely than not and the amount can be estimated reliably. In the case of a large population of similar obligations, the probability of a future outflow of economic resources is determined on the basis of the overall population.

Warranty provisions are recognized as of the date of sale of the corresponding goods or services in accordance with national purchase agreement law. The amount of the expenditures necessary to satisfy the Group's obligation is determined on the basis of past experience values and an estimate of future probabilities.



Restructuring provisions are recognized when there exists a detailed restructuring plan that meets the requirements of IAS 37, or in case of a new acquisition in conjunction with IFRS 3. However, this is only the case when the Group has adopted a detailed, formal restructuring plan, which has created a justified impression in the minds of the affected persons that the restructuring measures will be carried out, either because implementation of the plan has commenced or significant elements of the plan have been announced. Only the direct expenses for the restructuring are included in the measurement. These are only those amounts that were caused by the restructuring and are not in connection with the continued business operations of the Group.

Particularly in connection with company acquisitions, provisions are recognized to account for any onerous contracts identified as part of the purchase price allocation process. The existence of an onerous contract is assumed when the assumed contractual conditions are detrimental in comparison with current market conditions.

Non-current provisions that have not resulted in an outflow of economic resources in the following year are discounted to present value by application of the currently prevailing risk-free interest rate, provided that the effect is material. Any increases in provisions resulting from pure compounding are likewise recognized in profit or loss in the statement of comprehensive income. Both such effects are presented in net financial income or expenses.

## **11.22 Financial liabilities**

Financial liabilities are recognized when a Group company becomes a party to the contractual provisions of a financial instrument. They are classified and measured either at amortized cost or at fair value through profit or loss (FVTPL).

Financial liabilities must be measured at fair value upon initial recognition. Transaction costs that are directly attributable to the issuance of financial liabilities that are not measured at fair value through profit or loss reduce the fair value of the financial liability upon initial recognition. If these directly attributable transaction costs are connected to the issuance of financial liabilities that are measured at fair value through profit or loss, they are recognized directly in the statement of comprehensive income.

### **11.22.1 Financial liabilities measured at fair value through profit or loss**

Financial liabilities are classified as at FVTPL when the financial liability is defined as held for trading and when a derivative is or was designated as such upon initial recognition. Financial liabilities are classified as held for trading on the basis of the company's business model, following the approach described in Note 11.12.1. A voluntary designation as at FVTPL (fair value option) may be elected upon initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

In subsequent periods, financial liabilities classified as at FVTPL are measured at fair value and net gains or losses, as well as interest expenses, are recognized in profit or loss. In the case of financial liabilities measured in accordance with the fair value option, AURELIUS recognizes that part of the change in fair value that is attributable to changes in its own credit risk in other comprehensive income.

Upon initial recognition, financial liabilities in general, and particularly also financial liabilities arising from purchase price adjustment clauses or earn-out clauses, are measured at fair value, which is usually equal to cost. As preconditions for recognizing such liabilities in the statement of financial position, however, they must be probable at the acquisition date and their amount must be reliably measurable. Gains or losses resulting from the measurement are recognized in the statement of comprehensive income. The net gain or loss recognized in the statement of comprehensive income includes the interest paid for the financial liability and is presented within Other income or Other expenses.



### 11.22.2 Other financial liabilities

Other financial liabilities, for instance loans accepted, trade payables, and other liabilities, are measured at amortized costs. Trade payables are amounts owed as consideration for goods or services provided to the company in the normal course of business. In the normal business cycle, all liabilities are due in one year or less and are therefore classified as current; otherwise, they are presented as non-current liabilities. For current liabilities, that means they are measured at their repayment or settlement amount, while non-current liabilities and long-term debts are measured at amortized cost in accordance with the effective interest method. The effective interest method is used to calculate the amortized cost of a financial liability and to allocate interest expenses to the respective periods. The effective interest rate is the interest rate that is necessary to discount the estimated future cash outflows, including all fees and remuneration paid and received that are an integral component of the effective interest rate, transaction costs and other premiums or discounts, through the expected life of the financial instrument, or a shorter period to equal the net carrying amount upon initial recognition.

In subsequent periods, other financial liabilities are measured at amortized cost by application of the effective interest method. Interest expenses and currency translation gains or losses are recognized in profit or loss.

### 11.22.3 Derecognition of financial liabilities

The Group derecognizes a financial liability when the related obligation has been paid, cancelled, or has expired. The difference between the carrying amount of the derecognized financial liability and the consideration received or to be received is recognized in the statement of comprehensive income.

### 11.23 Financial guarantees

A financial guarantee contract is a contract in which the guarantor is obligated to make specific payments that compensate the warrantee for a loss that arises because a specific debtor does not comply with its payment obligations in a timely manner and not in accordance with the terms of the debt instrument.

Financial guarantee contracts are recognized as financial liabilities at the date of issuance of the guarantee and measured at fair value. In subsequent periods, they are measured at the higher of

- the amount determined in accordance with the expected credit losses model according to IFRS 9, or
- the amount of initial recognition, where applicable after deduction of the accumulated income recognized in accordance with the principles of IFRS 15.

The fair value of financial guarantees is the net present value of the difference in the cash flows between the contractually specified payments owed under the debt instrument and the payments that would be required in the absence of the guarantee, or the estimated amount that would be payable to a third party to assume the obligation. In the case of guarantees for loans or other liabilities of associates issued free of charge, the fair values are accounted for as deposits and included in the initial cost of the investment in the associate.

### 11.24 Compound financial instruments

The components of a compound financial instrument issued by the Company are recognized separately in accordance with the economic content of the agreement and the definitions as a financial liability and as an equity instrument, for instance a convertible bond. A conversion option that is only satisfied by exchange of a fixed amount of liquid assets or other financial assets against a fixed number of company-owned equity instruments is an equity instrument.

At the issue date, the fair value of the debt component is measured using the market interest rate applicable to comparable non-convertible instruments. This amount is recognized as a financial liability based on amortized costs using the effective interest method until conversion or maturity of the instrument.



The conversion option recognized as equity is determined by subtracting the value of the debt component from the fair value of the entire instrument. The resulting value, less the income tax effects, is recognized as part of equity in additional paid-in capital and is subsequently not subject to measurement. Moreover, the conversion option classified as equity remains in equity until the conversion option is exercised. Upon exercise, the amount recognized in equity is reclassified to retained earnings. If a conversion option is not exercised when due, the amount recognized in equity is reclassified to retained earnings. No gains or losses arise upon exercise or expiration of the conversion option.

Transaction costs in connection with the instrument are allocated to the debt and equity components in proportion to the distribution of the net revenues. The transaction costs attributable to the equity component are recognized directly in equity. The transaction costs attributable to the debt component are included in the carrying amount of the liability and are amortized over the term of the convertible bond by application of the effective interest method.

### **11.25 Contingent liabilities resulting from a business combination**

Contingent liabilities resulting from a business combination are measured at fair value at the date of acquisition upon initial recognition. Such contingent liabilities are recognized at subsequent reporting dates using the higher amount of initial recognition less any cumulative reversals to be recognized under IAS 18 or the value resulting from applying IAS 37.

### **11.26 Estimation uncertainties and discretionary judgments**

For the consolidated accounting policies presented here, the management of AURELIUS must assess circumstances, make estimates and use assumptions with regard to the carrying amounts of assets and liabilities that cannot be determined easily from other sources. The estimates and the underlying assumptions result from past experience as well as other factors considered relevant. The actual values may differ from these estimated values.

The assumptions underlying the estimates are subjected to regular review. When changes in estimates only affect a single period, they are only taken into account in this period. If the changes affect the current and the following reporting periods, they are taken into account accordingly in this and the following periods. The estimates or discretionary judgments applied correspond to the carrying amounts disclosed in these consolidated financial statements for the assets and liabilities explained in the notes (see Note 24 ff.).

### **11.27 Segment information**

According to the rules prescribed in IFRS 8 Operating Segments, operating segments must be defined on the basis of the internal reporting data of corporate divisions which are regularly reviewed by the Company's chief decision maker for the purpose of making decisions about the allocation of resources and assessing the financial performance of the given segments. The key figures EBITDA, EBIT, and cash and cash equivalents are the information reported to the Executive Board as the principal decision-maker for the purpose of allocating resources to the operating segments of the Group and of measuring their profitability.

AURELIUS structures its business units on the basis of their primary activities and according to the Company's internal reporting structure. The primary activities are Services and Solutions (S&S), Industrial Production (IP) and Retail and Consumer Products (RCP).

As a general rule, the same accounting policies applied in preparing the consolidated financial statements were applied in preparing the segment report, which does not include any information on discontinued operations.





### **11.28 Prior-year information**

For the sake of improved comparability, certain prior-year information may have been adjusted slightly to reflect the current presentation structure. These adjustments may pertain to individual figures in the composition of some items of the statement of comprehensive income or the statement of financial position for financial years 2018 and 2017 in order to ensure a consistent presentation in financial year 2018. In such cases, however, the adjustments only consist of reclassifications within individual items; they have no effects on the presentation of the Group's financial position, liquidity, financial performance and cash flows.

### **11.29 Legal disputes, claims for damages, and liability risks**

In connection with their normal business operations, companies of the AURELIUS Group are involved in various lawsuits and governmental proceedings or such lawsuits and governmental proceedings may be initiated or brought in the future. Although the outcome of individual proceedings cannot be predicted with certainty, given the imponderabilities associated with legal disputes, the Group does not believe, based on the information currently available to it, that such proceedings will have material, lasting adverse effects on the Group's financial position, cash flows or financial performance, beyond the risks accounted for in the consolidated financial statements in the form of liabilities and provisions. Contingent liabilities related to collateral furnished or liabilities assumed are disclosed separately in Note 67 of the present notes to the consolidated financial statements. Identified purchased contingent liabilities assumed in connection with a business combination according to IFRS 3 are measured at fair value at the acquisition date.





# PRIOR-YEAR INFORMATION





## PRIOR-YEAR INFORMATION

12. Prior-year information



## PRIOR-YEAR INFORMATION

### 12. Prior-year information

Purchase price allocations are based on time-intensive and complex requirements. Depending on the complexity of the acquisition, this process can take several months. However, the provisions of IFRS 3 state that the effects of the acquisition must be recognized not after the final completion of the purchase price allocation, but already as soon as valid provisional values are available. In accordance with the qualitative requirements imposed by the IFRS Conceptual Framework on the information to be presented in financial statements, the prompt provision of information to the users of financial statements takes precedence over exact, but delayed information.

A subsequent adjustment in the sense of IFRS 3.45 ff. of the purchase price allocation for Galleberg AS, which was not finally completed at December 31, 2017, was not necessary because the net assets recognized at that time proved to be correct.

AURELIUS applied the new International Financial Reporting Standards IFRS 9 and IFRS 15 for the first time in financial year 2018.

As a result of the transition methods elected by the Group for the application of these Standards, the comparison information was not adjusted to suit the requirements of the new Standards in the present financial statements. The Group elected the modified retrospective method for the transition to IFRS 15, according to which the accumulated adjustment amounts are recognized in equity at January 1, 2018. The exemption option for the non-inclusion of fulfilled contracts from the prior period was not exercised. Consequently, the comparison information for 2017 was not adjusted, meaning that this information is still presented in accordance with IAS 18, IAS 11 and the corresponding Interpretations. In addition, the disclosure requirements of IFRS 15 were generally not applied to comparison information.

AURELIUS exercised the corresponding exemption option for IFRS 9 to not adjust the comparison information for prior periods with respect to the changes affecting classification, measurement and impairments. Therefore, the comparison period values were not adjusted. The differences between the carrying amounts of financial assets and financial liabilities resulting from the application of IFRS 9 were recognized in the equity item of retained earnings at January 1, 2018. Consequently, the presented information for 2017 generally does not meet the requirements of IFRS 9, but rather those of IAS 39.







# FINANCIAL YEAR RESULTS







## FINANCIAL YEAR RESULTS

- 13. Revenues
- 14. Other income
- 15. Purchased goods and services
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- 17. Other expenses
- 18. Net financial income/expenses
- 19. Consolidated profit/loss and comprehensive income/loss
- 20. Discontinued operations
- 21. Earnings per share
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## FINANCIAL YEAR RESULTS

### 13. Revenues

The effects of the first-time application of IFRS 15 on revenues from contracts with the Group's customers are described in Note 10.1. As a result of the transition method elected for IFRS 15, the comparison information was not adjusted to meet the new requirements.

The Group's consolidated revenues break down as follows, separated by continued and discontinued operations:

| in kEUR                           | 1/1/ - 12/31/2018 | 1/1/ - 12/31/2017 |
|-----------------------------------|-------------------|-------------------|
| Revenues from sales of goods      | 3,216,449         | 2,836,711         |
| Revenues from sales of services   | 172,552           | 161,634           |
| <b>Total continued operations</b> | <b>3,389,001</b>  | <b>2,998,345</b>  |
| Discontinued operations           | 392,764           | 1,048,914         |
| <b>Total revenues</b>             | <b>3,781,765</b>  | <b>4,047,259</b>  |

The increase in revenues from continued operations resulted particularly from the acquisition of new portfolio companies in the reporting period. Of the total revenues from continued operations, an amount of EUR 14,269 thousand was recognized over a period of time in accordance with IFRS 15. This amount consisted entirely of revenues from the sale of services.

The Group does not incur significant costs for the initiation or performance of contracts with customers, for which reason the related information is not presented. Moreover, the contracts with customers do not include significant financing components, for which reason the related information is likewise not presented. The Group's significant payment terms are described in Note 11.2 ff.

All revenues consist entirely of revenues from contracts with customers.

In accordance with the IFRS 5 rules for discontinued operations, both current-year revenues and those in the previous year are included in discontinued operations.

The breakdown of revenues by geographic regions and operating segments is presented in the notes to the Segment Report in Note 22 of the present notes to the consolidated financial statements.

The contract liabilities recognized at December 31, 2018 in the amount of EUR 30,120 thousand were mainly composed of down payments received on account of customer contracts for the construction of yachts by the Group company HanseYachts AG and project down payments received by VAG.

The EUR 9,952 thousand increase in contract liabilities, bringing the total to EUR 20,168 thousand in the reporting period, was mainly caused by additions resulting from the first-time consolidation of VAG at November 26, 2018.

The AURELIUS Group anticipates that performance obligations amounting to EUR 131,000 thousand will not be satisfied or will be only partially satisfied in financial years 2019-2021.



## 14. Other income

The breakdown of other income for financial year 2018 is presented in the table below:

| in kEUR                                        | 1/1/ - 12/31/2018 | 1/1/ - 12/31/2017 |
|------------------------------------------------|-------------------|-------------------|
| Income from gains on bargain purchases         | 84,389            | 420,704           |
| Income from derecognition of liabilities       | 7,192             | 9,410             |
| Income from reversal of provisions             | 20,912            | 6,965             |
| Internal production capitalized                | 4,494             | 3,243             |
| Income from deconsolidations                   | 309               | 3,133             |
| Income from disposal of non-current assets     | 4,624             | 1,964             |
| Income from charging of costs to third parties | 6,666             | 1,908             |
| Income from exchange rate changes              | 5,112             | 1,731             |
| Income from claims for damages                 | 9,783             | 319               |
| Other miscellaneous income                     | 18,330            | 13,158            |
| <b>Total continued operations</b>              | <b>161,811</b>    | <b>462,535</b>    |
| Discontinued operations                        | 24,748            | 376,025           |
| <b>Total other income</b>                      | <b>186,559</b>    | <b>838,560</b>    |

Gains on bargain purchases in the amount of EUR 84,389 thousand (PY: EUR 420,704 thousand) are presented in accordance with IFRS 3.34 ff., provided that the fair values of the identifiable assets, liabilities and contingent liabilities exceed the acquisition cost of the business combination. After repeated review, any remaining excess is recognized immediately in income, in accordance with IFRS 3.34 ff.

## 15. Purchased goods and services

The Group's purchased goods and services break down as follows in financial year 2018, separated by continued and discontinued operations:

| in kEUR                                   | 1/1/ - 12/31/2018 | 1/1/ - 12/31/2017 |
|-------------------------------------------|-------------------|-------------------|
| Purchased goods                           | 1,674,955         | 1,437,802         |
| Raw materials and supplies                | 291,588           | 260,492           |
| Purchased services                        | 74,471            | 82,284            |
| Other purchased goods and services        | 68,464            | 60,989            |
| <b>Total continued operations</b>         | <b>2,109,478</b>  | <b>1,841,567</b>  |
| Discontinued operations                   | 79,592            | 467,278           |
| <b>Total purchased goods and services</b> | <b>2,189,070</b>  | <b>2,308,845</b>  |

The other purchased goods and services in the amount of EUR 68,464 thousand (PY: EUR 60,989 thousand) consisted mostly of energy costs (EUR 38,062 thousand, PY: EUR 31,897 thousand), other consumable supplies (EUR 7,113 thousand, PY: EUR 8,208 thousand), waste disposal costs (EUR 9,654 thousand, PY: EUR 7,596 thousand) and warehouse costs (EUR 4,675 thousand, PY: EUR 4,277 thousand). Purchased goods and services also included research and development expenses of EUR 546 thousand (PY: EUR 688 thousand).



## 16. Personnel expenses

The Group's personnel expenses break down as follows in financial year 2018, separated by continued and discontinued operations:

| in kEUR                            | 1/1/ - 12/31/2018 | 1/1/ - 12/31/2017 |
|------------------------------------|-------------------|-------------------|
| Wages and salaries                 | 566,534           | 621,645           |
| Social insurance contributions     | 77,788            | 85,518            |
| Pension and other benefit expenses | 17,470            | 13,279            |
| <b>Total continued operations</b>  | <b>661,792</b>    | <b>720,442</b>    |
| Discontinued operations            | 223,690           | 452,072           |
| <b>Total personnel expenses</b>    | <b>885,482</b>    | <b>1,172,514</b>  |

## 17. Other expenses

The Group's other expenses in financial year 2018 break down as follows:

| in kEUR                             | 1.1. - 31.12.2018 | 1/1/ - 12/31/2017 |
|-------------------------------------|-------------------|-------------------|
| Buildings and machinery             | 164,778           | 125,132           |
| Freight and transport costs         | 147,704           | 124,519           |
| Marketing and commissions           | 97,798            | 99,703            |
| Administration                      | 74,914            | 69,918            |
| Advisory services                   | 69,653            | 66,656            |
| Office expenses                     | 46,874            | 42,101            |
| Personnel leasing                   | 44,448            | 36,780            |
| Expenses from exchange rate changes | 6,128             | 22,989            |
| Costs charged by third parties      | 2,508             | 1,216             |
| Other miscellaneous expenses        | 21,834            | 36,931            |
| <b>Total continued operations</b>   | <b>676,639</b>    | <b>625,945</b>    |
| Discontinued operations             | 85,629            | 176,283           |
| <b>Total other expenses</b>         | <b>762,268</b>    | <b>802,228</b>    |

Building and machinery expenses consisted mainly of rental expenses (EUR 77,469 thousand, PY: EUR 68,215 thousand), maintenance expenses (EUR 29,193 thousand, PY: EUR 46,004 thousand) and other building expenses (EUR 32,340 thousand, PY: EUR 6,232 thousand). The other building expenses consisted mainly of incidental rental costs.

Important elements of administrative expenses include travel and entertainment expenses (EUR 18,319 thousand, PY: EUR 14,514 thousand), insurance and fees (EUR 7,147 thousand, PY: EUR 7,351 thousand) and motor vehicle costs (EUR 16,636 thousand, PY: EUR 16,511 thousand).

Office expenses consisted mainly of IT expenses (EUR 18,483 thousand, PY: EUR 13,004 thousand) and other communication expenses (EUR 8,572 thousand, PY: EUR 9,735 thousand).



The other miscellaneous expenses included expenses for other taxes (EUR 2,228 thousand, PY: EUR 1,674 thousand) and impairments of trade receivables and contract assets (EUR 4,409 thousand, PY: EUR 714 thousand).

## 18. Net financial income/expenses

The other interest and similar income in the amount of EUR 3,269 thousand (PY: EUR 870 thousand) consisted of interest income on both current accounts and term deposits.

The interest and similar expenses in the amount of EUR 19,981 thousand (PY: EUR 17,204 thousand) consisted mainly of interest paid on liabilities to banks and outside third parties.

## 19. Consolidated profit/loss and comprehensive income/loss

The consolidated profit/loss of minus EUR 42,331 thousand (PY: EUR 484,494 thousand) includes the share of non-controlling interests in the consolidated profit/loss in the amount of EUR 8,380 thousand (PY: EUR 693 thousand).

The comprehensive income/loss of minus EUR 34,659 thousand (PY: EUR 473,778 thousand) includes the share of other interests in the comprehensive income/loss in the amount of EUR 8,380 thousand (PY: EUR 693 thousand).

## 20. Discontinued operations

The provisions of IFRS 5 prescribe special measurement and presentation requirements for discontinued operations and non-current assets held for sale.

The purpose of these provisions is to draw a distinction between business operations that are expected to continue in the future and discontinued business operations, so as to clarify the effects of discontinuation or disposal plans for the users of the financial statements. For that reason, the financial reporting of AURELIUS is primarily geared to continued operations, for the sake of improved transparency and comparability. Therefore, information on discontinued operations is presented separately in the consolidated statement of financial position, the consolidated statement of comprehensive income and the consolidated cash flow statement.

In accordance with the rules of IFRS 5 and the accepted definition of a “cash generating unit” at AURELIUS, the equity investments in Allied Healthcare, Granovit and Working Links were also presented separately as discontinued operations in the consolidated statement of comprehensive income for the previous year.

The cash flows for the discontinued operations according to IFRS 5 in financial year 2018 included minus EUR 4,406 thousand from operating activities and EUR 4,510 thousand from investing activities.

In early December 2018, AURELIUS sold part of the home care business of Allied Healthcare in England, Scotland and Wales to the Health Care Resourcing Group (CRG), Prescot (United Kingdom). As one of the biggest personnel services provider for the healthcare and home care sector in Britain, CRG will combine the acquired operations with its own activities, creating one of the biggest home care providers in Great Britain. In December 2018, the home care business in Northern Ireland was sold to the longtime minority shareholder, the Mackle family. Allied Healthcare had undergone an extensive restructuring program after being acquired by AURELIUS.



The following table shows a summarized income statement for 2018 and 2017 and the gain on the market valuation of the held-for-sale assets and liabilities of Allied Healthcare. The profit/loss for 2018 also includes the gain on deconsolidation.

| in kEUR                                                                                  | 1/1/ - 12/21/2018 | 1/1/ - 12/31/2017 |
|------------------------------------------------------------------------------------------|-------------------|-------------------|
| Income                                                                                   | 209,117           | 235,253           |
| Current expenses                                                                         | -201,168          | -238,220          |
| Net financial income/expenses                                                            | -2,404            | -833              |
| Earnings before taxes (EBT)                                                              | 5,545             | -3,800            |
| Taxes                                                                                    | 273               | -55               |
| <b>Profit/loss from discontinued operations before non-controlling interests</b>         | <b>5,818</b>      | <b>-3,855</b>     |
| Gain/loss on revaluation of assets and liabilities held for sale                         | - / -             | - / -             |
| Taxes                                                                                    | - / -             | - / -             |
| <b>Profit/loss from discontinued operations in the current financial year</b>            | <b>5,818</b>      | <b>-3,855</b>     |
| – thereof attributable to shareholders of<br>AURELIUS Equity Opportunities SE & Co. KGaA | 5,585             | -4,155            |
| – thereof attributable to non-controlling interests                                      | 233               | 300               |

In February 2019, the Working Links Group was removed from the basis of consolidation of the AURELIUS Group. In a transfer process agreed in advance with the Ministry of Justice (MoJ), the social reintegration services provided to the British authorities (so-called community rehabilitation companies, CRCs) were transferred to the service provider Seetec, with its head office in Hockley (United Kingdom). With the removal of Working Links from its basis of consolidation, AURELIUS has now withdrawn completely from the business of outsourcing services for public-sector authorities in Great Britain. The further developments in this market will be largely determined by the budgetary parameters. The budgetary constraints of the British government authorities had already led to a substantial consolidation of this sector in the past years. After being acquired by AURELIUS, these activities had undergone a restructuring program, including the introduction of a considerably improved IT infrastructure, the improvement of service quality, and cost reductions in the areas of personnel, overhead and rents.



The following table shows a summarized income statement for Working Links for 2018 and 2017 and the gain on the market valuation of the company's held-for-sale assets and liabilities.

| in TEUR                                                                                  | 1/1/ - 12/31/2018 | 1/1/ - 12/31/2017 |
|------------------------------------------------------------------------------------------|-------------------|-------------------|
| Income                                                                                   | 87,977            | 107,334           |
| Current expenses                                                                         | -100,834          | -109,505          |
| Net financial income/expenses                                                            | 397               | -24               |
| Earnings before taxes (EBT)                                                              | -12,460           | -2,195            |
| Taxes                                                                                    | -2,106            | 1,219             |
| <b>Profit/loss from discontinued operations before non-controlling interests</b>         | <b>-14,566</b>    | <b>-976</b>       |
| Gain/loss on revaluation of assets and liabilities held for sale                         | - / -             | - / -             |
| Taxes                                                                                    | - / -             | - / -             |
| <b>Profit/loss from discontinued operations in the current financial year</b>            | <b>-14,566</b>    | <b>-976</b>       |
| – thereof attributable to shareholders of<br>AURELIUS Equity Opportunities SE & Co. KGaA | -14,566           | -976              |
| – thereof attributable to non-controlling interests                                      | - / -             | - / -             |

In early April 2019, AURELIUS will sell its subsidiary Granovit, with its head office in Lucens (Switzerland), to the existing management team headed up by CEO Andreas Fischer in the form of a management buy-out. AURELIUS had acquired the company from Cargill in 2017. The carve-out from the Cargill Group was successfully completed in only three months. Among other measures, an independent finance department and IT infrastructure were established and the company was positioned in the market under the new name Granovit. The company's structures, processes and costs were optimized and adapted to the needs of a medium-sized enterprise. The company produces pre-mix and mixed feed for poultry, swine, beef and dairy cattle for the Swiss market at three production facilities. The product portfolio is rounded out by specialty feed for pets, horses, zoo animals and medicated feed.

The following table shows a summarized income statement for Granovit for 2018 and 2017 and the loss on the market valuation of the company's held-for-sale assets and liabilities.

| in kEUR                                                                                  | 1/1/ - 12/31/2018 | 11/6/ - 12/31/2017 |
|------------------------------------------------------------------------------------------|-------------------|--------------------|
| Income                                                                                   | 76,642            | 60,635             |
| Current expenses                                                                         | -83,723           | -36,528            |
| Net financial income/expenses                                                            | -181              | -44                |
| Earnings before taxes (EBT)                                                              | -7,262            | 24,063             |
| Taxes                                                                                    | 463               | 1                  |
| <b>Profit/loss from discontinued operations before non-controlling interests</b>         | <b>-6,799</b>     | <b>24,064</b>      |
| Gain/loss on revaluation of assets and liabilities held for sale                         | -10,404           | - / -              |
| Taxes                                                                                    | - / -             | - / -              |
| <b>Profit/loss from discontinued operations in the current financial year</b>            | <b>-17,203</b>    | <b>24,064</b>      |
| – thereof attributable to shareholders of<br>AURELIUS Equity Opportunities SE & Co. KGaA | -17,203           | 24,064             |
| – thereof attributable to non-controlling interests                                      | - / -             | - / -              |





## 21. Earnings per share

In accordance with IAS 33 Earnings per Share, the undiluted earnings per share are calculated by dividing the consolidated profit/loss after non-controlling interests by the average weighted shares outstanding. For the purpose of calculating the diluted earnings per share, the average number of shares outstanding is corrected for the number of all potentially diluting shares, which consist exclusively of the potential conversion of outstanding debt instruments into shares (convertible bond). In addition, the consolidated profit/loss is adjusted for the interest expenses of the convertible bond.

| in TEUR                                                                                 | 1/1/ - 12/31/2018 | 1/1/ - 12/31/2017 |
|-----------------------------------------------------------------------------------------|-------------------|-------------------|
| Profit/loss after taxes from continued operations                                       | -11,899           | 195,021           |
| Profit/loss attributable to non-controlling interests                                   | 8,380             | 693               |
| Profit/loss attributable to shareholders of AURELIUS Equity Opportunities SE & Co. KGaA | -20,279           | 194,328           |
| Profit/loss from discontinued operations                                                | -30,432           | 289,473           |
| Expenses for convertible bonds after taxes                                              | 2,936             | 3,541             |
| Average weighted shareholders outstanding                                               | 29,074,890        | 29,858,162        |
| Effect of potentially diluting shares: Weighted average of issued stock options         | 2,578,998         | 3,254,734         |
| Average weighted shares outstanding for diluted earnings per share                      | 31,653,888        | 33,112,896        |
| <b>Undiluted earnings per share in EUR</b>                                              |                   |                   |
| from continued operations                                                               | -0.70             | 6.51              |
| from discontinued operations                                                            | -1.05             | 9.69              |
| from continued and discontinued operations                                              | -1.75             | 16.20             |
| <b>Diluted earnings per share in EUR</b>                                                |                   |                   |
| from continued operations                                                               | -0.55             | 5.98              |
| from discontinued operations                                                            | -0.96             | 8.74              |
| from continued and discontinued operations                                              | -1.51             | 14.72             |

## 22. Segment information

AURELIUS is a holding company with a long-term investment horizon, which specializes in acquiring companies with development potential. Thus, the portfolio comprises companies from a wide range of industries.

IFRS 8 requires that operating segments be defined on the basis of the internal reports of corporate divisions that are regularly reviewed by the Executive Board and Supervisory Board of AURELIUS for the purpose of making decisions about the allocation of resources and assessing the financial performance of the given segment. Thus, the internal organizational and management structure and the internal reports submitted to the Executive Board and Supervisory Board form the basis for determining the segment reporting format of AURELIUS. Primary emphasis is placed on the indicator EBIT (Earnings Before Interest and Taxes). The recognition and measurement methods of the reportable segments correspond to the consolidated recognition and measurement methods described in Note 11.

The management of AURELIUS has decided to organize its internal and therefore also external reporting separately for companies in the production sector, the retail sector and the services sector. This approach has been unchanged since 2008. These companies are aggregated in accordance with the criteria of similar economic char-



acteristics according to IFRS 8, which is reflected in the internal reporting system. Due to the fact that the product portfolio of AURELIUS is very extensive, other indicators related to the business object are applied, primarily including the target margin of individual Group companies that have a similar target corridor for restructuring and optimization measures. In addition, the measures and expertise of the AURELIUS functional specialists may be apportioned among these three segments. Optimization measures depend on the depth of value-added and exhibit comparable characteristics in each segment.

The currently biggest segment by revenues is the Retail & Consumer Products segment. In particular, the buyers of retail and consumer products are similar as customers. Therefore, the general economic environment and thus the purchasing power of individuals in particular represent the essential risk environment for these companies. For this reason, the opportunities and risks associated with the products in this segment are comparable.

The nature of value-added, the type of distribution, the ratio of non-current assets to total assets and therefore the relationship between material costs and personnel expenses are likewise comparable within each segment. These indicators differ in the retail, industrial production and services sectors on the basis of the depth of value-added.

Based on the current size criteria, the Industrial Production and Services & Solutions segments could be presented within the Other segment according to IFRS 8. For the sake of greater transparency and consistency with previous years, the Group has opted to retain the operating segments of Services & Solutions (S&S), Industrial Production (IP), Retail & Consumer Products (RCP) and Other:

- 1) The S&S segment comprises companies that operate specifically in the services sector, including the GHOTEL Group, AKAD University, LD Didactic, B+P Gerüstbau, and Transform/The Hospital Group.
- 2) The RCP segment comprises companies that sell their products directly to end customers, including Scholl Footwear, MEZ, Conaxess Trade and Scandinavian Cosmetics Group, Calumet Wex, Office Depot Europe, Silvan, Bertram Books, Ideal Shopping Direct and Hellanor.
- 3) The IP segment comprises companies that operate primarily in the area of industrial production, including CalaChem, Briar Chemicals, HanseYachts, SOLIDUS, Reuss-Seifert & Hammerl and VAG.
- 4) The Other segment is mainly composed of AURELIUS Equity Opportunities SE & Co. KGaA and other intermediate holding companies; thus, it comprises all activities related to corporate management and administration.

All transfer prices applied in dealings between the operating segments are the same as the prices charged to outside third parties. In addition, administrative services are charged in the form of cost allocations.

Of the non-current assets according to IFRS 8.33 (b), EUR 123,262 thousand (PY: EUR 84,285 thousand) is attributable to Germany and EUR 457,247 thousand (PY: EUR 401,334 thousand) is attributable to other countries. Significant other countries with non-current assets in the reporting period were the Netherlands (EUR 67,973 thousand) and the United Kingdom (EUR 196,960 thousand).

AURELIUS generated significant revenues with subsidiaries in France in the amount of EUR 407,886 thousand and the United Kingdom in the amount of EUR 977,310 thousand in financial year 2018.

For the purpose of monitoring profitability and the distribution of resources among the segments, all assets except for shares in associated companies, shares in joint ventures, other financial assets, and the actual and deferred taxes are assigned to the reportable segments. All liabilities except for loans and other financial



liabilities as well as the actual and deferred taxes are assigned to the reportable segments. The non-current assets and liabilities held for sale are not assigned to the reportable segments.

| 2018 in kEUR                                                                                | Services & Solutions | Industrial Production | Retail & Consumer Products | Other          | Consolidation  | AURELIUS Group   |
|---------------------------------------------------------------------------------------------|----------------------|-----------------------|----------------------------|----------------|----------------|------------------|
| External revenues                                                                           | 446,946              | 775,873               | 2,553,125                  | 5,821          | - / -          | 3,781,765        |
| – thereof from discontinued operations                                                      | 280,215              | 112,549               | - / -                      | - / -          | - / -          | 392,764          |
| – thereof from continued operations                                                         | 166,731              | 663,324               | 2,553,125                  | 5,821          | - / -          | 3,389,001        |
| Intersegment revenues                                                                       | 1                    | 56                    | - / -                      | 34,847         | -34,904        | - / -            |
| <b>Total revenues</b>                                                                       | <b>446,947</b>       | <b>775,930</b>        | <b>2,553,125</b>           | <b>40,668</b>  | <b>-34,904</b> | <b>3,781,765</b> |
| <b>EBITDA from continued operations</b>                                                     | <b>11,747</b>        | <b>118,201</b>        | <b>14,019</b>              | <b>-43,071</b> | <b>- / -</b>   | <b>100,896</b>   |
| <b>EBIT from continued operations</b>                                                       | <b>3,837</b>         | <b>88,591</b>         | <b>-23,452</b>             | <b>-43,542</b> | <b>- / -</b>   | <b>25,434</b>    |
| Net financial income/expenses                                                               |                      |                       |                            |                |                | -16,712          |
| <b>Earnings before taxes (EBT)</b>                                                          |                      |                       |                            |                |                | <b>8,722</b>     |
| Income taxes                                                                                |                      |                       |                            |                |                | -20,621          |
| <b>Profit/loss after taxes from continued operations</b>                                    |                      |                       |                            |                |                | <b>-11,899</b>   |
| Profit/loss from discontinued operations                                                    |                      |                       |                            |                |                | -30,432          |
| Non-controlling interests                                                                   |                      |                       |                            |                |                | 8,380            |
| <b>Share of consolidated profit/loss attributable to shareholders of the parent company</b> |                      |                       |                            |                |                | <b>-50,711</b>   |
| <b>Statement of financial position – Assets</b>                                             |                      |                       |                            |                |                |                  |
| Segment assets                                                                              | 120,138              | 577,431               | 1,245,603                  | 99,542         |                | 2,042,714        |
| Non-assigned assets                                                                         |                      |                       |                            |                |                | 105,827          |
| Group assets                                                                                |                      |                       |                            |                |                | 2,148,541        |
| <b>Statement of financial position – Liabilities</b>                                        |                      |                       |                            |                |                |                  |
| Segment liabilities                                                                         | 42,719               | 243,543               | 704,611                    | 37,698         |                | 1,028,571        |
| Non-assigned liabilities                                                                    |                      |                       |                            |                |                | 583,800          |
| Group liabilities                                                                           |                      |                       |                            |                |                | 1,612,371        |
| <b>Other disclosures</b>                                                                    |                      |                       |                            |                |                |                  |
| Current investment expenditures                                                             | -8,762               | -35,507               | -24,088                    | -252           |                | -68,609          |
| Capital expenditures for acquisitions                                                       | -28,923              | -61,075               | -35,639                    | - / -          |                | -125,637         |
| Depreciation and amortization                                                               | -7,909               | -29,610               | -37,471                    | -472           |                | -75,462          |
| Impairments (IAS 36)                                                                        | - / -                | - / -                 | - / -                      | - / -          |                | - / -            |
| Reversals of impairments (IAS 36)                                                           | - / -                | - / -                 | - / -                      | - / -          |                | - / -            |
| Interest income                                                                             | 30                   | 56                    | 1,950                      | 1,233          |                | 3,269            |
| Interest expenses                                                                           | -1,254               | -5,131                | -9,555                     | -4,041         |                | -19,981          |



| 2017 in kEUR                                                                                | Services & Solutions | Industrial Production | Retail & Consumer Products | Other           | Consolidation  | AURELIUS Group   |
|---------------------------------------------------------------------------------------------|----------------------|-----------------------|----------------------------|-----------------|----------------|------------------|
| External revenues                                                                           | 782,667              | 910,889               | 2,348,435                  | 5,268           | - / -          | 4,047,259        |
| – thereof from discontinued operations                                                      | 626,297              | 352,550               | 70,067                     | - / -           | - / -          | 1,048,914        |
| – thereof from continued operations                                                         | 156,370              | 558,339               | 2,278,368                  | 5,268           | - / -          | 2,998,345        |
| Intersegment revenues                                                                       | 13                   | 41                    | 12                         | 62,658          | -62,724        | - / -            |
| <b>Total revenues</b>                                                                       | <b>782,680</b>       | <b>910,930</b>        | <b>2,348,447</b>           | <b>67,926</b>   | <b>-62,724</b> | <b>4,047,259</b> |
| <b>EBITDA from continued operations</b>                                                     | <b>18,530</b>        | <b>26,307</b>         | <b>406,727</b>             | <b>-179,004</b> | <b>- / -</b>   | <b>272,560</b>   |
| <b>EBIT from continued operations</b>                                                       | <b>11,330</b>        | <b>-46</b>            | <b>371,156</b>             | <b>-180,440</b> | <b>- / -</b>   | <b>202,000</b>   |
| Net financial income/expenses                                                               |                      |                       |                            |                 |                | -16,334          |
| <b>Earnings before taxes (EBT)</b>                                                          |                      |                       |                            |                 |                | <b>185,666</b>   |
| Income taxes                                                                                |                      |                       |                            |                 |                | 9,355            |
| <b>Profit/loss after taxes from continued operations</b>                                    |                      |                       |                            |                 |                | <b>195,021</b>   |
| Profit/loss from discontinued operations                                                    |                      |                       |                            |                 |                | 289,473          |
| Non-controlling interests                                                                   |                      |                       |                            |                 |                | 693              |
| <b>Share of consolidated profit/loss attributable to shareholders of the parent company</b> |                      |                       |                            |                 |                | <b>483,801</b>   |
| <b>Statement of financial position – Assets</b>                                             |                      |                       |                            |                 |                |                  |
| Segment assets                                                                              | 164,125              | 419,906               | 1,147,765                  | 338,282         |                | 2,070,078        |
| Non-assigned assets                                                                         |                      |                       |                            |                 |                | 132,045          |
| Group assets                                                                                |                      |                       |                            |                 |                | 2,202,123        |
| <b>Statement of financial position – Liabilities</b>                                        |                      |                       |                            |                 |                |                  |
| Segment liabilities                                                                         | 92,452               | 192,442               | 581,265                    | 88,620          |                | 954,779          |
| Non-assigned liabilities                                                                    |                      |                       |                            |                 |                | 618,787          |
| Group liabilities                                                                           |                      |                       |                            |                 |                | 1,573,566        |
| <b>Other disclosures</b>                                                                    |                      |                       |                            |                 |                |                  |
| Current investment expenditures                                                             | -6,910               | -30,004               | -9,989                     | -147            |                | -47,050          |
| Capital expenditures for acquisitions                                                       | - / -                | -1,000                | 44,747                     | - / -           |                | 43,747           |
| Depreciation and amortization                                                               | -7,201               | -26,353               | -35,571                    | -1,435          |                | -70,560          |
| Impairments (IAS 36)                                                                        | - / -                | - / -                 | - / -                      | - / -           |                | - / -            |
| Reversals of impairments (IAS 36)                                                           | 2,842                | - / -                 | - / -                      | - / -           |                | 2,842            |
| Interest income                                                                             | 14                   | 214                   | 256                        | 386             |                | 870              |
| Interest expenses                                                                           | -277                 | -2,888                | -6,624                     | -7,415          |                | -17,204          |



A breakdown of revenues by geographical markets is presented in the table below:

| in kEUR                                | 1/1/ - 12/31/2018 | 1/1/ - 12/31/2017 |
|----------------------------------------|-------------------|-------------------|
| Germany                                | 500,909           | 506,420           |
| Europe – European Union                | 2,595,292         | 2,262,508         |
| Europe – Other                         | 144,804           | 138,551           |
| Other countries                        | 147,996           | 90,866            |
| <b>Total from continued operations</b> | <b>3,389,001</b>  | <b>2,998,345</b>  |
| Discontinued operations                | 392,764           | 1,048,914         |
| <b>Total revenues</b>                  | <b>3,781,765</b>  | <b>4,047,259</b>  |





A man in a teal shirt stands behind a woman sitting at a desk, holding a stack of cardboard boxes labeled with percentages (50%, 30%, 20%). The word "TAXES" is overlaid on the image.







## TAXES

### 23. Income taxes



## TAXES

### 23. Income taxes

The taxes recognized in the statement of comprehensive income have the following structure:

| in kEUR                                                                          | 2018           | 2017         |
|----------------------------------------------------------------------------------|----------------|--------------|
| Current taxes for the current period                                             | -15,837        | -10,573      |
| Adjustments for current taxes of previous years recognized in the current period | 1,998          | 1,580        |
| Deferred taxes for the current period                                            | 11,168         | 18,354       |
| Impairments and/or reversals of earlier impairments of deferred taxes            | -17,950        | -6           |
| <b>Total income tax expenses (PY: tax income)</b>                                | <b>-20,621</b> | <b>9,355</b> |

The tax income (PY: tax expenses) on the profit/loss from discontinued operations amounted to EUR 1,165 thousand (PY: EUR 18,081 thousand).

Deferred taxes result from differences in the values presented in the consolidated financial statements prepared in accordance with IFRS and the corresponding tax bases, and from consolidation measures. The Group assumes that the tax provisions are adequate for all outstanding tax years, taking into account numerous factors including the interpretations of tax law and past experience.

The respective country-specific income tax rates applied for foreign companies range from five percent to 35 percent, unchanged from the previous year.

The breakdown of income taxes recognized directly in other comprehensive income in the statement of comprehensive income for financial years 2018 and 2017, including the reclassification amounts, is presented in the table below:

| 1/1/ - 12/31/2018 (in kEUR)                     | Amount<br>before<br>income taxes | Income<br>taxes | Amount<br>after<br>income taxes |
|-------------------------------------------------|----------------------------------|-----------------|---------------------------------|
| Currency translation differences                | 6,146                            | - / -           | 6,146                           |
| – Reclassification recognized in profit or loss | - / -                            | - / -           | - / -                           |
| – Unrealized change                             | 6,146                            | - / -           | 6,146                           |
| Revaluations IAS 19                             | 1,771                            | -245            | 1,526                           |



The deferred taxes on pension assets attributable to other comprehensive income according to IAS 19 amounted to EUR 903 thousand in financial year 2018 (PY: EUR 1,104 thousand).

| 1/1/- 12/31/2017 (in kEUR)                      | Amount<br>before<br>income taxes | Income<br>taxes | Amount<br>after<br>income taxes |
|-------------------------------------------------|----------------------------------|-----------------|---------------------------------|
| Currency translation differences                | -17,217                          | 3,332           | -13,885                         |
| – Reclassification recognized in profit or loss | - / -                            | - / -           | - / -                           |
| – Unrealized change                             | -17,217                          | 3,332           | -13,885                         |
| Cash flow hedges                                | -3                               | - / -           | -3                              |
| – Reclassification recognized in profit or loss | - / -                            | - / -           | - / -                           |
| – Unrealized change                             | -3                               | - / -           | -3                              |
| Revaluations IAS 19                             | 3,933                            | -761            | 3,172                           |

The differences between the actual income tax expenses/income recognized in the statement of comprehensive income and the expected income tax expenses/income are presented in the following reconciliation statement. The expected income tax expenses/income were calculated by multiplying the profit/loss before income taxes by the expected tax rate. The total expected income tax rate, which is composed of the statutory German corporate income tax, the solidarity surtax and the German trade tax, was about 24 percent.

The expected income tax result can be reconciled to the recognized income taxes as follows:

| in kEUR                                                                             | 1/1/- 12/31/2018 | 1/1/- 12/31/2017 |
|-------------------------------------------------------------------------------------|------------------|------------------|
| Profit/loss before taxes from continued operations                                  | 8,722            | 185,666          |
| Expected income tax rate                                                            | 24 %             | 24 %             |
| Expected income tax expense (+) or income (-)                                       | 2,093            | 44,560           |
| Adjustments due to change of the Group tax rate                                     | - / -            | 12,224           |
| Different tax expenses                                                              | -994             | -1,906           |
| Tax-exempt income from bargain purchases                                            | -19,888          | -127,794         |
| Trade tax additions and reductions                                                  | -85              | -368             |
| Non-deductible operating expenses                                                   | 3,023            | 17,532           |
| Tax-exempt profit/loss on sale of equity investments                                | -1,232           | -940             |
| Tax-exempt income                                                                   | -4,603           | -35              |
| Permanent differences from items of the statement of financial position             | -1,250           | 5,626            |
| Tax effects of unused tax loss carry-forwards not recognized as deferred tax assets | 28,030           | 40,434           |
| Changes in impairments, current year                                                | 17,950           | 6                |
| Other non-period income taxes                                                       | -2,588           | 719              |
| Effects caused by dividends                                                         | 714              | 845              |
| Other effects                                                                       | -549             | -258             |
| <b>Stated income tax expenses (+) or income (-)</b>                                 | <b>20,621</b>    | <b>-9,355</b>    |
| Effective tax rate                                                                  | 236.43%          | -5.04%           |



Deferred tax assets are recognized for existing corporate income tax and trade tax loss carry-forwards. The total underlying loss carry-forwards amounted to EUR 62.788 thousand in financial year 2018 (PY: EUR 42,647 thousand) for the corporate income tax and EUR 12.854 thousand (PY: EUR 15,638 thousand) for the trade tax. No deferred tax assets were recognized for other existing corporate income tax (EUR 411,660 thousand; PY: EUR 252,327 thousand) and trade tax loss carry-forwards (EUR 225,071 thousand; PY: EUR 149,311 thousand) and interest carry-forwards (EUR 25,125 thousand; PY: EUR 0 thousand) because the use of these carry-forwards is subject to legal or economic restrictions. Existing tax loss carry-forwards can be applied in full against positive taxable income in Germany in any tax assessment period up to an amount of EUR 1,000 thousand; above that amount, however, corporate income tax and trade tax loss carry-forwards can only be applied at the rate of 60 percent (minimum taxation). These tax loss carry-forwards are generally not subject to time limits, but can no longer be transferred to other companies by way of mergers or similar transactions after the introduction of the SEStEG of December 13, 2006. In Germany, due consideration must be given to Section 8c KStG, which was introduced with the 2008 corporate tax reform. Deferred tax assets are not recognized for existing tax loss carry-forwards obtained from company acquisitions at the acquisition date. A separate review is conducted at the reporting date to determine whether the tax loss carry-forwards can be used in the future. Due to the special characteristics of the AURELIUS business model, an individual planning period of one to three years is considered for the capitalization of tax loss carry-forwards.

The amounts and dates of expiration of not yet used tax losses are presented in the table below:

| 12/31/2018                                                        |                     | in kEUR |
|-------------------------------------------------------------------|---------------------|---------|
| <b>Corporate income tax</b>                                       |                     |         |
| Carry-forwardable for                                             | No time restriction | 410,419 |
| Carry-forwardable for                                             | 1 year              | - / -   |
| Carry-forwardable for                                             | 2 years             | - / -   |
| Carry-forwardable for                                             | 3 years             | - / -   |
| Carry-forwardable for                                             | 4 years             | - / -   |
| Carry-forwardable for                                             | 5 years             | 821     |
| Carry-forwardable for                                             | 6 years             | - / -   |
| Carry-forwardable for                                             | 7 years             | - / -   |
| Carry-forwardable for                                             | More than 7 years   | 420     |
| <b>Trade tax</b>                                                  |                     |         |
| Carry-forwardable for                                             | No time restriction | 225,071 |
| Carry-forwardable for                                             | 1 year              | - / -   |
| Carry-forwardable for                                             | 2 years             | - / -   |
| Carry-forwardable for                                             | 3 years             | - / -   |
| Carry-forwardable for                                             | 4 years             | - / -   |
| Carry-forwardable for                                             | 5 years             | - / -   |
| Carry-forwardable for                                             | 6 years             | - / -   |
| Carry-forwardable for                                             | 7 years             | - / -   |
| Carry-forwardable for                                             | More than 7 years   | - / -   |
| <b>Interest carry-forward from upper-bound interest deduction</b> |                     |         |
| Carry-forwardable for                                             | No time restriction | 25,125  |



| 12/31/2017                                                        |                     | in kEUR |
|-------------------------------------------------------------------|---------------------|---------|
| <b>Corporate income tax</b>                                       |                     |         |
| Carry-forwardable for                                             | No time restriction | 251,514 |
| Carry-forwardable for                                             | 1 year              | - / -   |
| Carry-forwardable for                                             | 2 years             | - / -   |
| Carry-forwardable for                                             | 3 years             | - / -   |
| Carry-forwardable for                                             | 4 years             | - / -   |
| Carry-forwardable for                                             | 5 years             | 813     |
| Carry-forwardable for                                             | 6 years             | - / -   |
| Carry-forwardable for                                             | 7 years             | - / -   |
| Carry-forwardable for                                             | More than 7 years   | - / -   |
| <b>Trade tax</b>                                                  |                     |         |
| Carry-forwardable for                                             | No time restriction | 149,311 |
| Carry-forwardable for                                             | 1 year              | - / -   |
| Carry-forwardable for                                             | 2 years             | - / -   |
| Carry-forwardable for                                             | 3 years             | - / -   |
| Carry-forwardable for                                             | 4 years             | - / -   |
| Carry-forwardable for                                             | 5 years             | - / -   |
| Carry-forwardable for                                             | 6 years             | - / -   |
| Carry-forwardable for                                             | 7 years             | - / -   |
| Carry-forwardable for                                             | More than 7 years   | - / -   |
| <b>Interest carry-forward from upper-bound interest deduction</b> |                     |         |
| Carry-forwardable for                                             | No time restriction | - / -   |

No deferred taxes were recognized for outside basis differences according to IAS 12.39 in the amount of EUR 2,112 thousand (PY: EUR 2,629 thousand) in the consolidated financial statements of AURELIUS Equity Opportunities SE & Co. KGaA. Deferred tax liabilities of EUR 115 thousand were recognized for companies being considered for a near-term investment or from which it is planned to receive a dividend. Deferred tax assets and liabilities are presented in the table below:

| in kEUR                          | 12/31/2018    | 12/31/2017    |
|----------------------------------|---------------|---------------|
| <b>Deferred tax assets</b>       |               |               |
| Intangible assets                | 1,991         | 1,352         |
| Property, plant and equipment    | 4,745         | 5,114         |
| Non-current financial assets     | 550           | 320           |
| Inventories                      | 3,015         | 133           |
| Current assets                   | 2,188         | 7,561         |
| Deferred expenses                | 110           | 145           |
| Pension obligations              | 2,809         | 1,780         |
| Other provisions                 | 5,526         | 6,132         |
| Liabilities                      | 4,175         | 2,958         |
| Tax loss carry-forwards          | 16,695        | 26,090        |
| Netting                          | -10,066       | -13,231       |
| <b>Total deferred tax assets</b> | <b>31,738</b> | <b>38,354</b> |



| in kEUR                               | 12/31/2018    | 12/31/2017    |
|---------------------------------------|---------------|---------------|
| <b>Deferred tax liabilities</b>       |               |               |
| Intangible assets                     | 18,609        | 10,397        |
| Property, plant and equipment         | 13,108        | 8,863         |
| Non-current financial assets          | 540           | 563           |
| Receivables and other current assets  | 4,800         | 7,788         |
| Liabilities                           | 8,092         | 14,872        |
| Netting                               | -10,066       | -13,231       |
| <b>Total deferred tax liabilities</b> | <b>35,083</b> | <b>29,252</b> |

The changes in deferred taxes are presented in the table below:

| in kEUR                                                 | 2018          | 2017           |
|---------------------------------------------------------|---------------|----------------|
| <b>Balance at 1/1</b>                                   | <b>9,102</b>  | <b>-14,923</b> |
| Acquisition or disposal of subsidiaries                 | -4,456        | 346            |
| Income/loss in the statement of comprehensive income    | -6,782        | 19,847         |
| Deferred taxes recognized in other comprehensive income | -245          | 2,845          |
| Foreign currency effects                                | -964          | 987            |
| <b>Balance at 12/31</b>                                 | <b>-3,345</b> | <b>9,102</b>   |





# ASSETS





## ASSETS

- 24. Goodwill
- 25. Other intangible assets
- 26. Property, plant and equipment
- 27. Financial assets
  - 27.1 Other investments
  - 27.2 Other long-term loans
- 28. Inventories
- 29. Trade receivables
- 30. Income tax assets
- 31. Other financial assets
- 32. Other assets
- 33. Deferred expenses
- 34. Cash and cash equivalents
- 35. Non-current assets and liabilities held for sale



## ASSETS

### 24. Goodwill

For the purpose of conducting impairment tests, goodwill is assigned to cash-generating units. The recoverable amount of a cash-generating unit is determined as the fair value less the costs to sell (two percent of fair value), applying the third valuation level. Because directly observable market prices generally do not exist for the intangible assets in question, the fair value is determined by discounting future cash flows to present value. An exception to this rule is represented by the exchange-listed Group company HanseYachts, which is measured at the proportional market capitalization at the reporting date.

In financial year 2018, no impairments were recognized in goodwill, as in the previous year. If they occur, impairment losses are presented within Depreciation, amortization and impairments in the statement of comprehensive income. At December 31, 2018, the total amount of goodwill was EUR 46,412 thousand (PY: EUR 20,582 thousand). The acquisition costs of the goodwill can be reconciled as follows:

| Acquisition costs                                                                              | in kEUR | 2018          | 2017          |
|------------------------------------------------------------------------------------------------|---------|---------------|---------------|
| <b>Balance at 1/1</b>                                                                          |         | <b>20,642</b> | <b>15,808</b> |
| Amounts from business combinations as per IFRS 3 additionally recognized in the reporting year |         | 25,830        | 16,782        |
| Disposal by sale of subsidiaries                                                               |         | - / -         | -11,948       |
| <b>Balance at 12/31</b>                                                                        |         | <b>46,472</b> | <b>20,642</b> |

The recognized and cumulative impairments have the following structure:

| Impairments                           | in kEUR | 2018       | 2017        |
|---------------------------------------|---------|------------|-------------|
| <b>Balance at 1/1</b>                 |         | <b>-60</b> | <b>-289</b> |
| Impairment losses in the current year |         | - / -      | - / -       |
| Disposal by sale of subsidiaries      |         | - / -      | 229         |
| <b>Balance at 12/31</b>               |         | <b>-60</b> | <b>-60</b>  |

The additional goodwill recognized in financial year 2018 resulted from add-on acquisitions to strengthen existing Group companies and relates to expected synergies particularly in the areas of procurement, administration, IT and sales. Goodwill items are subjected to an annual impairment test in accordance with IAS 36. With respect to goodwill, the cash-generating unit is the portfolio company in its entirety, as a general rule. There are no exceptions to this rule. Material portions of goodwill existed on the reporting date at Calumet Wex in the amount of EUR 10,950 thousand (PY: EUR 10,950 thousand) and at Privilège Marine in the amount of EUR 5,467 thousand (PY: EUR 5,467 thousand). Due to add-on acquisitions in the reporting period, the goodwill of the GHOTEL Group amounted to EUR 14,904 thousand at the reporting date (PY: EUR 649 thousand).



The basis for the impairment tests conducted for the material CGUs has the following structure:

| CGU              | Carrying amounts of goodwill 12/31/2018 (in kEUR) | Carrying amounts of intangible assets with indefinite useful lives 12/31/2018 (in kEUR) | Growth rate perpetuity | Discount rate (WACC) after taxes | Revenues        | EBIT         |
|------------------|---------------------------------------------------|-----------------------------------------------------------------------------------------|------------------------|----------------------------------|-----------------|--------------|
| HanseYachts      | - / -                                             | 9,966                                                                                   | 0.5%                   | 6.80%                            | Moderate growth | Solid growth |
| GHOTEL Group     | 14,904                                            | - / -                                                                                   | 0.5%                   | 6.77%                            | Solid growth    | Solid growth |
| Calumet Wex      | 10,950                                            | - / -                                                                                   | 0.5%                   | 6.67%                            | Solid growth    | Solid growth |
| Privilège Marine | 5,467                                             | - / -                                                                                   | 0.5%                   | 7.77%                            | Solid growth    | Solid growth |

| CGU              | Carrying amounts of goodwill 12/31/2017 (in kEUR) | Carrying amounts of intangible assets with indefinite useful lives 12/31/2017 (in kEUR) | Growth rate perpetuity | Discount rate (WACC) after taxes | Revenues     | EBIT         |
|------------------|---------------------------------------------------|-----------------------------------------------------------------------------------------|------------------------|----------------------------------|--------------|--------------|
| HanseYachts      | - / -                                             | 9,966                                                                                   | 0.5%                   | 6.87%                            | Solid growth | Solid growth |
| Calumet Wex      | 10,950                                            | - / -                                                                                   | 0.5%                   | 7.02%                            | Solid growth | Solid growth |
| Privilège Marine | 5,467                                             | - / -                                                                                   | 0.5%                   | 7.78%                            | Solid growth | Solid growth |

The scale comprises three levels, from “modest growth” to “moderate growth” to “solid growth”. The average annual growth rates range from 4.6 percent and 19.8 percent (PY: 5.1% - 45.8%) for revenues, and from 16.2 percent and > 100,0 percent (PY: 29.1% – > 100.0%) for EBIT. The above-average growth rates in some cases resulted naturally from ongoing restructuring processes in the indicated planning period.

For conducting the impairment test, the total carrying amounts of the group of cash-generating units are checked against the recoverable amount. The recoverable amount is calculated as the fair value less costs to sell, based on discounted future cash flows. Expected cash flows are based on a qualified planning process, with due consideration given to internal experience values and external macroeconomic data. The detailed planning period covers three years, as a general rule. In most cases, a growth rate of 0.5 percent is applied for the time after the three-year period. As a general rule, the discount factor is calculated as the weighted average cost of capital (WACC) by application of the capital asset pricing model. For this purpose, an individual group of comparison companies (“Peer group”) is applied for all groups of cash-generating units operating in the same business segment.





Furthermore, the discount factors are determined on the basis of the following exemplary assumptions: a base interest rate of 0.88 percent (PY: 1.26%) and a market risk premium of 6.25 percent (PY: 6.25%) at December 31, 2018 for a term of 30 years in Germany. Country-typical risk premiums are applied to both the equity capital cost rate and the debt capital cost rate, based on the credit rating of the respective country.

For purposes of estimating the development of revenues, EBIT and the EBIT margin, specific growth rates were assumed in conducting the impairment test of the respective CGUs. The calculation of sustainably attainable earnings is based on assumptions regarding various cost reduction measures. Furthermore, customary market EBIT margins were assumed for calculating the sustainably attainable earnings. The medium-term increase in EBIT results from the current transformation process. In addition to the impairment test, three sensitivity analyses were conducted. Zero growth in the perpetual annuity was assumed for the first sensitivity analysis. For the second sensitivity analysis, the discount factor was increased by ten percentage points for each group of cash-generating units. For the third sensitivity analysis, a flat-rate deduction of ten percent was applied to the assumed EBIT in perpetuity. These changes in the underlying assumptions would also not result in a need to recognize impairments.

## 25. Other intangible assets

Other intangible assets in the amount of EUR 177,869 thousand (PY: EUR 170,489 thousand) are mainly composed of software, industrial property rights, brands, orders on hand, and customer relationships. Along with the franchises and intellectual property rights, the significant amounts result from brands with definite or indefinite useful lives of EUR 56,848 thousand (PY: EUR 58,771 thousand), capitalized development costs of EUR 6,714 thousand (PY: EUR 3,352 thousand) and customer relationships or customer bases of EUR 17,224 thousand (PY: EUR 13,994 thousand). The increase in this item resulted mainly from the acquisitions of portfolio companies in the reporting year.

The development of the carrying amounts of the other intangible assets is presented in the following table:



| in kEUR                                     | Franchises,<br>industrial<br>property rights,<br>and similar rights<br>and licenses | Other<br>intangible assets | Down<br>payments | Total           |
|---------------------------------------------|-------------------------------------------------------------------------------------|----------------------------|------------------|-----------------|
| <b>Acquisition or production costs</b>      |                                                                                     |                            |                  |                 |
| <b>Balance at January 1, 2017</b>           | <b>43,886</b>                                                                       | <b>171,915</b>             | <b>8,466</b>     | <b>224,267</b>  |
| Discontinued operations                     | -24,382                                                                             | -86,511                    | -471             | -111,364        |
| Continued operations                        | 19,504                                                                              | 85,404                     | 7,995            | 112,903         |
| Changes in the consolidation group          | 78,605                                                                              | 52,266                     | 72               | 130,943         |
| Acquisitions                                | - / -                                                                               | 7,390                      | 2,784            | 10,174          |
| Disposals                                   | -6,853                                                                              | -40                        | -68              | -6,961          |
| Reclassifications                           | 1,227                                                                               | 721                        | -157             | 1,791           |
| Currency translation differences            | -1,037                                                                              | -1,812                     | -308             | -3,157          |
| <b>Balance at December 31, 2017</b>         | <b>91,446</b>                                                                       | <b>143,929</b>             | <b>10,318</b>    | <b>245,693</b>  |
| Discontinued operations                     | -722                                                                                | -9,164                     | -10,118          | -20,004         |
| Continued operations                        | 90,724                                                                              | 134,765                    | 200              | 225,689         |
| Changes in the consolidation group          | 1,128                                                                               | 32,391                     | - / -            | 33,519          |
| Acquisitions                                | 13,630                                                                              | 5,828                      | 187              | 19,645          |
| Disposals                                   | -3,527                                                                              | -277                       | -125             | -3,929          |
| Reclassifications                           | 49                                                                                  | 638                        | -113             | 574             |
| Currency translation differences            | -543                                                                                | -680                       | - / -            | -1,223          |
| <b>Balance at December 31, 2018</b>         | <b>101,461</b>                                                                      | <b>172,665</b>             | <b>149</b>       | <b>274,275</b>  |
| <b>Amortization and impairments</b>         |                                                                                     |                            |                  |                 |
| <b>Balance at January 1, 2017</b>           | <b>-33,952</b>                                                                      | <b>-90,348</b>             | <b>-430</b>      | <b>-124,730</b> |
| Discontinued operations                     | 23,452                                                                              | 55,153                     | - / -            | 78,605          |
| Continued operations                        | -10,500                                                                             | -35,195                    | -430             | -46,125         |
| Acquisitions                                | -12,023                                                                             | -19,782                    | -1,863           | -33,668         |
| Impairments (IAS 36)                        | - / -                                                                               | - / -                      | - / -            | - / -           |
| Disposals                                   | 812                                                                                 | 18                         | - / -            | 830             |
| Reversals of impairments                    | - / -                                                                               | 2,842                      | - / -            | 2,842           |
| Reclassifications                           | 65                                                                                  | -92                        | - / -            | -27             |
| Currency translation differences            | 146                                                                                 | 760                        | 38               | 944             |
| <b>Balance at December 31, 2017</b>         | <b>-21,500</b>                                                                      | <b>-51,449</b>             | <b>-2,255</b>    | <b>-75,204</b>  |
| Discontinued operations                     | 22                                                                                  | 2,507                      | 2,253            | 4,782           |
| Continued operations                        | -21,478                                                                             | -48,942                    | -2               | -70,422         |
| Acquisitions                                | -10,769                                                                             | -17,774                    | - / -            | -28,543         |
| Impairments (IAS 36)                        | - / -                                                                               | - / -                      | - / -            | - / -           |
| Disposals                                   | 1,935                                                                               | 23                         | - / -            | 1,958           |
| Reversals of impairments                    | - / -                                                                               | - / -                      | - / -            | - / -           |
| Reclassifications                           | 309                                                                                 | -378                       | - / -            | -69             |
| Currency translation differences            | 217                                                                                 | 454                        | - / -            | 670             |
| <b>Balance at December 31, 2018</b>         | <b>-29,787</b>                                                                      | <b>-66,617</b>             | <b>-2</b>        | <b>-96,406</b>  |
| <b>Carrying amount at December 31, 2017</b> | <b>69,946</b>                                                                       | <b>92,480</b>              | <b>8,063</b>     | <b>170,489</b>  |
| <b>Carrying amount at December 31, 2018</b> | <b>71,674</b>                                                                       | <b>106,048</b>             | <b>147</b>       | <b>177,869</b>  |



For the purpose of conducting impairment tests, brands with indefinite useful lives are assigned to cash-generating units. The recoverable amount of a cash-generating unit is determined as the fair value less the costs to sell (2 percent of fair value), applying the third valuation level. Because directly observable market prices generally do not exist for the intangible assets in question, the fair value is determined by discounting future cash flows to present value. In financial year 2018, no impairments were recognized in any intangible assets with indefinite useful lives, as in the previous year. Impairment losses are presented within Depreciation, amortization and impairments in the statement of comprehensive income. It was not necessary to reverse prior-year impairments in financial year 2018 (PY: EUR 2,842 thousand). The fair value less costs to sell was calculated on the basis of a DCF model. The reversal of prior impairment in the previous year related to LD Didactic and was presented under other income within the statement of comprehensive income. The reason for the reversal is the company's improved operating performance in 2017 compared to 2016.

Brands with indefinite useful lives are subjected to an annual impairment test in accordance with IAS 36 (see also Note 24). They are not subject to straight-line amortization because they are so-called umbrella brands. The cash-generating unit is the portfolio company in its entirety, as a general rule. There are no exceptions to this rule.

The capitalized development costs recognized in the consolidated statement of financial position within other intangible assets amounted to EUR 6,714 thousand at December 31, 2018 (PY: EUR 3,352 thousand). In the reporting period, research and development expenses of the Group amounted to EUR 4,069 thousand (PY: EUR 2,644 thousand).

Intangible assets in the amount of EUR 5,432 thousand (PY: EUR 10,501 thousand) have been pledged as security for the Group's financial liabilities, in the amount of EUR zero thousand (PY: EUR 4,045 thousand) as security for other financial liabilities, and in the amount of EUR 526 thousand (PY: EUR 0 thousand) as security for trade payables.

## 26. Property, plant and equipment

Property, plant and equipment in the total amount of EUR 356,228 thousand (PY: EUR 294,548 thousand) included leased real estate and buildings in the amount of EUR 33,741 thousand (PY: EUR 23,348 thousand), operational and office equipment in the amount of EUR 1,153 thousand (PY: EUR 4,733 thousand), and leased technical equipment, plant and machinery in the amount of EUR 560 thousand (PY: EUR 3,216 thousand). The corresponding assets are classified as finance leases by reason of the contract formulation and therefore AURELIUS is considered to be the economic owner of those assets. The material leases relate to operational and office equipment at Calumet Wex and B+P Gerüstbau, technical equipment, plant and machinery at SOLIDUS, and buildings at SOLIDUS, Silvan and Office Depot Europe.

Property, plant and equipment in the amount of EUR 19,374 thousand (PY: EUR 17,411 thousand) have been pledged as security for financial liabilities and in the amount of EUR zero thousand (PY: EUR 4,965 thousand) as security for other financial liabilities. Contractual commitments for purchases of property, plant and equipment (purchase commitments) totaled EUR 5,640 thousand at December 31, 2018.





The development of the carrying amounts of the property, plant and equipment at December 31, 2018 is presented in the table below:

|                                             | Land and<br>leasehold rights | Buildings including<br>buildings on<br>non-owned land | Technical equipment,<br>plant and machinery | Other equipment,<br>operational and office<br>equipment | Down payments<br>made and assets<br>under construction | Total           |
|---------------------------------------------|------------------------------|-------------------------------------------------------|---------------------------------------------|---------------------------------------------------------|--------------------------------------------------------|-----------------|
| <b>in kEUR</b>                              |                              |                                                       |                                             |                                                         |                                                        |                 |
| <b>Acquisition or production costs</b>      |                              |                                                       |                                             |                                                         |                                                        |                 |
| <b>Balance at January 1, 2017</b>           | <b>39,936</b>                | <b>101,815</b>                                        | <b>281,715</b>                              | <b>69,052</b>                                           | <b>17,413</b>                                          | <b>509,931</b>  |
| Discontinued operations                     | -5,174                       | -24,628                                               | -196,946                                    | -31,760                                                 | -7,268                                                 | -265,776        |
| Continued operations                        | 34,762                       | 77,187                                                | 84,769                                      | 37,292                                                  | 10,145                                                 | 244,155         |
| Changes in the consolidation group          | 8,331                        | 31,704                                                | 44,114                                      | 19,795                                                  | 3,008                                                  | 106,952         |
| Acquisitions                                | 75                           | 4,098                                                 | 16,573                                      | 8,258                                                   | 18,047                                                 | 47,051          |
| Disposals                                   | -838                         | -1,785                                                | -17,762                                     | -2,661                                                  | -1,327                                                 | -24,373         |
| Reclassifications                           | -7,064                       | 7,912                                                 | 6,882                                       | 1,424                                                   | -11,668                                                | -2,514          |
| Currency translation differences            | -442                         | -861                                                  | -2,327                                      | -297                                                    | -331                                                   | -4,258          |
| <b>Balance at December 31, 2017</b>         | <b>34,824</b>                | <b>118,255</b>                                        | <b>132,249</b>                              | <b>63,811</b>                                           | <b>17,874</b>                                          | <b>367,013</b>  |
| Discontinued operations                     | -2,882                       | -5,246                                                | -15,673                                     | -2,988                                                  | -523                                                   | -27,312         |
| Continued operations                        | 31,942                       | 113,009                                               | 116,576                                     | 60,823                                                  | 17,351                                                 | 339,701         |
| Changes in the consolidation group          | 9,017                        | 30,367                                                | 33,449                                      | 7,289                                                   | 2,925                                                  | 83,047          |
| Acquisitions                                | 50                           | 13,858                                                | 8,073                                       | 19,036                                                  | 27,562                                                 | 68,579          |
| Disposals                                   | -5,109                       | -12,543                                               | -20,087                                     | -3,451                                                  | -1,616                                                 | -42,806         |
| Reclassifications                           | 1,730                        | 116                                                   | 7,984                                       | 2,384                                                   | -11,792                                                | 422             |
| Currency translation differences            | -51                          | -437                                                  | -672                                        | -285                                                    | -215                                                   | -1,660          |
| <b>Balance at December 31, 2018</b>         | <b>37,579</b>                | <b>144,370</b>                                        | <b>145,323</b>                              | <b>85,796</b>                                           | <b>34,215</b>                                          | <b>447,283</b>  |
| <b>Depreciation and impairments</b>         |                              |                                                       |                                             |                                                         |                                                        |                 |
| <b>Balance at January 1, 2017</b>           | <b>-3,828</b>                | <b>-31,889</b>                                        | <b>-125,082</b>                             | <b>-24,613</b>                                          | <b>-527</b>                                            | <b>-185,939</b> |
| Discontinued operations                     | 2,834                        | 10,824                                                | 116,624                                     | 18,032                                                  | 238                                                    | 148,552         |
| Continued operations                        | -994                         | -21,065                                               | -8,458                                      | -6,581                                                  | -289                                                   | -37,387         |
| Acquisitions                                | -24                          | -7,055                                                | -24,911                                     | -12,298                                                 | - / -                                                  | -44,288         |
| Impairments (IAS 36)                        | - / -                        | - / -                                                 | - / -                                       | - / -                                                   | - / -                                                  | - / -           |
| Disposals                                   | - / -                        | 7,967                                                 | 160                                         | 318                                                     | - / -                                                  | 8,445           |
| Reversals of impairments                    | - / -                        | - / -                                                 | - / -                                       | - / -                                                   | - / -                                                  | - / -           |
| Reclassifications                           | -2                           | -2                                                    | -1                                          | 39                                                      | - / -                                                  | 34              |
| Currency translation differences            | 1                            | -19                                                   | 707                                         | 46                                                      | -2                                                     | 733             |
| <b>Balance at December 31, 2017</b>         | <b>-1,019</b>                | <b>-20,174</b>                                        | <b>-32,503</b>                              | <b>-18,476</b>                                          | <b>-291</b>                                            | <b>-72,463</b>  |
| Discontinued operations                     | 11                           | 60                                                    | 362                                         | 39                                                      | - / -                                                  | 472             |
| Continued operations                        | -1,008                       | -20,114                                               | -32,141                                     | -18,437                                                 | -291                                                   | -71,991         |
| Acquisitions                                | -45                          | -8,026                                                | -23,973                                     | -14,875                                                 | - / -                                                  | -46,919         |
| Impairments (IAS 36)                        | - / -                        | - / -                                                 | - / -                                       | - / -                                                   | - / -                                                  | - / -           |
| Disposals                                   | - / -                        | 8,636                                                 | 19,655                                      | 1,674                                                   | - / -                                                  | 29,965          |
| Reversals of impairments                    | - / -                        | - / -                                                 | - / -                                       | - / -                                                   | - / -                                                  | - / -           |
| Reclassifications                           | -886                         | -1,323                                                | 395                                         | -446                                                    | - / -                                                  | -2,260          |
| Currency translation differences            | - / -                        | 28                                                    | 25                                          | 96                                                      | 1                                                      | 150             |
| <b>Balance at December 31, 2018</b>         | <b>-1,939</b>                | <b>-20,799</b>                                        | <b>-36,039</b>                              | <b>-31,988</b>                                          | <b>-290</b>                                            | <b>-91,055</b>  |
| <b>Carrying amount at December 31, 2017</b> | <b>33,805</b>                | <b>98,082</b>                                         | <b>99,744</b>                               | <b>45,335</b>                                           | <b>17,582</b>                                          | <b>294,548</b>  |
| <b>Carrying amount at December 31, 2018</b> | <b>35,640</b>                | <b>123,571</b>                                        | <b>109,284</b>                              | <b>53,808</b>                                           | <b>33,925</b>                                          | <b>356,228</b>  |



## 27. Financial assets

### 27.1 Other investments

The total amount of EUR 6,360 thousand (PY: EUR 4,649 thousand) mainly consists of one investment of the Conaxess Trade Group in the amount of EUR 5,015 thousand (PY: EUR 4,618 thousand) and two investments of SOLIDUS in the amount of EUR 1,340 thousand (PY: EUR 0 thousand). This item also includes an investment of B+P Gerüstbau in the amount of EUR five thousand (PY: EUR 5 thousand).

### 27.2 Other long-term loans

The total amount of EUR 3,843 thousand (PY: EUR 3,860 thousand) mainly consists of long-term loans at Silvan in the amount of EUR 2,494 thousand (PY: EUR 2,469 thousand) and at MEZ in the amount of EUR 1,338 thousand (PY: EUR 1,338 thousand).

## 28. Inventories

Inventories break down as follows:

| in kEUR                               | 12/31/2018     | 12/31/2017     |
|---------------------------------------|----------------|----------------|
| Finished goods and trading stock      | 367,253        | 295,313        |
| Raw materials and supplies            | 60,323         | 47,455         |
| Unfinished goods, unfinished services | 34,733         | 24,606         |
| Down payments made                    | 83             | 36             |
| <b>Total continued operations</b>     | <b>462,392</b> | <b>367,410</b> |
| Discontinued operations               | 10,613         | 12,409         |
| <b>Total inventories</b>              | <b>473,005</b> | <b>379,819</b> |

Inventories of finished goods and trading stock were held primarily by Office Depot Europe in the amount of EUR 111,883 thousand (PY: EUR 121,488 thousand), Silvan in the amount of EUR 66,061 thousand (PY: EUR 52,061 thousand), the Conaxess Trade and Scandinavian Cosmetics Group in the amount of EUR 43,912 thousand (PY: EUR 44,710 thousand), and SOLIDUS in the amount of EUR 23,515 thousand (PY: EUR 20,601 thousand).

Inventories of raw materials and supplies were held mainly by SOLIDUS in the amount of EUR 18,317 thousand (PY: EUR 13,695 thousand), VAG in the amount of EUR 16,233 thousand (PY: EUR 0 thousand), and HanseYachts in the amount of EUR 11,553 thousand (PY: EUR 10,430 thousand).

Inventories of unfinished goods and services were held primarily by HanseYachts in the amount of EUR 17,621 thousand (PY: EUR 20,016 thousand) and VAG in the amount of EUR 11,714 thousand (PY: EUR 0 thousand).

Inventories in the amount of EUR 61,212 thousand (PY: EUR 26,838 thousand) have been pledged as security for financial liabilities, and in the amount of EUR 35,400 thousand (PY: EUR 28,475 thousand) as security for trade payables.



Accumulated impairments exhibited the following changes:

| Impairments of inventories       | in kEUR | 2018          | 2017          |
|----------------------------------|---------|---------------|---------------|
| <b>Balance at 1/1</b>            |         | <b>10,031</b> | <b>17,358</b> |
| Discontinued operations          |         | -1,157        | -7,003        |
| Impairments                      |         | 10,842        | 1,020         |
| Reversals of impairments         |         | -1,675        | -1,234        |
| Currency translation differences |         | -65           | -110          |
| <b>Balance at 12/31</b>          |         | <b>17,976</b> | <b>10,031</b> |

Reversals of impairments were carried out in the reporting year based on the observed development of the markets. The reversals of impairments relate to previously recognized impairments for which the current circumstances now make it necessary to increase the carrying amounts to the lower of acquisition or production costs or net realizable value.

## 29. Trade receivables

The total trade receivables of EUR 468,344 thousand (PY: EUR 378,070 thousand) were held mainly by Office Depot Europe in the amount of EUR 189,304 thousand (PY: EUR 167,760 thousand), the Conaxess Trade and Scandinavian Cosmetics Group in the amount of EUR 59,495 thousand (PY: EUR 63,194 thousand), SOLIDUS in the amount of EUR 54,108 thousand (PY: EUR 32,074 thousand), and VAG in the amount of EUR 40,783 thousand (PY: EUR 0 thousand).

All receivables are due in one year or less.

Receivables in the amount of EUR 10,614 thousand (PY: EUR 11,417 thousand) have been pledged as security for financial liabilities.

The accumulated impairments of trade receivables exhibited the following changes:

| Impairments                                                            | in kEUR | 2018         | 2017          |
|------------------------------------------------------------------------|---------|--------------|---------------|
| <b>Balance at 1/1</b>                                                  |         | <b>8,245</b> | <b>12,014</b> |
| Discontinued operations                                                |         | -1,794       | -2,519        |
| Valuation allowances on receivables                                    |         | 4,409        | 1,481         |
| Amounts derecognized during the financial year for being uncollectible |         | -806         | -3,087        |
| Amounts recovered on written-off receivables during the financial year |         | - / -        | 196           |
| Reversals of impairments                                               |         | -439         | -21           |
| Currency translation differences                                       |         | 20           | 181           |
| <b>Balance at 12/31</b>                                                |         | <b>9,635</b> | <b>8,245</b>  |

For information on default risk, maturity analysis and risk concentration of receivables, please refer to Note 55 ff. of the present notes to the consolidated financial statements.



### 30. Income tax assets

The current income tax assets in the amount of EUR 7,034 thousand (PY: EUR 4,386 thousand) were mainly held by Ideal Shopping Direct in the amount of EUR 2,279 thousand (PY: EUR 0 thousand), VAG in the amount of EUR 1,574 thousand (PY: EUR 0 thousand), and the GHOTEL Group in the amount of EUR 1,198 thousand (PY: EUR 3 thousand).

### 31. Other financial assets

The other financial assets in the amount of EUR 126,109 thousand (PY: EUR 118,417 thousand) consisted mainly of creditors with debit balances in the amount of EUR 33,267 thousand (PY: EUR 41,735 thousand), financial receivables from third parties in the amount of EUR 61,934 thousand (PY: EUR 47,693 thousand), and security deposits in the amount of EUR 9,868 thousand (PY: EUR 5,850 thousand).

### 32. Other assets

The stated other assets in the amount of EUR 68,660 thousand (PY: EUR 66,000 thousand) consisted mainly of receivables from down payments in the amount of EUR 3,415 thousand (PY: EUR 22,961 thousand) and sales tax assets in the amount of EUR 36,160 thousand (PY: EUR 17,470 thousand).

### 33. Deferred expenses

The item of deferred expenses in the total amount of EUR 35,742 thousand (PY: EUR 39,715 thousand) related mainly to Office Depot Europe in the amount of EUR 16,065 thousand (PY: EUR 17,338 thousand), Ideal Shopping Direct in the amount of EUR 4,220 thousand (PY: EUR 0 thousand), and Silvan in the amount of EUR 3,550 thousand (PY: EUR 2,050 thousand). The stated amounts are prepayments of rents, purchase orders, maintenance work, insurance and customer discounts.

### 34. Cash and cash equivalents

The stated amount of EUR 290,756 thousand (PY: EUR 606,338 thousand) related mainly to AURELIUS Equity Opportunities SE & Co. KGaA in the amount of EUR 43,637 thousand (PY: EUR 298,359 thousand), Office Depot Europe in the amount of EUR 80,215 thousand (PY: EUR 168,339 thousand), and the Conaxess Trade and Scandinavian Cosmetics Group in the amount of EUR 38,596 thousand (PY: EUR 40,309 thousand).

Of the total cash and cash equivalents, an amount of EUR 18,722 thousand (PY: EUR 16,578 thousand) has been pledged as security ("restricted cash"). In addition, cash totaling EUR 12,175 thousand (PY: EUR 46,299 thousand) is presented as held-for-sale assets in accordance with IFRS 5. In this way, the cash and cash equivalents at the end of the financial year as presented in the consolidated cash flow statement can be reconciled to the related items in the consolidated statement of financial position



The reconciliation is presented in the table below:

| in kEUR                                                                                                          | 12/31/2018     | 12/31/2017     |
|------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Cash and cash equivalents</b>                                                                                 | <b>290,756</b> | <b>606,338</b> |
| Restricted cash                                                                                                  | -18,722        | -16,578        |
| Cash to be presented as held-for-sale assets in accordance with IFRS 5                                           | 12,175         | 46,299         |
| <b>Cash and cash equivalents from continued and discontinued operations presented in the cash flow statement</b> | <b>284,209</b> | <b>636,059</b> |

### 35. Non-current assets and liabilities held for sale

The items presented as Assets held for sale and Liabilities held for sale in the consolidated statement of financial position at December 31, 2018 mainly consisted of assets and liabilities of Granovit and Working Links. Working Links was removed from the basis of consolidation of the AURELIUS Group in February 2019. Granovit will leave the basis of consolidation in early April 2019.

In accordance with the provisions of IFRS 5, an impairment test was conducted before reclassifying this amount from the item of property, plant and equipment to the item of assets held for sale, in order to determine if the fair value less costs to sell may possibly be less than the carrying amount. Recognition occurs at the lower of their fair value less foreseeable costs to sell or their carrying amount to date. The fair value less costs to sell is determined on an aggregated level and compared with the sum of the corresponding carrying amounts. The following table clarifies the assets and liabilities of Granovit as presented at the reporting date of December 31, 2018:

| in kEUR                                            | 12/31/2018    |
|----------------------------------------------------|---------------|
| <b>Item of the statement of financial position</b> |               |
| <b>ASSETS</b>                                      |               |
| Inventories                                        | 10,613        |
| Trade receivables and other assets                 | 16,754        |
| Cash and cash equivalents                          | 6,898         |
| <b>Assets from discontinued operations</b>         | <b>34,265</b> |
| <b>LIABILITIES</b>                                 |               |
| Provisions                                         | 5,909         |
| Trade payables                                     | 12,244        |
| Other liabilities                                  | 8,904         |
| <b>Liabilities from discontinued operations</b>    | <b>27,057</b> |
| <b>Net assets from discontinued operations</b>     | <b>7,208</b>  |



The assets and liabilities of Working Links as presented at the reporting date of December 31, 2018 are presented in the table below:

| in kEUR                                         | 12/31/2018     |
|-------------------------------------------------|----------------|
| Item of the statement of financial position     |                |
| <b>ASSETS</b>                                   |                |
| Intangible assets                               | 808            |
| Property, plant and equipment                   | 816            |
| Trade receivables and other assets              | 20,618         |
| Cash and cash equivalents                       | 5,811          |
| <b>Assets from discontinued operations</b>      | <b>28,053</b>  |
| <b>LIABILITIES</b>                              |                |
| Provisions                                      | 8,510          |
| Trade payables                                  | 5,338          |
| Other liabilities                               | 34,159         |
| <b>Liabilities from discontinued operations</b> | <b>48,007</b>  |
| <b>Net assets from discontinued operations</b>  | <b>-19,954</b> |







# EQUITY AND LIABILITIES





## EQUITY AND LIABILITIES

- 36. Subscribed capital
- 37. Additional paid-in capital
- 38. Retained earnings
- 39. Other reserves
- 40. Non-controlling interests
- 41. Authorized capital
- 42. Conditional Capital
- 43. Purchases of treasury shares
- 44. Provisions
- 45. Financial liabilities
- 46. Trade payables
- 47. Income tax liabilities
- 48. Derivative financial instruments
- 49. Liabilities under finance leases
- 50. Other financial liabilities
- 51. Other liabilities
- 52. Deferred income



## EQUITY AND LIABILITIES

### 36. Subscribed capital

The share capital of AURELIUS Equity Opportunities SE & Co. KGaA in the amount of EUR 31,680 thousand (PY: EUR 31,680 thousand) is fully paid in. It is divided into 30,769,944 no-par shares, each representing a proportional share of capital equal to EUR 1.03 (PY: EUR 1.03). There were 29,682,553 shares outstanding at December 31, 2018 (PY: 28,121,058 shares). In financial year 2018, AURELIUS Equity Opportunities SE & Co. KGaA purchased a total of 105,000 treasury shares and sold 264,500 treasury shares. A total of 1,401,995 treasury shares were used to service the bonds converted under the convertible bond issue in financial year 2018. There were 1,087,391 treasury shares at December 31, 2018 (PY: 2,648,886 treasury shares).

### 37. Additional paid-in capital

The additional paid-in capital of AURELIUS amounts to EUR 9,982 thousand (PY: EUR 16,101 thousand). The decrease from the prior year resulted from the bonds converted in financial year 2018.

### 38. Retained earnings

In financial year 2018, a dividend of EUR 141,008 thousand was paid to shareholders from the distributable profit of AURELIUS Equity Opportunities SE & Co. KGaA for financial year 2017, which amounted to EUR 224,807 thousand, by virtue of the corresponding resolution of the annual general meeting of May 18, 2018. That corresponds to a dividend of EUR 5.00 per common share. An amount of EUR 83,799 thousand was carried forward to new account. On the day of the annual general meeting, the Company held 2,568,386 treasury shares that do not qualify for dividends pursuant to Section 71b AktG. The amount allocated to these shares is already included in the retained amount of EUR 83,799 thousand.

Under the German Stock Corporations Act, the amount of dividend that can be paid to shareholders is determined on the basis of the distributable profit presented in the separate financial statements of AURELIUS Equity Opportunities SE & Co. KGaA, which are drawn up in accordance with the accounting regulations of the German Commercial Code. The profit utilization proposal of the personally liable shareholder states that the company will pay a base dividend of EUR 1.50 per share from the distributable profit presented in the separate, commercial-law financial statements for 2018, which amounted to EUR 146,120 thousand. That corresponds to a total dividend pay-out of EUR 44,524 thousand. An amount of EUR 101,596 thousand will be carried forward to new account.

In addition to the base dividend, AURELIUS Equity Opportunities SE & Co. KGaA pays a so-called participation dividend to the shareholders in years with successful company sales. If sales are realized up to the date of the annual general meeting, a participation dividend will be paid to the shareholders on that basis. If the company holds treasury shares, which do not qualify for dividends pursuant to Section 71b AktG, on the day of the annual general meeting, the dividend attributable to such treasury shares will be carried forward to new account.





### 39. Other reserves

The other reserves include the reserve from foreign currency translation of foreign business operations and the revaluation reserve for defined benefit obligations from pension obligations. The development in the reporting year can be found in the consolidated statement of changes in equity.

### 40. Non-controlling interests

The adjustment item for non-controlling interests in the amount of EUR 17,384 thousand (PY: EUR 6,564 thousand) pertained particularly to HanseYachts, VAG and B+P Gerüstbau. In total, the proportion held by non-controlling interests in the activity and cash flows of the Group is of subordinate importance.

### 41. Authorized capital

The Authorized Capital of July 6, 2009 (Authorized Capital 2009/I) was not utilized. At the reporting date of December 31, 2009, therefore, the amount was unchanged at EUR 4,661 thousand. By resolution of the annual general meeting of July 27, 2010, the existing Authorized Capital (Authorized Capital 2009/I) was annulled. By virtue of the same resolution, a new Authorized Capital (Authorized Capital 2010/I) was created. This resolution was annulled by resolution of the annual general meeting of May 16, 2013 and a new Authorized Capital 2013/I, which was adjusted to reflect the new increased capital, was created. This Authorized Capital was partially used in the context of the capital increase of July 22, 2013, and amounted to EUR 11,520 thousand at December 31, 2014. The Authorized Capital 2013/I was annulled by resolution of the annual general meeting of June 15, 2015. In the same resolution, a new Authorized Capital (Authorized Capital 2015/I) was created that was again adjusted to the current capital. Accordingly, the Executive Board is authorized, with the consent of the Supervisory Board, to increase the share capital by a total of up to EUR 15,840 thousand on one or more occasions in the time until June 14, 2020, by issuing up to 15,840,000 new bearer shares, each representing a proportional share of capital equal to EUR 1.00, in exchange for cash or in-kind capital contributions (Authorized Capital 2015/I). In certain cases, the Executive Board is authorized, with the consent of the Supervisory Board, to exclude the subscription right of shareholders. The Executive Board is authorized, with the consent of the Supervisory Board, to define the share rights and the terms and conditions of issue and to establish further particulars related to the conduct of the capital increase. The Authorized Capital at the reporting date of December 31, 2018 amounts to EUR 15,840 thousand (PY: EUR 15,840 thousand).

### 42. Conditional Capital

The Conditional Capital 2013/I was annulled by resolution of the annual general meeting of June 15, 2015. By virtue of the same resolution, the share capital was raised conditionally by up to EUR 4,700 thousand through the issuance of up to 4,700,000 new no-par bearer shares (Conditional Capital 2015/I). The conditional capital increase serves the purpose of granting shares to the holders of convertible or warrant bonds, which may be issued by virtue of the authorization granted by the annual general meeting in 2015. The conditional capital increase will be conducted only to the extent that the holders of convertible and/or warrant bonds issued by the Company in the time until June 14, 2020 on the basis of the authorization granted by the annual general meeting of June 15, 2015 to exercise their conversion or warrant right, or when conversion obligations under such debentures are fulfilled, and to the extent that other forms of servicing these obligations are not employed.



By resolution of the annual general meeting of May 18, 2018, the share capital was raised conditionally by up to EUR 5,000 thousand through the issuance of up to 5,000,000 new no-par bearer shares qualifying for dividends (Conditional Capital 2018/I). The conditional capital increase serves the purpose of granting shares, upon execution of conversion and option rights or upon fulfillment of conversion or option obligations, to the holders of convertible bonds, warrant bonds, participation rights and/or participating bonds (or combinations of these instruments), which may be issued by virtue of the authorization granted by the annual general meeting of May 18, 2018. The conditional capital increase will only be carried out to the extent that the holders of convertible bonds, warrant bonds, participation rights and/or participating bonds issued by the Company in the time until May 17, 2013 on the basis of the authorization granted by the annual general meeting of May 18, 2018 exercise their conversion or warrant rights or for the Company to fulfill its conversion obligations under such bonds, and to the extent that other forms of settlement are not employed to service such rights.

### 43. Purchases of treasury shares

By resolution of the annual general meeting of July 27, 2010, the Executive Board is authorized, in accordance with Section 71 (1) No. 8 AktG, to purchase treasury shares of an amount equal to up to 10 percent of the share capital in effect at the time of the resolution, that being EUR 31,680 thousand. This resolution was annulled by the annual general meeting of May 21, 2014. By the same resolution, the Executive Board was authorized, with the consent of the Supervisory Board in accordance with Section 71 (1) No. 8 AktG, to purchase treasury shares of an amount equal to up to 10 percent of the share capital in effect at the time of the resolution, that being EUR 31,680 thousand, or up to 10 percent of the share capital at the time of exercising this resolution, if the latter amount is smaller, in the time until May 20, 2019. This resolution was annulled by the annual general meeting of June 9, 2016. By the same resolution, the Executive Board was authorized, in accordance with Section 71 (1) (8) AktG, to purchase treasury shares of an amount equal to up to 10 percent of the share capital in effect at the time of the resolution, that being EUR 31,680 thousand, or up to 10 percent of the share capital at the time of exercising this resolution, if the latter amount is smaller, in the time until June 8, 2021. The Executive Board partially exercised this authorization in financial year 2017, until it was rescinded by the annual general meeting of June 21, 2017. In the same resolution, the general partner was authorized to purchase treasury shares of the Company up to a total of ten percent of the share capital existing at the time when the resolution is adopted or at the time when the authority is exercised, if this value is lower, in the time until June 20, 2022. The shares purchased on the basis of this authority are not permitted to exceed ten percent of the respective share capital at any time, together with other shares in the Company that the Company has acquired and still holds, or are attributable to it pursuant to Sections 278 (3) and 71a AktG. This authorization was partially exercised in financial years 2017 and 2018, until it was rescinded by the annual general meeting of May 18, 2018. In the same resolution, the personally liable shareholder was authorized to purchase treasury shares of the Company up to a total of ten percent of the share capital existing at the time when the resolution is adopted or at the time when the authority is exercised, if this value is lower, in the time until May 17, 2023. The shares purchased on the basis of this authority are not permitted to exceed ten percent of the respective share capital at any time, together with other shares in the Company that the Company has acquired and still holds, or are attributable to it pursuant to Sections 278 (3) and 71a AktG. This authorization was partially exercised in financial year 2018. At December 31, 2018, AURELIUS Equity Opportunities SE & Co. KGaA held a total of 1,087,391 treasury shares, each representing a proportional share of capital equal to EUR 1.03. In total, this represents 3.53 percent of the original share capital of EUR 31,680,000.00. A total of 105,000 treasury shares were purchased in financial year 2018 (PY: 3,035,221 shares) at an average price of EUR 42.19 (PY: EUR 52.89). The purchase price of the treasury shares totaled EUR 4,430 thousand (PY: EUR 160,517 thousand).

The Company sold 264,500 treasury shares, corresponding to 0.86 percent of the original share capital of EUR 31,680,000.00, at an average price of EUR 58.99 in financial year 2018. The total sale price of the treasury shares was EUR 15,604 thousand.



The annual general meeting of June 9, 2016, resolved that the fully paid-up bearer no par value shares of the Company that were treasury shares up to this date (ISIN DE000A0JK2A8) that the Company had purchased based on the authorization granted by the annual general meeting of May 21, 2014, to purchase treasury shares pursuant to Section 71 (1) No. 8 AktG should be retired using the simplified retirement method according to Sections 278 (3) and 237 (3) No. 3 AktG. With regard to the purchase restriction of Section 71 (2) Sentence 1 AktG, the retirement of a total of 490,721 treasury shares serves the purpose of providing the personally liable shareholder with maximum flexibility for exercising the new authority to purchase treasury shares granted by the annual general meeting of June 9, 2016. The retirement was carried out without reducing the share capital of the Company. Therefore, the notional share in the share capital allocated to the other individual shares increased accordingly pursuant to Sections 278 (3) and 8 (3) AktG.

On May 15, 2017, AURELIUS Equity Opportunities SE & Co. KGaA resolved to retire 419,335 treasury shares that were purchased within the framework of Repurchase Program 2017 I. This was done without reducing the share capital of the Company. Therefore, the notional share of the share capital allocated to the other individual shares increased by the same amount in accordance with Sections 278 (3) and 8 (3) AktG.

According to IAS 32.33, treasury shares are not to be capitalized, but rather recognized as a deduction from equity. According to the par value method, the nominal amount of purchased treasury shares is deducted from subscribed capital, and any acquisition costs in excess of that amount is deducted from additional paid-in capital.

The purpose of the authorization and purchases is to enable the Executive Board to offer shares of the Company for sale to institutional investors in Germany and abroad, and to adjust the Company's equity in a flexible manner to reflect the business needs of the Company, and to respond quickly to stock market situations, while upholding the interests of shareholders. Furthermore, the authorization enables the Company to offer treasury shares as consideration for the acquisition of companies or investments in companies.

## 44. Provisions

The structure of provisions at the reporting date of December 31, 2018 is presented in the table below:

| in kEUR           | 1/1/2018      | Change in consolidation group | Utilization    | Addition      | Reversal       | Currency translation | 12/31/2018    |
|-------------------|---------------|-------------------------------|----------------|---------------|----------------|----------------------|---------------|
| Onerous contracts | 465           | -369                          | -97            | 93            | - / -          | - / -                | 92            |
| Warranty          | 2,885         | 1,062                         | -1,018         | 406           | -240           | -9                   | 3,086         |
| Restructuring     | 39,979        | 815                           | -9,944         | 27,166        | -16,745        | 135                  | 41,406        |
| Commissions       | 181           | 3,372                         | -102           | 424           | - / -          | -101                 | 3,774         |
| Personnel         | 4,669         | 1,892                         | -798           | 534           | -7             | - / -                | 6,290         |
| Other             | 38,103        | -76                           | -7,685         | 11,648        | -3,920         | -320                 | 37,750        |
| <b>Provisions</b> | <b>86,282</b> | <b>6,696</b>                  | <b>-19,644</b> | <b>40,271</b> | <b>-20,912</b> | <b>-295</b>          | <b>92,398</b> |

The restructuring provisions in the amount of EUR 41,406 thousand (PY: EUR 39,979 thousand) consisted mainly of provisions for personnel measures, risk provisions and moving costs. The increase resulted mainly from the addition to the provision at Office Depot Europe related to the future rental expenses for a currently unused warehouse. The lease has a remaining term until February 2029. The interest effect of the provision for the entire term amounts to EUR 1,153 thousand. The company is currently conducting negotiations for a sub-lease.





The provisions for commissions amounted to EUR 3,774 thousand at December 31, 2018 (PY: EUR 181 thousand). The sharp increase resulted mainly from the acquisition of Hellanor in the amount of EUR 3,145 thousand (PY: EUR 0 thousand).

The personnel provisions in the amount of EUR 6,290 thousand (PY: EUR 4,669 thousand) consisted entirely of provisions for employee anniversary bonuses in the amount of EUR 3,579 thousand (PY: EUR 3,573 thousand) and provisions for partial early retirement arrangements (known in Germany as *Altersteilzeit*) in the amount of EUR 2,711 thousand (PY: EUR 1,096 thousand). The change resulted mainly from the addition to the partial early retirement provisions at VAG in the amount of EUR 1,752 thousand (PY: EUR 0 thousand).

The other provisions in the amount of EUR 37,750 thousand (PY: EUR 38,103 thousand) consisted mainly of non-current environmental provisions as well as provisions for site restoration obligations and various individual obligations to third parties.

The maturity structure of provisions is presented in the table below:

| in kEUR                 | 2018 | Onerous contracts | Warranty     | Restructuring | Commissions  | Personnel    | Other         | Total         |
|-------------------------|------|-------------------|--------------|---------------|--------------|--------------|---------------|---------------|
| Non-current provisions  |      | - / -             | 58           | 27,658        | - / -        | 4,099        | 18,813        | 50,628        |
| Current provisions      |      | 92                | 3,028        | 13,748        | 3,774        | 2,191        | 18,937        | 41,770        |
| <b>Total provisions</b> |      | <b>92</b>         | <b>3,086</b> | <b>41,406</b> | <b>3,774</b> | <b>6,290</b> | <b>37,750</b> | <b>92,398</b> |

| in kEUR                 | 2017 | Onerous contracts | Warranty     | Restructuring | Commissions | Personnel    | Other         | Total         |
|-------------------------|------|-------------------|--------------|---------------|-------------|--------------|---------------|---------------|
| Non-current provisions  |      | 368               | 70           | 22,651        | - / -       | 4,388        | 20,915        | 48,392        |
| Current provisions      |      | 97                | 2,815        | 17,328        | 181         | 280          | 17,188        | 37,890        |
| <b>Total provisions</b> |      | <b>465</b>        | <b>2,885</b> | <b>39,979</b> | <b>181</b>  | <b>4,669</b> | <b>38,103</b> | <b>86,282</b> |

## 45. Financial liabilities

Non-current financial liabilities break down as follows:

| in kEUR                                        | 12/31/2018     | 12/31/2017     |
|------------------------------------------------|----------------|----------------|
| Liabilities to banks                           | 59,095         | 22,111         |
| Other financial liabilities                    | 212,357        | 248,817        |
| <b>Total continued operations</b>              | <b>271,452</b> | <b>270,928</b> |
| Discontinued operations                        | - / -          | 1,303          |
| <b>Total non-current financial liabilities</b> | <b>271,452</b> | <b>272,231</b> |

Liabilities to banks existed mainly at SOLIDUS in the amount of EUR 15,770 thousand (PY: EUR 15,770 thousand), Calumet Wex in the amount of EUR 10,734 thousand (PY: EUR 0 thousand), and HanseYachts in the amount of EUR 10,576 thousand (PY: EUR 919 thousand). The average effective interest rate of non-current liabilities to banks in the reporting year was 2.7 percent p.a. (PY: 2.3%). The terms are no longer than nine years (PY: 4 years).



Other financial liabilities mainly consisted of liabilities from loans to third parties at AURELIUS Equity Opportunities SE & Co. KGaA in the amount of EUR 98,554 thousand (PY: EUR 155,195 thousand).

The non-subordinated and unsecured convertible bond issued by AURELIUS Equity Opportunities SE & Co. KGaA with a total nominal amount of EUR 166,300 thousand matures at the end of 2020 and is convertible into new and/or existing no par value bearer shares of the Company. The bond was exclusively offered for sale to and placed with institutional investors outside of the USA, Canada, Australia, South Africa, New Zealand, and Japan, or any other jurisdiction in which sales are prohibited under applicable law, in the course of an accelerated book-building procedure. The bond's term ends at December 1, 2020. The convertible bond was placed at 100 percent of the nominal value, with a denomination of EUR 100 thousand per bond. The coupon payable annually is equal to 1.0 percent. After the partial conversion of bonds in the past financial year, the bond is convertible into 2,287,131 shares (PY: 3,455,857), which corresponds to 7.433 percent (PY: 11.231%) of the current share capital of the Company, by exercising the right to issue convertible bonds excluding the subscription rights of the shareholders. The initial conversion price of EUR 52.5229 was set with a conversion premium of 30.0 percent above the reference share price, which is defined as the volume-weighted average price of the AURELIUS share in XETRA trading at December 29, 2015. The conversion price was adjusted to EUR 45.0783 by notice dated May 22, 2018. According to the terms, the bond can be terminated by the company at any time (1) on or after December 22, 2018 (including accrued interest not paid up to that time), if the share price (over a specified period) exceeds 130 percent of the then-applicable conversion price or (2) if 20 percent or fewer of the total nominal value of the bond is still outstanding.

The breakdown of current financial liabilities at the reporting date of December 31, 2018 is presented in the table below:

| in kEUR                                    | 12/31/2018     | 12/31/2017     |
|--------------------------------------------|----------------|----------------|
| Liabilities to banks                       | 54,619         | 75,105         |
| Liabilities from factoring                 | 144,604        | 136,994        |
| Other financial liabilities                | 9,912          | 37,480         |
| <b>Total continued operations</b>          | <b>209,135</b> | <b>249,579</b> |
| Discontinued operations                    | 8,089          | 30,741         |
| <b>Total current financial liabilities</b> | <b>217,224</b> | <b>280,320</b> |

The financial liabilities to banks exist mainly at Silvan in the amount of EUR 22,230 thousand (PY: EUR 9,402 thousand), Bertram Books in the amount of EUR 17,431 thousand (PY: EUR 0 thousand), and HanseYachts in the amount of EUR 7,771 thousand (PY: EUR 6,144 thousand). The current interest rate of current financial liabilities to banks is 2.02 percent (PY: 3.70%). The terms are no longer than 12 months. Fixed interest-rate loans accounted for 24.8 percent of the total at the end of the reporting year (PY: 6.0%).

Other financial liabilities particularly include liabilities to third parties at the Conaxess Trade und Scandinavian Cosmetics Group in the amount of EUR 6,737 thousand (PY: EUR 23,630 thousand).

Liabilities from factoring mainly exist at Office Depot Europe in the amount of EUR 84,244 thousand (PY: EUR 109,902 thousand) and the Conaxess Trade and Scandinavian Cosmetics Group in the amount of EUR 26,239 thousand (PY: EUR 27,092 thousand).

The reconciliation of financial liabilities and liabilities under finance leases for the two years 2017 and 2018 is presented in the table below:



| in kEUR                  | Non-current<br>financial liabilities | Current financial<br>liabilities | Liabilities under<br>finance leases |
|--------------------------|--------------------------------------|----------------------------------|-------------------------------------|
| <b>January 1, 2018</b>   | <b>270,928</b>                       | <b>249,579</b>                   | <b>26,918</b>                       |
| <b>Cashflow</b>          |                                      |                                  |                                     |
| Cash inflows             | 73,469                               | 30,086                           | 3,666                               |
| Cash outflows            | -51,618                              | -51,619                          | - / -                               |
| <b>Non-cash items</b>    |                                      |                                  |                                     |
| Initial consolidations   | 16,351                               | 22,444                           | - / -                               |
| Deconsolidations         | -1,408                               | -26,961                          | - / -                               |
| Other                    | -36,270                              | -14,394                          | - / -                               |
| <b>December 31, 2018</b> | <b>271,452</b>                       | <b>209,135</b>                   | <b>30,584</b>                       |

| in kEUR                  | Non-current<br>financial liabilities | Current financial<br>liabilities | Liabilities under<br>finance leases |
|--------------------------|--------------------------------------|----------------------------------|-------------------------------------|
| <b>January 1, 2017</b>   | <b>218,468</b>                       | <b>147,768</b>                   | <b>9,231</b>                        |
| <b>Cashflow</b>          |                                      |                                  |                                     |
| Cash inflows             | 25,134                               | 139,037                          | 17,997                              |
| Cash outflows            | -5,654                               | -1,460                           | -310                                |
| <b>Non-cash items</b>    |                                      |                                  |                                     |
| Initial consolidations   | 38,350                               | 20,713                           | 3,044                               |
| Deconsolidations         | -5,370                               | -56,479                          | -3,044                              |
| <b>December 31, 2017</b> | <b>270,928</b>                       | <b>249,579</b>                   | <b>26,918</b>                       |

## 46. Trade payables

Trade payables in the amount of EUR 531,214 thousand (PY: EUR 424,947 thousand) are owed to third parties. They are measured at the settlement or repayment amount. They are due in full within one year or less. Of the total amount, Office Depot Europe accounted for EUR 178,806 thousand (PY: EUR 178,108 thousand), Bertram Books accounted for EUR 63,496 thousand (PY: EUR 0 thousand), the Conaxess Trade and Scandinavian Cosmetics Group accounted for EUR 52,336 thousand (PY: EUR 56,576 thousand), Silvan accounted for EUR 50,395 thousand (PY: EUR 40,759 thousand), and SOLIDUS accounted for EUR 45,106 thousand (PY: EUR 35,523 thousand).

## 47. Income tax liabilities

Income tax liabilities in the amount of EUR 11,695 thousand (PY: EUR 11,390 thousand) exist mainly at SOLIDUS in the amount of EUR 1,735 thousand (PY: EUR 4,250 thousand), Ideal Shopping in the amount of EUR 2,180 thousand (PY: EUR 0 thousand), and Office Depot Europe in the amount of EUR 3,315 thousand (PY: EUR 1,307 thousand).

## 48. Derivative financial instruments

In the reporting year, derivative financial instruments recognized as liabilities in the amount of EUR one thousand (PY: EUR 8 thousand) pertained to risks hedged in connection with swaps at HanseYachts.



## 49. Liabilities under finance leases

The Group's property, plant and equipment include assets that are attributable to the AURELIUS Group as the economic owner by reason of the formulation of the underlying leases (finance leases). The lease commitments of the AURELIUS Group in the reporting period and the previous year are presented in the table below.

| At 12/31/2018                                 |                |                    |               |
|-----------------------------------------------|----------------|--------------------|---------------|
| in kEUR                                       | Nominal amount | Discounting amount | Present value |
| – Due in up to one year                       | 3,845          | 133                | 3,712         |
| – Due between one and five years              | 8,578          | 201                | 8,377         |
| – Due in more than five years                 | 18,729         | 233                | 18,496        |
| <b>Total continued operations</b>             | <b>31,152</b>  | <b>567</b>         | <b>30,585</b> |
| Discontinued operations                       | 141            | 1                  | 140           |
| <b>Total obligations under finance leases</b> | <b>31,293</b>  | <b>568</b>         | <b>30,725</b> |

| At 12/31/2017                                 |                |                    |               |
|-----------------------------------------------|----------------|--------------------|---------------|
| in kEUR                                       | Nominal amount | Discounting amount | Present value |
| – Due in up to one year                       | 4,907          | 766                | 4,141         |
| – Due between one and five years              | 11,651         | 2,514              | 9,137         |
| – Due in more than five years                 | 17,735         | 4,095              | 13,640        |
| <b>Total continued operations</b>             | <b>34,293</b>  | <b>7,375</b>       | <b>26,918</b> |
| Discontinued operations                       | 1,899          | - / -              | 1,899         |
| <b>Total obligations under finance leases</b> | <b>36,192</b>  | <b>7,375</b>       | <b>28,817</b> |

## 50. Other financial liabilities

The other non-current financial liabilities in the amount of EUR 27,084 thousand (PY: EUR 39,181 thousand) consisted mainly of commitments under purchase price adjustment clauses (earn-outs), the occurrence of which is deemed to be probable, which resulted from the acquisition of shares in companies.

At the reporting date of December 31, 2018, the fair value of earn-out liabilities amounted to EUR 18,448 thousand (PY: EUR 8,182 thousand). The fair values were calculated using the acquisition method in connection with the purchase price allocation process conducted in respect of acquired companies. When such fair values are determined with reference to expected profits and losses, they are updated on the basis of the budgets of the affected companies.

Another material component of this item is other interest-bearing liabilities in the amount of EUR 5,661 thousand (PY: EUR 16,084 thousand).

In financial year 2018, the other current financial liabilities of EUR 29,030 thousand (PY: EUR 1,109 thousand) consisted entirely of contract liabilities resulting from the first-time application of the new IFRS 15.



## 51. Other liabilities

The other current liabilities of EUR 262,235 thousand (PY: EUR 298,856 thousand) included liabilities to employees in the amount of EUR 70,514 thousand (PY: EUR 122,243 thousand), as well as debtors with credit accounts in the amount of EUR 24,348 thousand (PY: EUR 38,304 thousand), other taxes in the amount of EUR 48,079 thousand (PY: EUR 35,115 thousand), and liabilities to social insurance carriers in the amount of EUR 24,328 thousand (PY: EUR 24,987 thousand).

## 52. Deferred income

At the reporting date of December 31, 2018, the item of deferred income amounting to EUR 17,943 thousand (PY: EUR 18,565 thousand) mainly related to the Conaxess Trade and Scandinavian Cosmetics Group in the amount of EUR 4,826 thousand (PY: EUR 11,910 thousand), SOLIDUS in the amount of EUR 4,141 thousand (PY: EUR 1,307 thousand), and Ideal Shopping Direct in the amount of EUR 2,262 thousand (PY: EUR 0 thousand). This item mainly consists of customer prepayments and customer discounts.







# EMPLOYEE BENEFITS





## EMPLOYEE BENEFITS

- 53. Share-based payment agreements
- 54. Pension obligations



## EMPLOYEE BENEFITS

### 53. Share-based payment agreements

Equity-settled share-based payments to employees and others who render comparable services are measured at the fair value of the equity instrument on the grant date. The value of the stock option plan is measured by way of financial mathematical methods based on the Monte Carlo option price model.

The fair value of equity-settled share-based payments at the grant date is charged as an expense on a straight-line basis over the period until the vesting date with a corresponding increase in equity, based on the Group's expectations regarding the equity instruments that will probably become vested. At every reporting date, the Group reviews its estimates of the number of equity instruments that are expected to become vested. The effects of any changes in the original estimates are recognized in profit or loss over the period remaining until the vesting date by means of making the appropriate adjustments to reserves.

In respect of cash-settled share-based payments, the Group recognizes a liability in the amount of the proportion of goods or services received, measured at fair value, at every reporting date. Share-based payment plans defined as cash-settled plans are remeasured at every reporting date. Changes in the fair value are to be recognized in profit or loss.

No stock option plans exist with employees of AURELIUS Equity Opportunities SE & Co. KGaA and its subsidiaries.

### 54. Pension obligations

Pension provisions are recognized in accordance with IAS 19 (Employee Benefits). The pension provisions mainly consist of benefits payable under company pension plans. Due to these plans, the Group is normally subjected to various actuarial risks:

#### ■ Investment risk

The present value of defined benefit obligations arising from the plans is calculated using a discount rate that is determined based on the returns of first-seniority fixed-interest corporate bonds. If the income from the plan assets falls below this interest rate, this leads to underfunding of the plan.

#### ■ Interest rate risk

A decline in the bond interest rate leads to an increase in the plan obligation, but this is partially offset by increased income from investment of the plan assets in fixed-interest debt instruments.

#### ■ Longevity risk

The present value of the defined benefit obligation arising from the plans is calculated based on the best possible estimate of the expected mortalities of the entitled employees both during the employment relationship as well as after its termination. An increase in the life expectancy of the entitled employees leads to an increase in the plan obligation.



### ■ Salary risk

The present value of the defined benefit obligation arising from the plans is calculated based on the future salaries of the entitled employees. Salary increases for the entitled employees thus lead to an increase in the plan obligation.

Defined benefit obligations are owed by virtue of direct commitments and vis-à-vis external pension entities (pension funds or insurance companies in foreign countries).

The characteristics of the defined benefit plans vary, depending on the legal, tax-related and economic conditions in each country. Material features of the defined benefit plans are discussed in the following.

### Germany

The pension commitments in Germany are governed by different pension plans. They mainly include old-age, disability, and widow's pensions. In most cases, the amount of pension benefits is determined on the basis of the pension-eligible compensation, years of service with the company, and the employee's age. The regular retirement age is normally 60 to 65. The pension obligations are funded mainly by means of employer's pension liability insurance, investment funds, and from the operating cash flow of the companies.

### United Kingdom

Defined benefit pension plans are in effect in the United Kingdom. The amount of pension benefits is determined on the basis of the pension-eligible compensation. This amount depends on the vested pension claims at the reporting date (retirement account). To some extent, these plans are closed to new hires and no further claims can be earned. By virtue of the applicable laws and regulations, the vested benefits must be adjusted to account for inflation effects, which are capped at a maximum limit. The obligations are funded by assets administered by a trustee. The funding terms are determined in accordance with the relevant laws and regulations. The necessary funding amounts are resolved jointly by the employer and the trustee. The investment strategy is defined by the trustee, together with the employer. The Board of Trustees is composed of both employer and employee representatives. In financial year 2018, a Group company in the United Kingdom signed an agreement with a leading insurance company that will cover all future obligations under pension agreements and will therefore replace the old principle of one pension fund. The transaction, which is covered by the existing plan assets, is expected to close in the first half of financial year 2019.

### Sweden

In Sweden, a general agreement is in force for salaried employees in the private sector. The ITP pension plan (Industrins och handelns tilläggspension) is gradually developing away from defined benefit plans towards defined contribution plans and consists of two parts: ITP-1 (for insured persons born 1979 or later) and ITP-2 (for all other insured persons). Employers pay 4.5 percent of the income below the statutory income threshold and 30 percent on income above the threshold. The ITP-2 used in the Swedish company applies to persons born in 1978 or earlier and pays a fixed proportion of the final salary after 30 working years: ten percent of the final salary below the statutory income threshold, 65 percent for income between 46,215 and 123,241 euros, and 32.5 percent for income between 123,242 and 184,862 euros. The defined benefit pension payments from the ITP-2 are supplemented by the ITPK defined contribution plan. An amount of two percent of the assessment basis is paid into individual accounts.

### Switzerland

There is one pension plan with a pension fund for one company in Switzerland. The amount of the pension payments is based on the length of service for the company, age at departure, and the sum of individual payments made. The contributions are paid at a particular percentage by the employer and the employee. The amount of the payments depends on the individual contractual provisions. When starting to receive a pension,



it is possible to choose between monthly payments or a single lump sum disbursement of the amount accumulated up to that time.

Other pension obligations are immaterial when considered separately and are recognized as a total under Other.

Important actuarial assumptions applied at the reporting date in the Group's different geographical locations are described in the following:

| <b>Germany</b>  |                   |                   |
|-----------------|-------------------|-------------------|
|                 | <b>12/31/2018</b> | <b>12/31/2017</b> |
| Discount factor | 2.08%             | 1.86%             |
| Pension trend   | 1.83%             | 1.31%             |

| <b>Sweden</b>   |                   |                   |
|-----------------|-------------------|-------------------|
|                 | <b>12/31/2018</b> | <b>12/31/2017</b> |
| Discount factor | 2.50%             | 2.62%             |
| Salary trend    | 2.50%             | 2.50%             |

| <b>Other</b>    |                   |                   |
|-----------------|-------------------|-------------------|
|                 | <b>12/31/2018</b> | <b>12/31/2017</b> |
| Discount factor | 1.80%             | 1.66%             |
| Salary trend    | 3.08%             | 1.63%             |

| <b>United Kingdom</b> |                   |                   |
|-----------------------|-------------------|-------------------|
|                       | <b>12/31/2018</b> | <b>12/31/2017</b> |
| Discount factor       | 2.80%             | 2.43%             |
| Inflation             | 3.20%             | 3.12%             |

| <b>Switzerland</b> |                   |                   |
|--------------------|-------------------|-------------------|
|                    | <b>12/31/2018</b> | <b>12/31/2017</b> |
| Discount factor    | 0.85%             | 0.63%             |
| Salary trend       | 0.50%             | 0.80%             |

In the case of the German Group companies, the assumptions concerning future mortality rates are based on the Mortality Tables 2018 G of Prof. Dr. Klaus Heubeck (PY: Mortality Tables 2005 G of Prof. Dr. Klaus Heubeck). In the other countries, actuarial computations are conducted on the basis of country-specific mortality tables.



Assuming other assumptions remain constant, this would have produced the following effects on the projected unit credit value, in the event of possible changes in material valuation parameters:

| <b>Germany</b>           |                   |                   | <b>United Kingdom</b>    |                   |                   |
|--------------------------|-------------------|-------------------|--------------------------|-------------------|-------------------|
| <b>in kEUR</b>           | <b>12/31/2018</b> | <b>12/31/2017</b> | <b>in kEUR</b>           | <b>12/31/2018</b> | <b>12/31/2017</b> |
| Discount factor + 1%     | -798              | -845              | Discount factor + 1%     | -21,336           | -38,501           |
| Discount factor - 1%     | 1,051             | 1,122             | Discount factor - 1%     | 27,394            | 46,043            |
| Pension trend + 0.5%     | 326               | 366               | Pension trend + 0.5%     | 9,617             | 11,719            |
| Pension trend - 0.5%     | -293              | -327              | Pension trend - 0.5%     | -8,701            | -10,555           |
| Life expectancy + 1 year | 160               | 164               | Life expectancy + 1 year | 4,893             | 11,893            |
| Life expectancy - 1 year | -158              | -158              | Life expectancy - 1 year | -4,928            | -11,849           |

| <b>Sweden</b>            |                   |                   | <b>Switzerland</b>       |                   |                   |
|--------------------------|-------------------|-------------------|--------------------------|-------------------|-------------------|
| <b>in kEUR</b>           | <b>12/31/2018</b> | <b>12/31/2017</b> | <b>in kEUR</b>           | <b>12/31/2018</b> | <b>12/31/2017</b> |
| Discount factor + 1%     | -1,937            | -2,013            | Discount factor + 1%     | -1,983            | -13,561           |
| Discount factor - 1%     | 2,575             | 2,324             | Discount factor - 1%     | 2,148             | 10,702            |
| Salary trend + 0.5%      | 108               | 83                | Salary trend + 0.5%      | 151               | 2,699             |
| Salary trend - 0.5%      | -93               | -71               | Salary trend - 0.5%      | -152              | -2,609            |
| Life expectancy + 1 year | 424               | 401               | Life expectancy + 1 year | 206               | 3,812             |
| Life expectancy - 1 year | -422              | -401              | Life expectancy - 1 year | -208              | -3,822            |

| <b>Other</b>             |                   |                   |
|--------------------------|-------------------|-------------------|
| <b>in kEUR</b>           | <b>12/31/2018</b> | <b>12/31/2017</b> |
| Discount factor + 1%     | -446              | -397              |
| Discount factor - 1%     | 511               | 432               |
| Salary trend + 0.5%      | 49                | 47                |
| Salary trend - 0.5%      | -42               | -40               |
| Life expectancy + 1 year | 343               | 374               |
| Life expectancy - 1 year | -340              | -348              |

The foregoing sensitivity analysis is unlikely to be representative for the actual change in the defined benefit obligation because it can be considered improbable that deviations from the assumptions made will occur in isolation from each other, since the assumptions are partially related to each other.

Within the framework of defined benefit obligations, expenses of approximately EUR 3,125 thousand (PY: EUR 8,431 thousand) are expected for financial year 2019, as well as an amount contributed to plan assets of approximately EUR eight thousand (PY: EUR 2,011 thousand).

AURELIUS does not employ a uniform asset-liability matching strategy on the Group level. Such strategies are implemented individually on the level of the operating segments and are covered by plan assets as well as internal financing, among other things.





The development of the DBO is presented in detail in the table below:

| in kEUR                                                            | 2018           | 2017           |
|--------------------------------------------------------------------|----------------|----------------|
| <b>Projected unit credit value of pension commitments at 1/1</b>   | <b>355,587</b> | <b>347,972</b> |
| Reclassification to "Non-current assets held for sale"             | -91,764        | - / -          |
| Changes in the consolidation group                                 | -72,700        | 49,187         |
| Additions/disposals                                                | 22             | 179            |
| Interest expenses                                                  | 4,140          | 7,401          |
| Service cost (including employee contributions)                    | 837            | 1,232          |
| Actuarial gain (-) or loss (+) from demographic assumptions        | -979           | -11,472        |
| Actuarial gain (-) or loss (+) from financial assumptions          | -5,975         | 8,371          |
| Actuarial gain (-) or loss (+) from experience-based adjustments   | 4,679          | -9,840         |
| Employer payments on account of pension obligations                | -265           | -280           |
| Employee contributions                                             | 254            | 510            |
| Benefit payments (incl. tax payments)                              | -15,534        | -21,765        |
| Plan changes/transfers                                             | 8,684          | -289           |
| Insurance premiums                                                 | - / -          | -6             |
| Exchange rate changes                                              | -1,188         | -15,613        |
| <b>Projected unit credit value of pension commitments at 12/31</b> | <b>185,798</b> | <b>355,587</b> |
| thereof:                                                           |                |                |
| Not funded                                                         | 24,962         | 34,476         |
| Fully or partially funded                                          | 160,836        | 321,111        |

At the reporting date, the weighted average duration of defined benefit obligations is 17 years (PY: 17 years) in Germany, 17 years (PY: 22 years) in the United Kingdom, 21 years (PY: 21 years) in Sweden, 19 years (PY: 15 years) in Switzerland, and 8 years (PY: 9 years) in the other countries.

The breakdown of the total projected unit credit obligation by corporate groups is presented in the table below:

|                                         | Germany | United Kingdom | Sweden | Switzerland | Other |
|-----------------------------------------|---------|----------------|--------|-------------|-------|
| <b>12/31/2018</b>                       |         |                |        |             |       |
| Active employees                        | 19%     | 0%             | 8%     | 95%         | 42%   |
| Departed employees with vested benefits | 74%     | 44%            | 66%    | 0%          | 0%    |
| Pension recipients                      | 7%      | 56%            | 26%    | 5%          | 58%   |
| <b>12/31/2017</b>                       |         |                |        |             |       |
| Active employees                        | 24%     | 0%             | 7%     | 59%         | 33%   |
| Departed employees with vested benefits | 46%     | 53%            | 66%    | 2%          | 14%   |
| Pension recipients                      | 30%     | 47%            | 27%    | 39%         | 53%   |



The reconciliation of the change in the fair value of plan assets is presented in the table below:

| in kEUR                                                                                   | 2018           | 2017           |
|-------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Fair value of plan assets at 1/1</b>                                                   | <b>391,826</b> | <b>358,240</b> |
| Reclassification to "Non-current assets held for sale"                                    | -83,314        | - / -          |
| Changes in the consolidation group                                                        | -72,070        | 47,215         |
| Addition                                                                                  | - / -          | 179            |
| Interest income                                                                           | 5,510          | 6,730          |
| Gains (+) or losses (-) on plan assets, excluding the amount presented in interest income | -695           | 10,612         |
| Benefit payments                                                                          | -15,004        | -20,974        |
| Employer contributions                                                                    | 382            | 1,288          |
| Contributions of plan participants                                                        | 260            | 457            |
| Plan changes/transfers                                                                    | -61,130        | - / -          |
| Exchange rate changes                                                                     | -589           | -11,921        |
| <b>Fair value of plan assets at 12/31</b>                                                 | <b>165,176</b> | <b>391,826</b> |

The plan changes presented in the table above in the amount of minus EUR 61,130 thousand (PY: EUR 0 thousand) was recognized in equity, with no effect on profit or loss. This is consistent with the accounting methodology applied in the past.

The reconciliation of the funding status to the amounts presented in the consolidated statement of financial position is presented in the table below:

| in kEUR                                                                | 2018           | 2017           |
|------------------------------------------------------------------------|----------------|----------------|
| <b>Projected unit credit value of pension commitments at 12/31</b>     | <b>185,798</b> | <b>355,587</b> |
| Less fair value of plan assets at 12/31                                | 165,176        | 391,826        |
| Non-capitalized assets from plan assets (asset ceiling)                | 4,340          | 70,715         |
| Plan assets presented as net assets                                    | - / -          | - / -          |
| <b>Net obligation per the statement of financial position at 12/31</b> | <b>24,962</b>  | <b>34,476</b>  |

The breakdown of defined benefit obligations and plan assets by geographical location is presented in the table below:

| in kEUR                    | 12/31/2018   |                |               |             |              |
|----------------------------|--------------|----------------|---------------|-------------|--------------|
|                            | Germany      | United Kingdom | Sweden        | Switzerland | Other        |
| Defined benefit obligation | 10,244       | 147,831        | 10,824        | 11,211      | 5,688        |
| Fair value of plan assets  | -346         | -151,810       | - / -         | -11,248     | -1,771       |
| <b>Total</b>               | <b>9,897</b> | <b>-3,979</b>  | <b>10,824</b> | <b>-37</b>  | <b>3,917</b> |



| in kEUR                    | 12/31/2017   |                |               |              |              |
|----------------------------|--------------|----------------|---------------|--------------|--------------|
|                            | Germany      | United Kingdom | Sweden        | Switzerland  | Other        |
| Defined benefit obligation | 5,020        | 231,034        | 10,443        | 103,601      | 5,489        |
| Fair value of plan assets  | -353         | -295,235       | - / -         | -94,576      | -1,662       |
| <b>Total</b>               | <b>4,667</b> | <b>-64,201</b> | <b>10,443</b> | <b>9,025</b> | <b>3,827</b> |

The plan assets of AURELIUS break down as follows:

| in kEUR                          | 12/31/2018 |                |               |              |
|----------------------------------|------------|----------------|---------------|--------------|
|                                  | Germany    | United Kingdom | Switzerland   | Other        |
| Cash and cash equivalents        | - / -      | 814            | 979           | 171          |
| Investment funds, equity shares  | - / -      | 4              | 3,056         | 429          |
| Derivative financial instruments | - / -      | 1,032          | - / -         | - / -        |
| Bonds                            | - / -      | 1,750          | 3,692         | 1,029        |
| Real estate                      | - / -      | - / -          | 3,521         | 50           |
| Other                            | 346        | 148,210        | - / -         | 92           |
| <b>Total plan assets</b>         | <b>346</b> | <b>151,810</b> | <b>11,248</b> | <b>1,771</b> |

| in kEUR                          | 12/31/2017 |                |               |              |
|----------------------------------|------------|----------------|---------------|--------------|
|                                  | Germany    | United Kingdom | Switzerland   | Other        |
| Cash and cash equivalents        | - / -      | 814            | 3,191         | 43           |
| Investment funds, equity shares  | - / -      | 56,616         | 42,539        | 478          |
| Derivative financial instruments | - / -      | 36,870         | - / -         | - / -        |
| Bonds                            | - / -      | 191,801        | 23,262        | 1,006        |
| Real estate                      | - / -      | - / -          | 20,003        | 25           |
| Other                            | 353        | 9,134          | 5,581         | 110          |
| <b>Total plan assets</b>         | <b>353</b> | <b>295,235</b> | <b>94,576</b> | <b>1,662</b> |

The investment funds are traded in active markets. Therefore, market prices are available. Risks are minimized by means of geographical and strategic diversification. The bonds consist mainly of corporate bonds and government bonds, which are likewise traded in active markets. These bonds have high credit ratings.

By contrast, the derivative financial instruments are not traded in an active market.

The other plan assets consist primarily of claims due from insurance companies in the United Kingdom. These are leading global insurance companies.

No significant payments were made in connection with defined contribution pension plans in financial year 2018.





# FINANCIAL INSTRUMENTS





## FINANCIAL INSTRUMENTS

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## FINANCIAL INSTRUMENTS

### 55. Capital risk management

The overriding objective of AURELIUS' capital management program is to ensure that the Group can effectively achieve its goals and strategies, in the interest of its shareholders, employees and other stakeholders. AURELIUS focuses on the acquisition of companies in transitional or exceptional situations. Consequently, the primary objective is to ensure the continued operation of all Group companies as going concerns and to ensure an optimal balance between equity and debt, for the benefit of all stakeholders. The greater share of the Group's capitalization needs is handled by its operating entities. Capital is monitored on the Group level by means of a regular reporting system, so that the Group can intervene with support and optimization measures when necessary. Furthermore, decisions concerning dividend payments and capital measures are made on a case-by-case basis, with reference to the internal reporting system and in consultation with the subsidiaries.

The capital managed by way of the Group's capital management program encompasses current and non-current liability items, as well as equity components. The development of the Group's capital structure over time, as well as the associated change in dependency on external lenders, are measured by means of the so-called "gearing ratio". The gearing ratio is calculated with reference to the reporting date. By reason of the particular market environment in which AURELIUS operates, which entails unusual capital requirements, as well as the changes that typically occur in the Group's consolidation group, its gearing ratio is not as informative as it is for companies operating in other sectors.

The gearing ratio in financial year 2018 was higher than in 2017:

| in kEUR                  | 12/31/2018       | 12/31/2017       |
|--------------------------|------------------|------------------|
| Non-current liabilities  | 449,176          | 463,225          |
| Current liabilities      | 1,163,195        | 1,110,341        |
| <b>Total liabilities</b> | <b>1,612,371</b> | <b>1,573,566</b> |
| <b>Equity</b>            | <b>536,170</b>   | <b>628,557</b>   |
| <b>Gearing ratio</b>     | <b>3.01</b>      | <b>2.50</b>      |

The net debt-to-equity ratio of the AURELIUS Group increased in financial year 2018, with the result that the Group's net debt was backed by equity at the rate of 41 percent (PY: 65%) at the reporting date of December 31, 2018:

| in kEUR                   | 12/31/2018       | 12/31/2017       |
|---------------------------|------------------|------------------|
| Non-current liabilities   | 449,176          | 463,225          |
| Current liabilities       | 1,163,195        | 1,110,341        |
| <b>Total liabilities</b>  | <b>1,612,371</b> | <b>1,573,566</b> |
| Cash and cash equivalents | 290,756          | 606,338          |
| <b>Net liabilities</b>    | <b>1,321,615</b> | <b>967,228</b>   |
| <b>Equity</b>             | <b>536,170</b>   | <b>628,557</b>   |
| <b>Net debt</b>           | <b>2.46</b>      | <b>1.54</b>      |



## 56. Categories of financial instruments

The classification of financial instruments to the various categories as of January 1, 2018 is presented in the table below:

| in kEUR                                                             | Note | Measurement category per IFRS 9 | Carrying amount 12/31/2018 | Fair value 12/31/2018 |
|---------------------------------------------------------------------|------|---------------------------------|----------------------------|-----------------------|
| <b>ASSETS</b>                                                       |      |                                 |                            |                       |
| <b>Non-current assets</b>                                           |      |                                 |                            |                       |
| Financial assets                                                    | 27   | FA-AC                           | 3,843                      | 3,843                 |
|                                                                     | 27   | FA-FVTPL                        | 6,360                      | 6,360                 |
| <b>Current assets</b>                                               |      |                                 |                            |                       |
| Trade receivables                                                   | 29   | FA-AC                           | 468,344                    | 468,344               |
| Other financial assets                                              | 31   | FA-AC                           | 126,109                    | 126,109               |
| Cash and cash equivalents                                           | 34   | FA-AC                           | 290,756                    | 290,756               |
| <b>EQUITY AND LIABILITIES</b>                                       |      |                                 |                            |                       |
| <b>Non-current liabilities</b>                                      |      |                                 |                            |                       |
| Financial liabilities                                               | 45   | FL-AC                           | 271,452                    | 271,452               |
| Liabilities under finance leases                                    | 49   | FL-AC                           | 26,873                     | 26,873                |
| Other financial liabilities                                         | 50   | FL-AC                           | 8,636                      | 8,636                 |
| Other financial liabilities                                         | 50   | FL-FVTPL                        | 18,448                     | 18,448                |
| <b>Current liabilities</b>                                          |      |                                 |                            |                       |
| Financial liabilities                                               | 45   | FL-AC                           | 209,135                    | 209,135               |
| Trade payables                                                      | 46   | FL-AC                           | 531,214                    | 531,214               |
| Liabilities under finance leases                                    | 49   | FL-AC                           | 3,712                      | 3,712                 |
| Derivative financial instruments                                    | 48   | FL-FVTPL                        | 1                          | 1                     |
| Other financial liabilities                                         | 50   | FL-AC                           | 29,030                     | 29,030                |
| <b>Thereof aggregated by measurement category per IFRS 9</b>        |      |                                 |                            |                       |
| Financial assets: Amortized cost (FA-AC)                            |      |                                 | 889,052                    | 889,052               |
| Financial assets: Fair value through profit or loss (FA-FVTPL)      |      |                                 | 6,360                      | 6,360                 |
| <b>Financial liabilities</b>                                        |      |                                 |                            |                       |
| Financial liabilities: Amortized cost (FL-AC)                       |      |                                 | 1,080,052                  | 1,080,052             |
| Financial liabilities: Fair value through profit or loss (FL-FVTPL) |      |                                 | 18,449                     | 18,449                |



The breakdown in the comparison period according to IAS 39 is presented in the table below:

| in kEUR                                                      | Note | Measurement category per IFRS 9 | Carrying amount 12/31/2017 | Fair value 12/31/2017 |
|--------------------------------------------------------------|------|---------------------------------|----------------------------|-----------------------|
| <b>ASSETS</b>                                                |      |                                 |                            |                       |
| <b>Non-current assets</b>                                    |      |                                 |                            |                       |
| Financial assets                                             | 27   | LaR                             | 3,860                      | 3,860                 |
|                                                              | 27   | Afs                             | 4,649                      | 4,649                 |
| <b>Current assets</b>                                        |      |                                 |                            |                       |
| Trade receivables                                            | 29   | LaR                             | 378,070                    | 378,070               |
| Other financial assets                                       | 31   | LaR                             | 118,417                    | 118,417               |
| Cash and cash equivalents                                    | 34   | LaR                             | 606,338                    | 606,338               |
| <b>EQUITY AND LIABILITIES</b>                                |      |                                 |                            |                       |
| <b>Non-current liabilities</b>                               |      |                                 |                            |                       |
| Financial liabilities                                        | 45   | FLAC                            | 270,928                    | 270,928               |
| Liabilities under finance leases                             | 49   | FLAC                            | 22,777                     | 22,777                |
| Other financial liabilities                                  | 50   | FLAC                            | 30,999                     | 30,999                |
| Other financial liabilities                                  | 50   | FL-FV                           | 8,182                      | 8,182                 |
| <b>Current liabilities</b>                                   |      |                                 |                            |                       |
| Financial liabilities                                        | 45   | FLAC                            | 249,579                    | 249,579               |
| Trade payables                                               | 46   | FLAC                            | 424,947                    | 424,947               |
| Liabilities under finance leases                             | 49   | FLAC                            | 4,141                      | 4,141                 |
| Derivative financial instruments                             | 48   | FL-FV                           | 8                          | 8                     |
| Other financial liabilities                                  | 50   | FLAC                            | 1,109                      | 1,109                 |
| <b>Thereof aggregated by measurement category per IAS 39</b> |      |                                 |                            |                       |
| Loans and receivables (LaR)                                  |      |                                 | 1,106,685                  | 1,106,685             |
| Available-for-sale financial assets (Afs)                    |      |                                 | 4,649                      | 4,649                 |
| <b>Financial liabilities</b>                                 |      |                                 |                            |                       |
| Financial liabilities measured at fair value (FL - FV)       |      |                                 | 8,190                      | 8,190                 |
| Measured at amortized cost (FLAC)                            |      |                                 | 1,004,480                  | 1,004,480             |



## 57. Goals of financial risk management

A financial instrument is defined as a contract that gives rise to a financial asset of one party to the contract and a financial liability of the other party. Financial assets include cash and cash equivalents, trade receivables and loan receivables, as well as so-called certificated receivables such as checks and debentures, for example. Financial liabilities include trade payables and liabilities to banks and/or third parties. As an internationally active group, AURELIUS is exposed to various financial risks related to the use of such financial instruments.

The purpose of the following comments is to provide information concerning the amount, timing and probability of cash flows that are expected to result from financial instruments. The risks associated with financial instruments and the use of financial instruments include:

- Credit risk and default risk,
- Liquidity risk and
- Market risk (comprising currency risk, interest rate risk and other price risks).

The Group's overarching capital management program is focused on the unpredictability of developments in the financial markets and is designed to minimize any potential adverse effects on the Group's cash flows. Thus, AURELIUS manages its capital with the goal of ensuring that all Group companies can operate under the premise of a going concern, while also maximizing the income of the Group's subsidiaries by means of an optimal ratio of equity to debt capital. The Group's overall strategy is unchanged from the previous year. The Group's capital structure consists of the Group's net liabilities and equity. The equity, in turn, is composed of shares outstanding, additional paid-in capital and other reserves, retained earnings and non-controlling interests.

The Group is not subject to externally imposed capital requirements.

Risk management is conducted on the level of AURELIUS Equity Opportunities SE & Co. KGaA and the Group's individual operating entities, which apply the guidelines and principles adopted by the management. The Corporate Finance Department provides services to the portfolio companies and coordinates access to national and international financial markets. Corporate Finance also monitors and controls the financial risks associated with the portfolio companies by means of the internal reporting system, by which risks are analyzed with regard to their degree and extent. Financial risks are identified, assessed and hedged. For this purpose, appropriate guidelines based on the applicable legal requirements and the Minimum Requirements for the Risk Management of Banks are applied as part of the Groupwide risk strategy.

## 58. Market risk

Market risk is understood to mean the risk that the fair value or future cash flows of a financial instrument may fluctuate due to changes in market prices. Therefore, market risk is subsumed under currency risk, interest rate risk, and other price risks.

Market risk positions can be measured by means of a value-at-risk analysis (VaR analysis) and/or sensitivity analysis.



## 59. Value-at-risk analysis

As a measure of risk, value-at-risk estimates the potential losses in pre-tax profits over a specific holding period for a confidence interval set in advance. The VaR method is a statistically defined probability-based approach that takes market volatility and risk diversification into account by incorporating offsetting items and correlations between products and markets. Risks can be measured constantly over all markets and products. These risk measures can be aggregated in order to achieve a single measure of risk. Due to the low level of risk, a VaR analysis according to IFRS 7.41, which reflects the reciprocal dependencies between the risk parameters, such as interest rate and currency risks, for example, is not employed for purposes of managing financial risks at AURELIUS.

## 60. Currency risk management

Currency risks can arise in connection with investing activities, financing activities and operating activities as a result of changes in the exchange rates of various foreign currencies. When necessary, an enterprise can employ financial instruments such as forward exchange deals, currency options or currency swaps to limit such risks.

Of the financial instruments presented in the consolidated financial statements, an amount of EUR 330,001 thousand (PY: EUR 240,141 thousand) consists of financial assets denominated in major foreign currencies and an amount of EUR 478,803 thousand (PY: EUR 409,350 thousand) consists of financial liabilities denominated in major foreign currencies. The risk concentrations of major foreign currencies are presented in the table below:

| in kEUR                                | Carrying amount<br>12/31/2018 | in %           | Carrying amount<br>12/31/2017 | in %           |
|----------------------------------------|-------------------------------|----------------|-------------------------------|----------------|
| <b>Financial assets</b>                |                               |                |                               |                |
| Trade receivables                      | 468,344                       | 78.79%         | 378,070                       | 76.15%         |
| Other financial assets                 | 126,109                       | 21.21%         | 118,417                       | 23.85%         |
|                                        | <b>594,453</b>                | <b>100.00%</b> | <b>496,487</b>                | <b>100.00%</b> |
| <b>– thereof in foreign currencies</b> |                               |                |                               |                |
| GBP (British pound)                    | 188,989                       | 57.27%         | 128,107                       | 53.35%         |
| RMB (Chinese renminbi)                 | 12,949                        | 3.92%          | - / -                         | - / -          |
| DKK (Danish krone)                     | 26,345                        | 7.98%          | 22,868                        | 9.52%          |
| NOK (Norwegian krone)                  | 25,870                        | 7.84%          | 14,023                        | 5.84%          |
| AUD (Australian dollar)                | 1,354                         | 0.41%          | 1,463                         | 0.61%          |
| CHF (Swiss franc)                      | 14,338                        | 4.34%          | 33,759                        | 14.06%         |
| HUF (Hungarian forint)                 | 538                           | 0.16%          | 696                           | 0.29%          |
| MYR (Malaysian ringgit)                | 3,260                         | 0.99%          | 1,164                         | 0.48%          |
| CZK (Czech krone)                      | 12,394                        | 3.76%          | 8,480                         | 3.53%          |
| PLN (Polish zloty)                     | 493                           | 0.15%          | - / -                         | - / -          |
| CLP (Chilean peso)                     | 1,666                         | 0.50%          | - / -                         | - / -          |
| TRL (Turkish lira)                     | 1,137                         | 0.34%          | 1,549                         | 0.65%          |
| SEK (Swedish krona)                    | 26,387                        | 8.00%          | 25,193                        | 10.49%         |
| SGD (Singapore dollar)                 | 154                           | 0.05%          | - / -                         | - / -          |
| THB (Thai baht)                        | 2,856                         | 0.87%          | 2,839                         | 1.18%          |
| USD (US dollar)                        | 4,825                         | 1.46%          | - / -                         | - / -          |



| in kEUR                                | Carrying amount<br>12/31/2018 | in %           | Carrying amount<br>12/31/2017 | in %           |
|----------------------------------------|-------------------------------|----------------|-------------------------------|----------------|
| INR (Indian rupee)                     | 1,394                         | 0.42%          | - / -                         | - / -          |
| ZAR (South African rand)               | 2,171                         | 0.66%          | - / -                         | - / -          |
| RON (Romanian leu)                     | 592                           | 0.18%          | - / -                         | - / -          |
| RUB (Russian ruble)                    | 2,238                         | 0.68%          | - / -                         | - / -          |
| MXN (Mexican peso)                     | 51                            | 0.02%          | - / -                         | - / -          |
|                                        | <b>330,001</b>                | <b>100.00%</b> | <b>240,141</b>                | <b>100.00%</b> |
| <b>Financial liabilities</b>           |                               |                |                               |                |
| Trade payables                         | 531,214                       | 49.75%         | 424,947                       | 43.12%         |
| Financial liabilities                  | 480,587                       | 45.00%         | 520,507                       | 52.80%         |
| Other financial liabilities            | 56,114                        | 5.25%          | 40,290                        | 4.08%          |
|                                        | <b>1,067,915</b>              | <b>100.00%</b> | <b>985,744</b>                | <b>100.00%</b> |
| <b>– thereof in foreign currencies</b> |                               |                |                               |                |
| GBP (British pound)                    | 223,159                       | 46.61%         | 199,024                       | 48.62%         |
| RMB (Chinese renminbi)                 | 9,836                         | 2.05%          | - / -                         | - / -          |
| DKK (Danish krone)                     | 118,221                       | 24.69%         | 103,252                       | 25.22%         |
| NOK (Norwegian krone)                  | 37,459                        | 7.82%          | 18,142                        | 4.43%          |
| AUD (Australian dollar)                | 1,707                         | 0.36%          | 1,860                         | 0.45%          |
| HKD (Hong Kong dollar)                 | 624                           | 0.13%          | 575                           | 0.14%          |
| CZK (Czech koruna)                     | 17,676                        | 3.69%          | 9,867                         | 2.42%          |
| CHF (Swiss franc)                      | 17,872                        | 3.73%          | 35,127                        | 8.58%          |
| HUF (Hungarian forint)                 | 1,840                         | 0.38%          | 1,319                         | 0.32%          |
| MYR (Malaysian ringgit)                | 2,551                         | 0.53%          | 1,014                         | 0.25%          |
| TRL (Turkish lira)                     | 88                            | 0.02%          | 52                            | 0.01%          |
| SEK (Swedish krona)                    | 39,398                        | 8.23%          | 33,892                        | 8.28%          |
| SGD (Singapore dollar)                 | 587                           | 0.12%          | 399                           | 0.10%          |
| THB (Thai baht)                        | 3,660                         | 0.76%          | 4,805                         | 1.17%          |
| USD (US dollar)                        | 905                           | 0.19%          | - / -                         | - / -          |
| INR (Indian rupee)                     | 651                           | 0.14%          | - / -                         | - / -          |
| ZAR (South African rand)               | 1,087                         | 0.23%          | - / -                         | - / -          |
| PLN (Polish zloty)                     | 1,291                         | 0.27%          | - / -                         | - / -          |
| RUB (Russian ruble)                    | 191                           | 0.05%          | - / -                         | - / -          |
| RON (Romanian leu)                     | - / -                         | - / -          | 22                            | 0.01%          |
|                                        | <b>478,803</b>                | <b>100.00%</b> | <b>409,350</b>                | <b>100.00%</b> |

For the purpose of presenting market risks, AURELIUS conducts a sensitivity analysis in accordance with IFRS 7.40, in order to identify the effects on the Group's equity and financial performance that would result from assumed, hypothetical changes in relevant risk variables. The hypothetical changes in risk variables are applied to the holdings of financial instruments at the reporting date, so as to identify the effects relative to the reporting period. This analysis is conducted under the assumption that the portfolio of financial instruments at December 31, 2018, is representative of the entire year.

If the value of the functional currency had been assessed at ten percent higher (lower) at the reporting date than the other above-mentioned currencies used in the Group, the presented equity would have been higher





(lower) by EUR 14,880 thousand (PY: EUR 16,921 thousand). The British pound sterling and the Danish krone would have had a significant influence on this change.

In general, the sensitivity analysis does not represent the actual currency risk, since the risk at the end of the reporting period does not reflect the risk during the financial year just ended. In addition, possible new hedging transactions would be entered into in the case of a ten percent change in the euro against all other currencies. Although AURELIUS expanded its international activities again in financial year 2018, the Group was exposed to only a minor degree of currency risk in the financial year just ended, however, as in previous years, due to the fact that most transactions are effected in the euro zone (functional currency).

At December 31, 2018, AURELIUS had the following outstanding forward exchange deals:

| Outstanding forward exchange deals |                  |                         |                     |                |                 |              |              |                                 |
|------------------------------------|------------------|-------------------------|---------------------|----------------|-----------------|--------------|--------------|---------------------------------|
| Explanation                        | Foreign currency | Foreign currency amount | Term up to 3 months | Term 36 months | Term > 6 months | Average rate | Forward rate | Fair value in EUR at 12/31/2018 |
| Purchase                           | USD              | 300,000                 | 300,000             | -/-            | -/-             | 0.71         | 0.71         | -/-                             |

There were no outstanding forward exchange deals at December 31, 2017.

## 61. Interest rate risk management

The Group is exposed to interest rate risk, because the Group entities raise financial funds at fixed and variable interest rates. Risk is managed by the Group by maintaining an appropriate relationship between funds raised at fixed and variable interest rates. Interest rate risk arises from changes in market interest rates, particularly with respect to variable-interest, medium-term, and long-term assets and liabilities. Accordingly, all fixed-interest financial instruments measured at amortized cost are not subject to interest rate risk within the meaning of IFRS 7.

The sensitivity analysis conducted for interest rate risks identifies the effects on the Group's equity and financial performance that would result from a change in the risk-free market interest rate. If the level of market interest rates had been higher (lower) by 100 basis points than the corresponding level at December 31, 2018, and all other variables were held constant, the Group's profit would have been lower (higher) by EUR 2,711 thousand (PY: EUR 2,208 thousand).

Hedges such as interest rate swaps and futures are regularly assessed in order to coordinate them with expected interest and the defined willingness to take on risk. This ensures that the hedging strategies that are most effective from a cost perspective are always applied.

Under an interest rate swap, the Group exchanges fixed and variable interest payments that were calculated on the basis of agreed notional amounts. Such agreements enable AURELIUS to reduce the risk of changing interest rates to the fair value of issued fixed-interest debt instruments and cash flow risks of issued variable-interest debt instruments. The fair value of interest rate swaps on the reporting date is determined by discounting future cash flows based on the yield curves as of the reporting date and the credit risk associated with the contracts. The average interest rate is based on the open positions at the end of the reporting year.



Interest rate futures are understood to be agreements between two parties with different interest rate interests and/or interest rate expectations that wish to secure themselves against future interest rate fluctuations. They specify an interest rate at a fixed point in time for a certain period and calculate the difference between the fixed and current interest rates at a later date. The calculated difference triggers a compensation payment.

As in the prior year, AURELIUS had no outstanding interest rate swaps or futures at December 31, 2018.

## 62. Other price risks

With regard to other price risks, IFRS 7 requires in particular that the reporting entity present the effects on the price of financial instruments that would result from hypothetical changes in risk variables. As the risk variables analyzed for that purpose, AURELIUS examines the risks related to the procurement of commodities, as well as stock exchange prices and indexes.

In order to rule out significant risks related to the procurement of commodities, the affected operating entities can enter into master agreements with suppliers, most of which with terms of one year, so as to exclude greater risks. There were no material agreements of this type in the previous financial year, nor any long-term supply contracts with suppliers.

In addition, there was no hedging of commodity risks in the AURELIUS Group at the December 31, 2018 reporting date.

At December 31, 2018, the AURELIUS Group did not hold shares in other listed companies that were not consolidated. Consequently, AURELIUS is also not exposed to any share price risk resulting from equity instruments. Therefore, a share price risk sensitivity analysis is not conducted.

## 63. Default risk management

The AURELIUS companies operate in different industries and sell a wide variety of products to customers throughout the world. Accordingly, the credit risk and default risk associated with financial assets consist in the risk of default on the part of a contractual partner; therefore, the maximum loss under such risks is the fair value of the amounts owed by the respective contractual partner.

Impairments of receivables account for the risks associated with primary financial instruments. Trade receivables are due from a large number of customers in different industries and geographical regions. Credit assessments are conducted continuously to ascertain the financial status of the receivables. Furthermore, the Group only conducts business with creditworthy partners. Creditworthiness is evaluated by means of credit references and/or historical data derived from previous business dealings. Some of the Group's operating entities conduct detailed, ongoing credit checks based on an internal rating system (credit scoring method) and set credit limits for each one of their customers. In addition, the Group's subsidiaries work with trade credit insurers, which insure a portion of the possible loss of receivables. If it is not possible to insure a given contractual partner, the Group's subsidiaries can exercise the option of demanding cash in advance for any deliveries.

By reason of the business activities and the corresponding diversification of AURELIUS, the Group was not exposed to any significant risk concentrations in financial year 2018. The default risk (expected credit losses) inher-



ent in cash and cash equivalents and derivative financial instruments is insignificant, because the counterparties are banks with outstanding credit ratings issued by international credit rating agencies.

The impairments of trade receivables and the defaults on other financial assets in the AURELIUS Group are presented in the table below:

| in kEUR                           | Neither past due, nor impaired | Past due, but not impaired | Impaired | Carrying amount at 12/31/2018 |
|-----------------------------------|--------------------------------|----------------------------|----------|-------------------------------|
| <b>Measured at amortized cost</b> |                                |                            |          |                               |
| – Non-current financial assets    | 10,203                         | - / -                      | 1,823    | 10,203                        |
| – Trade receivables               | 338,647                        | 129,697                    | 9,635    | 468,344                       |
| – Other financial assets          | 125,663                        | 446                        | - / -    | 126,109                       |

| in kEUR                           | Neither past due, nor impaired | Past due, but not impaired | Impaired | Carrying amount at 12/31/2017 |
|-----------------------------------|--------------------------------|----------------------------|----------|-------------------------------|
| <b>Measured at amortized cost</b> |                                |                            |          |                               |
| – Non-current financial assets    | 8,509                          | - / -                      | - / -    | 8,509                         |
| – Trade receivables               | 309,718                        | 68,352                     | 6,085    | 378,070                       |
| – Other financial assets          | 113,345                        | 5,072                      | 342      | 118,417                       |

With respect to receivables and other financial assets that are neither past due nor impaired, the Group bases its planning on the assumption of a very high rate of value retention.

In the following, the risks associated with non-current financial assets are not addressed because such risks are considered immaterial for AURELIUS.

Thus, the associated maturity analysis of trade receivables and other financial assets that are past-due but not impaired has the following structure:

| <b>2018</b>              |                        |                               |                               |                                |                             |              |
|--------------------------|------------------------|-------------------------------|-------------------------------|--------------------------------|-----------------------------|--------------|
| in kEUR                  | Past due up to 30 days | Past due between 31 – 60 days | Past due between 61 – 90 days | past due between 91 – 120 days | Past due more than 120 days | Total amount |
| – Trade receivables      | 94,785                 | 13,031                        | 3,581                         | 3,013                          | 15,287                      | 129,697      |
| – Other financial assets | 441                    | - / -                         | - / -                         | - / -                          | 5                           | 446          |

| <b>2017</b>              |                        |                               |                               |                                |                             |              |
|--------------------------|------------------------|-------------------------------|-------------------------------|--------------------------------|-----------------------------|--------------|
| in kEUR                  | Past due up to 30 days | Past due between 31 – 60 days | Past due between 61 – 90 days | past due between 91 – 120 days | Past due more than 120 days | Total amount |
| – Trade receivables      | 43,492                 | 13,932                        | 6,238                         | 2,421                          | 2,269                       | 68,352       |
| – Other financial assets | 5                      | 2,282                         | 23                            | 2                              | 2,760                       | 5,072        |



The regional breakdown of trade receivables and other financial assets yields the following risk structure for the AURELIUS Group:

| in kEUR                       | Carrying amount<br>at 12/31/2018 | Carrying amount<br>at 12/31/2017 |
|-------------------------------|----------------------------------|----------------------------------|
| <b>Trade receivables</b>      | <b>468,344</b>                   | <b>378,070</b>                   |
| – thereof: Germany            | 46,540                           | 43,809                           |
| – thereof: Europe – EU        | 354,805                          | 285,073                          |
| – thereof: Europe – Other     | 37,002                           | 43,723                           |
| – thereof: Rest of World      | 29,997                           | 5,465                            |
| <b>Other financial assets</b> | <b>126,109</b>                   | <b>118,417</b>                   |
| – thereof: Germany            | 7,074                            | 9,206                            |
| – thereof: Europe – EU        | 111,772                          | 104,346                          |
| – thereof: Europe – Other     | 6,580                            | 4,865                            |
| – thereof: Rest of World      | 683                              | - / -                            |

AURELIUS applies the simplified approach according to IFRS 9 to measure the expected credit losses from trade receivables. Under this approach, the expected lifetime credit losses are applied for all trade receivables. Trade receivables were aggregated on the basis of past-due days for the purpose of measuring expected credit losses.

Information about the estimated default risk and expected credit losses for trade receivables at December 31, 2018 is presented in the table below:

| 2018                              |           |                    |              |                             |
|-----------------------------------|-----------|--------------------|--------------|-----------------------------|
| in kEUR                           | Loss rate | Carrying<br>amount | Impaired     | Downgraded<br>credit rating |
| <b>Measured at amortized cost</b> |           |                    |              |                             |
| Not past due                      | 0 - 1 %   | 338,647            | 109          | No                          |
| Past due up to 30 days            | 0 - 10 %  | 94,785             | 245          | No                          |
| Past due 31-60 days               | 0 - 20 %  | 13,031             | 87           | No                          |
| Past due 61-90 days               | 0 - 30 %  | 3,581              | 70           | No                          |
| Past due 91-120 days              | 6 - 50 %  | 3,013              | 191          | Yes                         |
| Past due more than 120 days       | 8 - 100 % | 15,287             | 8,933        | Yes                         |
| <b>Total amount</b>               |           | <b>468,344</b>     | <b>9,635</b> |                             |

The loss rates differ from one Group company to another because trade receivables are owed by a large number of customers from different sectors and geographical regions. Loss rates are calculated on the basis of the weighted average of actual credit losses over the last seven years. In some cases, the Group companies multiply the loss rates by scaling factors to account for the differences between the economic conditions at the time of collection of historical data, current conditions, and the economic conditions to be in effect over the expected term of the receivables from the Group's standpoint.

The scaling factors are essentially based on current and forward-looking information about macroeconomic factors that affect the customer's ability to pay the receivables, such as the gross domestic product of each country, the outlook for the Group company's industry, and the unemployment rates of the countries in question.



The first-time application of the ECL model to trade receivables at January 1, 2018 did not have any significant effects on impairments.

The Group disposed of cash and cash equivalents in the amount of EUR 290,756 thousand at December 31, 2018. The cash and cash equivalents are on deposit with banks that have ratings of BB- to AA+ based on the rating agency Standard & Poor's.

The Group did not recognize any impairments of cash and cash equivalents upon the first-time application of IFRS 9.

The default risk of the trade receivables and other financial assets presented in the statement of financial position, which amount to EUR 594,453 thousand (PY: EUR 496,487 thousand), is limited by trade credit insurance, letters of credit, and other credit protections to a maximum default risk of EUR 552,294 thousand (PY: EUR 445,724 thousand). Thus, the default risk in the Group increased on a percentage basis over the previous year. The various forms of security backing trade receivables and other financial assets are presented in the table below:

|                          | Trade credit insurance | Letters of credit | Other credit security | Secured portion | Carrying amount at 12/31/2018 | Secured portion in % |
|--------------------------|------------------------|-------------------|-----------------------|-----------------|-------------------------------|----------------------|
| <b>in kEUR</b>           |                        |                   |                       |                 |                               |                      |
| – Trade receivables      | 23,421                 | 3,023             | 11,441                | 37,885          | 468,344                       | 8.09%                |
| – Other financial assets | 17                     | - / -             | 4,257                 | 4,274           | 126,109                       | 3.39%                |

|                          | Trade credit insurance | Letters of credit | Other credit security | Secured portion | Carrying amount at 12/31/2018 | Secured portion in % |
|--------------------------|------------------------|-------------------|-----------------------|-----------------|-------------------------------|----------------------|
| <b>in kEUR</b>           |                        |                   |                       |                 |                               |                      |
| – Trade receivables      | 38,187                 | 1,436             | 9,899                 | 49,522          | 378,070                       | 13.10%               |
| – Other financial assets | 28                     | - / -             | 1,213                 | 1,241           | 118,417                       | 1.05%                |



## 64. Liquidity risk management

Liquidity risk is defined as the possibility that a company would encounter difficulties in fulfilling the obligations arising from its financial liabilities. By reason of the dynamic nature of the business environment in which AURELIUS operates, the goal of Corporate Finance is to preserve the necessary financing flexibility. The Group's solvency and liquidity supply is constantly monitored by means of a rolling liquidity plan and the Group maintains a liquidity reserve in the form of cash, available credit lines with banks and other facilities, and by means of constant monitoring of projected and actual cash flows and reconciliation of the maturity profiles of financial assets and liabilities. Thus, the liquidity risk management concept is implemented by means of optimized management of short-term, medium-term and long-term financing and liquidity requirements.

The contractually agreed cash outflows that are expected to result from financial instruments and are based on the earliest date on which the Group can be required to make payment are presented in the table below:

| in kEUR                     | Due in less than 1 year | Due in 1 – 5 years | Due in more than 5 years | Carrying amount at 12/31/2018 |
|-----------------------------|-------------------------|--------------------|--------------------------|-------------------------------|
| Trade payables              | 531,214                 | - / -              | - / -                    | 531,214                       |
| Financial liabilities       | 209,135                 | 256,722            | 14,730                   | 480,587                       |
| Other financial liabilities | 29,030                  | 12,556             | 14,528                   | 56,114                        |
| <b>Total</b>                | <b>769,379</b>          | <b>269,278</b>     | <b>29,258</b>            | <b>1,067,915</b>              |

| in kEUR                     | Due in less than 1 year | Due in 1 – 5 years | Due in more than 5 years | Carrying amount at 12/31/2017 |
|-----------------------------|-------------------------|--------------------|--------------------------|-------------------------------|
| Trade payables              | 424,947                 | - / -              | - / -                    | 424,947                       |
| Financial liabilities       | 249,579                 | 113,229            | 157,699                  | 520,507                       |
| Other financial liabilities | 1,109                   | 39,180             | 1                        | 40,290                        |
| <b>Total</b>                | <b>675,635</b>          | <b>152,409</b>     | <b>157,700</b>           | <b>985,744</b>                |

Interest payments in the amount of EUR 27,608 thousand (PY: EUR 20,844 thousand) will be incurred on non-current financial liabilities in the subsequent years.

EUR 125,592 thousand (PY: EUR 103,651 thousand) or 11.8 percent (PY: 10.5 percent) of the financial liabilities presented on the reporting date of December 31, 2018 in the amount of EUR 1,067,915 thousand (PY: EUR 985,744 thousand) are secured by collateral.





The structure of collateral is presented in the table below:

| in kEUR                     | Intangible assets | Property, plant and equipment, land and buildings | Inventories | Trade receivables | Other | Secured portion | Carrying amount at 12/31/2018 | In %   |
|-----------------------------|-------------------|---------------------------------------------------|-------------|-------------------|-------|-----------------|-------------------------------|--------|
| Trade payables              | 526               | - / -                                             | 35,400      | - / -             | - / - | 35,926          | 531,214                       | 6.76%  |
| Financial liabilities       | 5,432             | 19,374                                            | 61,212      | 10,614            | - / - | 96,632          | 480,587                       | 20.11% |
| Other financial liabilities | - / -             | - / -                                             | - / -       | - / -             | - / - | - / -           | 56,114                        | - / -  |

| in kEUR                     | Intangible assets | Property, plant and equipment, land and buildings | Inventories | Trade receivables | Other | Secured portion | Carrying amount at 12/31/2017 | In %   |
|-----------------------------|-------------------|---------------------------------------------------|-------------|-------------------|-------|-----------------|-------------------------------|--------|
| Trade payables              | - / -             | - / -                                             | 28,475      | - / -             | - / - | 28,475          | 424,947                       | 6.70%  |
| Financial liabilities       | 10,501            | 17,411                                            | 26,838      | 11,417            | - / - | 66,167          | 520,507                       | 12.71% |
| Other financial liabilities | 4,045             | 4,965                                             | - / -       | - / -             | - / - | 9,010           | 40,290                        | 22.36% |

The breakdown of financial liabilities by regions yields the following risk structure:

| in kEUR                            | Carrying amount at 12/31/2018 | Carrying amount at 12/31/2017 |
|------------------------------------|-------------------------------|-------------------------------|
| <b>Trade payables</b>              | <b>531,214</b>                | <b>424,947</b>                |
| – thereof: Germany                 | 56,585                        | 62,817                        |
| – thereof: Europe – EU             | 436,340                       | 320,681                       |
| – thereof: Europe – Other          | 23,504                        | 36,284                        |
| – thereof: Rest of World           | 14,785                        | 5,165                         |
| <b>Financial liabilities</b>       | <b>480,587</b>                | <b>520,507</b>                |
| – thereof: Germany                 | 178,646                       | 121,418                       |
| – thereof: Europe – EU             | 274,072                       | 375,437                       |
| – thereof: Europe – Other          | 27,869                        | 21,554                        |
| – thereof: Rest of World           | - / -                         | 2,098                         |
| <b>Other financial liabilities</b> | <b>56,114</b>                 | <b>40,290</b>                 |
| – thereof: Germany                 | 46,957                        | 20,594                        |
| – thereof: Europe – EU             | 2,316                         | 15,500                        |
| – thereof: Europe – Other          | - / -                         | - / -                         |
| – thereof: Rest of World           | 6,841                         | 4,196                         |



## 65. Measurement at fair value

The fair values of derivative financial instruments are calculated by using discounted present value and option price models. Whenever possible, the relevant market prices and interest rates at the reporting date taken from recognized external sources are applied as the inputs for such valuation models. The fair value of other investments (equity investments) is calculated by application of a DCF model. Commitments under finance leases do not fall within the scope of IFRS 9 and are measured separately in accordance with IAS 17.

The fair values of financial assets and liabilities with terms to maturity of more than one year are equal to the discounted present values of the cash flows expected to result from the corresponding assets and liabilities, based on currently valid interest rate parameters. Cash and cash equivalents, trade receivables and trade payables, current financial assets and liabilities have short terms to maturity, so that their carrying amounts are usually equal to their fair values.

The financial instruments analyzed in accordance with the measurement hierarchy of IFRS 13 and measured at fair value are presented in the table below:

| Assets<br>in kEUR                                              | Level 1 | Level 2 | Level 3 | Total<br>12/31/2018 |
|----------------------------------------------------------------|---------|---------|---------|---------------------|
| <b>Non-current assets</b>                                      |         |         |         |                     |
| Other investments                                              | - / -   | - / -   | 6,360   | 6,360               |
| <b>Liabilities</b>                                             |         |         |         |                     |
| Derivative financial instruments<br>(not for hedging purposes) | - / -   | 1       | - / -   | 1                   |
| Liabilities<br>in kEUR                                         | Level 1 | Level 2 | Level 3 | Total<br>12/31/2017 |
| Derivative financial instruments<br>(not for hedging purposes) | - / -   | 8       | - / -   | 8                   |

Prior to January 1, 2018, equity investments were classified as „available for sale“ (Afs) in accordance with IAS 39. Since January 1, 2018, these equity investments are classified as FA-FVTPL in accordance with IFRS 9 (see Note 10.1).

There were no transfers between the levels of the measurement hierarchy in the reporting period. The different levels are described below:

### ■ Level 1:

The (unadjusted) prices quoted in active markets for identical assets and liabilities at the reporting date are assigned to this level. The market is deemed to be active, for example, when prices are quoted on a stock exchange or when prices can be easily and regularly obtained from a trade association or regulatory authority, and when the prices in question are applied in regularly occurring market transactions conducted on an arm's length basis.

### ■ Level 2:

Inputs other than the market prices indicated in Level 1 that are observable for an asset or liability, either directly, for example as prices, or indirectly and therefore derived from prices are assigned to this level. The fair value of



financial instruments assigned to this level is determined on the basis of appraisal processes. The estimate conducted on the basis of an appraisal process should be grounded in market data to the greatest possible extent, and should rely as little as possible on company-specific data. When all the inputs required to determine the fair value are observable, the financial instrument is assigned to Level 2.

■ Level 3:

If one or more inputs for the given asset or liability are not based on observable market data, the financial instrument is assigned to Level 3.

The net gains or losses on financial instruments for financial years 2018 and 2017 are presented in the table below:

|                        | From subsequent measurement |               |                      |            |             |                 |
|------------------------|-----------------------------|---------------|----------------------|------------|-------------|-----------------|
|                        | From interest               | At fair value | Currency translation | Impairment | On disposal | Net result 2018 |
| <b>IFRS 9 category</b> |                             |               |                      |            |             |                 |
| FA-AC                  | 56                          | - / -         | -159                 | -26        | - / -       | -129            |
| FA-FVTPL               | - / -                       | 339           | 42                   | - / -      | -300        | 81              |
| FL-AC                  | 47                          | - / -         | - / -                | -592       | 446         | -99             |
| FL-FVTPL               | - / -                       | 7             | -28                  | - / -      | -8          | -29             |

|                         | From subsequent measurement |               |                      |            |             |                 |
|-------------------------|-----------------------------|---------------|----------------------|------------|-------------|-----------------|
|                         | From interest               | At fair value | Currency translation | Impairment | On disposal | Net result 2017 |
| <b>IFRS 39 category</b> |                             |               |                      |            |             |                 |
| LaR                     | 2,389                       | - / -         | -12                  | -439       | -121        | 1,817           |
| Afs                     | - / -                       | - / -         | - / -                | 120        | - / -       | 120             |
| FLAC                    | -346                        | - / -         | - / -                | -1,070     | 217         | -1,199          |
| FL-FV                   | - / -                       | 32            | -36                  | - / -      | -23         | -27             |

Upon initial recognition, derivative financial instruments are measured at the fair value attributable to them on the transaction date. In subsequent periods, they are likewise measured at the fair value attributable to them on the respective reporting date. The method to be applied for recognizing gains and losses depends on whether the derivative financial instrument has been designated as a hedging instrument; if so, the method to be applied depends further on the nature of the hedged item.

There were no cash flow hedges and no losses or gains arising from fair value hedges within the item of other reserves in equity at AURELIUS in the reporting period.







## OTHER DISCLOSURES



## OTHER DISCLOSURES

- 66. Operating leases
- 67. Contingent liabilities, guarantees and legal disputes
- 68. Related parties
  - 68.1 Governing bodies of the Company
  - 68.2 Compensation report
- 69. Disclosures required by IFRS 3.59 ff. and IFRS 8.23, but not provided
- 70. Employees
- 71. Fee of the independent auditor
- 72. List of shareholdings in accordance with Section 313(2) HBG
- 73. Events after the reporting date
- 74. Approval of the consolidated financial statements





## OTHER DISCLOSURES

### 66. Operating leases

As of the reporting date, there were other financial commitments, in particular from rental and operating leases for buildings, properties, machines, tools, office furniture and other installations. This primarily involves customary leasing and rental contracts without special agreements. The total of future payments can be broken down by maturity as follows:

| in kEUR                                      | 12/31/2018     | 12/31/2017     |
|----------------------------------------------|----------------|----------------|
| <b>Rental and lease commitments, payable</b> |                |                |
| – within one year                            | 72,605         | 54,795         |
| – between one and five years                 | 242,923        | 141,136        |
| – in more than five years                    | 335,188        | 163,904        |
| <b>Total continued operations</b>            | <b>650,716</b> | <b>359,835</b> |
| Discontinued operations                      | 42,586         | 1,125          |
| <b>Total rental and lease commitments</b>    | <b>693,302</b> | <b>360,960</b> |

### 67. Contingent liabilities, guarantees and legal disputes

#### Contingent liabilities and guarantees

At the reporting date of December 31, 2018, there were contingent liabilities totaling EUR 108,797 thousand (PY: EUR 114,131 thousand). Contingent liabilities or guarantees that expired in financial year 2018 are not explained further in the following.

Effective July 31, 2014, AURELIUS sold its investment in Framochem Kft. in Hungary to VanDeMark Chemical Inc. through Isochem SAS. The purchaser demanded joint and several liabilities on the part of AURELIUS Equity Opportunities SE & Co. KGaA for guarantees and indemnification rights with respect to the existence of the seller and of the target, as well as the ownership of the disposed shares and the target's business premises in Hungary. The guarantees and/or indemnification only cover claims that are asserted within five years after the closing. The guarantee is limited to an amount of EUR 9,375 thousand. The assertion of a full claim under this guarantee continues to be regarded as very unlikely by the Company.

In connection with the sale of SECOP that was closed in late July 2017, AURELIUS Equity Opportunities SE & Co. KGaA assumed joint and several liability for certain obligations of the seller related to possible warranty claims of the buyer, possible claims of the buyer under the tax indemnification, possible claims of the buyer related to any refund claims under the financial purchase price determination mechanism, and possible claims related to indemnification of certain matters. The joint liability is limited to regular warranty claims and to an amount of roughly EUR 11.7 million with respect to the indemnification for certain matters. With respect to time, the joint liability for possible claims of the buyer based on the breach of regular warranties and possible claims of the buyer with respect to any refund claims under the financial purchase price determination mechanism is limited to claims asserted within 18 months of the closing date. The joint liability for claims under the tax indemnification is subject to a limitation period of either six months after the legally binding assessment or after expiration of the assessment period.



In connection with the sale of Getronics that was closed in early July 2017, AURELIUS Equity Opportunities SE & Co. KGaA was required to assume guarantee obligations for certain obligations of the seller related to possible warranty claims of the buyer, possible claims of the buyer under the tax indemnification, possible claims of the buyer with respect to any refund claims due to impermissible transfers, possible claims under the indemnification for certain matters, and possible claims due to the breach of post-contractual obligations. The joint liability is limited to approximately EUR 25 million for regular warranty claims. With respect to time, the guarantee obligation related to impermissible transfers is limited to claims asserted within six months after the closing date, and the joint liability for possible warranty claims of the buyer that do not relate to fundamental warranties is limited to claims asserted within 18 months after the closing date. All other claims to which the guarantee obligation pertains are subject to a limitation period of five years after the closing date.

Through Studienkreis Holding GmbH, AURELIUS Equity Opportunities SE & Co. KGaA sold the Studienkreis Group effective December 20, 2017. In this connection, AURELIUS Equity Opportunities SE & Co. KGaA made an independent guarantee undertaking in the purchase agreement to indemnify any payment obligations of the seller arising from or in relation to the purchase agreement. The guarantee undertaking is limited to a maximum amount of EUR 5,386 thousand. Payment obligations of the seller could arise particularly from claims of the buyer for breaches of warranty or from the tax indemnification. Guarantee claims of the buyer are time-barred after 36 months (guarantee pertaining to the existence of target companies, ownership of shares, absence of company agreements) or 18 months (other guarantees) after the closing date. Claims of the buyer under the tax indemnification are time-barred after six months after the assessment or after expiration of the tax assessment periods.

Effective November 26, 2018, AURELIUS Equity Opportunities SE & Co. KGaA acquired the Mannheim-based VAG from the U.S. Rexnord Group through its indirect subsidiary AURELIUS Alpha Invest DS GmbH. AURELIUS Equity Opportunities SE & Co. KGaA assumed a financing obligation vis-à-vis the Rexnord Group, under which it undertook to endow AURELIUS Alpha Invest DS GmbH with sufficient capital to pay the purchase price and satisfy other precisely defined obligations.

In addition, there are contingent liabilities in connection with sureties and/or collateral deposited with respect to B+P Gerüstbau in the amount of EUR 11,552 thousand (PY: EUR 10,291 thousand), Wychem Ltd. in the amount of EUR 837 thousand (PY: EUR 863 thousand), VAG in the amount of EUR 104 thousand (PY: EUR 0 thousand), and the Conaxess Trade and Scandinavian Cosmetics Group in the amount of EUR 20,345 thousand (PY: EUR 20 thousand).

There are contingent liabilities under guarantees with respect to HanseYachts in the amount of EUR 4,676 thousand (PY: EUR 4,324 thousand) and Office Depot Europe in the amount of EUR 1,586 thousand (PY: EUR 1,916 thousand). There are also contingent liabilities based on potential repurchase and/or purchase or contractual commitments with respect to HanseYachts in the amount of EUR 523 thousand (PY: EUR 353 thousand), the Conaxess Trade and Scandinavian Cosmetics Group in the amount of EUR 4,741 thousand (PY: EUR 129 thousand), Hellanor in the amount of EUR 1,313 thousand (PY: EUR 0 thousand), the GHOTEL Group in the amount of EUR 2,416 thousand (PY: EUR 0 thousand), and VAG in the amount of EUR 9,243 thousand (PY: EUR 0 thousand).

### Legal disputes

With respect to the two companies Old BCA Ltd. and Book Club Trading Ltd., AURELIUS is exposed to the risk of continuing liability for pension obligations based on mistakes made during the implementation of the pension fund in the 1990s. The amount varies and could possibly reach an amount in the middle single-digit millions. Rectification proceedings are currently being carried out by the companies before a British court through which the past mistakes should be rectified. AURELIUS considers the prospects for success to be good overall.

A claim for payment of a mid-six-figure amount is being asserted against a former holding company that is currently in liquidation and a direct subsidiary of AURELIUS Equity Opportunities SE & Co. KGaA by the insolvency



administrator of the former investment that was sold more than five years ago and has meanwhile become insolvent, by way of a partial claim. The maximum risk is in the mid-single-digit millions. The allegation stated in the claim reads that the distribution of a dividend in 2010 was an inadmissible, prohibited repayment of share capital. The liquidator of the former holding company assumes that it will be possible to successfully defend against the suit based on factual and legal grounds.

A claim for payment of an amount in the low-double digit millions is being asserted against AURELIUS Equity Opportunities SE & Co. KGaA and three additional defendants by the insolvency administrator of a former company of the Getronics Group as joint and several debtors. The defendants unanimously assume that it will be possible to successfully defend against the suit based on numerous factual and legal grounds.

The insolvency administrator of ACC Compressors S.p.A. is demanding payment of damages from two former Group companies for allegedly anti-competitive behavior. The claim is for an amount in the low double-digit millions. The claim was broadened to include AURELIUS Equity Opportunities SE & Co KGaA in early 2018. In addition, AURELIUS Equity Opportunities SE & Co KGaA, among others, may have an indemnification obligation under the company purchase agreement by which the two aforementioned companies were sold in 2018.

In connection with its general business activities, AURELIUS Equity Opportunities SE & Co. KGaA was otherwise a party to various legal disputes as of the reporting date, but none of them is to be considered material in terms of the risks or amounts involved. As in the previous year, therefore, no provisions for other legal disputes were recognized in 2018.

## 68. Related parties

In accordance with IAS 24, persons or entities that can be influenced by the reporting Company or which have an influence over the Company are defined as related parties. This includes on the one hand controlled or controlling entities as well as associates and fellow subsidiaries that are not consolidated. On the other hand, this also includes natural persons with significant influence in the form of voting rights and members of management in key positions (Executive Board and Supervisory Board members) as well as their close family members. IAS 24.10 requires an overall appraisal of the economic substance of a relationship. Related parties from the perspective of AURELIUS include the members of the Executive Board and Supervisory Board of AURELIUS Equity Opportunities SE & Co. KGaA as well as their close family members and those non-consolidated entities over which these persons have a significant influence. Balances and transactions between the Company and its subsidiaries that are related parties were eliminated during consolidation and are not explained in this note disclosure. Details regarding transactions between the Group and other related parties are provided below.

Dr. Dirk Markus is the Chairman of the Executive Board of AURELIUS Management SE, which is the personally liable shareholder of AURELIUS Equity Opportunities SE & Co. KGaA. AURELIUS Equity Opportunities SE & Co. KGaA entered into an agency contract effective August 1, 2013, with Lotus AG, which is directly and indirectly controlled by Dr. Dirk Markus. The agreement governs all types of management services. The fee from the management services agreement for financial year 2018 amounts to a total of EUR 600 thousand (PY: EUR 9,141 thousand). The balance is zero as of December 31, 2018 (PY: EUR 0 thousand).

Until July 31, 2018, Donatus Albrecht was an Executive Board member of AURELIUS Management SE, which is the general partner of AURELIUS Equity Opportunities SE & Co. KGaA, and is the Managing Director of Paganini Invest GmbH. Directly and indirectly as a co-investor through Paganini Invest GmbH, Donatus Albrecht holds shares of various subsidiaries of AURELIUS acquired in previous years amounting to lower single digit percentages. The shares were issued in exchange for payment of the purchase price equal in all respects to the principal shareholder. There were no transactions in the reporting period, as in the previous year.



Dr. Dirk Markus and Gert Purkert are members of the Executive Board of AURELIUS Management SE, which is the personally liable shareholder of AURELIUS Equity Opportunities SE & Co. KGaA. The two aforementioned Board members are shareholders of AURELIUS Wachstumskapital SE & Co. KG. AURELIUS Beteiligungsberatungs AG, AURELIUS Transaktionsberatungs AG, and AURELIUS Portfolio Management AG provided various advisory services to AURELIUS Wachstumskapital SE & Co. KG in financial year 2018. The fee for the advisory services amounts to a total of EUR 38 thousand (PY: EUR 165 thousand). AURELIUS Wachstumskapital SE & Co. KG in turn provided advisory services to AURELIUS Portfolio Management AG for a total fee of EUR 368 thousand (PY: EUR 6 thousand). At the reporting date, the stated balances were partially outstanding; at the time this report was prepared, all outstanding balances had been settled. All service agreements were entered into at arm's length.

Dr. Dirk Markus is the Chairman of the Executive Board of AURELIUS Management SE, which is the personally liable shareholder of AURELIUS Equity Opportunities SE & Co. KGaA. Lotus AG, which is directly and indirectly controlled by Dr. Dirk Markus, provided AURELIUS Beteiligungsberatungs AG with personnel in financial year 2018 for a total fee of EUR 144 thousand (PY: EUR 194 thousand). The service agreement was entered into at arm's length.

There were no other transactions between the Group and related parties in the past financial year.

### 68.1 Governing bodies of the Company

The Executive Board of AURELIUS Management SE, which is the personally liable shareholder of AURELIUS Equity Opportunities SE & Co. KGaA, is composed of the following persons:

- Dr. Dirk Markus (Chairman), London,
- Donatus Albrecht, Munich (until July 31, 2018),
- Gert Purkert, Munich,
- Steffen Schiefer, Munich,
- Fritz Seemann, Düsseldorf,
- Matthias Täubl, London (since August 1, 2018).

The Executive Board members' other activities on governing bodies mainly include functions as members of supervisory boards and executive boards or as managing directors at associates and/or subsidiaries of AURELIUS Equity Opportunities SE & Co. KGaA. The members of the Executive Board separately carry out the following other functions in supervisory bodies as defined under Section 125 (1) sentence 5 AktG:

#### **Dr. Dirk Markus, Chief Executive Officer (CEO)**

Supervisory Board mandates and mandates on supervisory bodies as defined under Section 125 (1) sentence 5 AktG:

- Deutsche Industrie Grundbesitz AG, Rostock (Vice Chairman),
- Elk Fertighaus GmbH, Schrems/Austria (Vice Chairman, until November 16, 2018),
- Obotritia Capital KGaA, Potsdam.

#### **Donatus Albrecht, Chief Investment Officer (CIO) (until July 31, 2018)**

Supervisory Board mandates and mandates on supervisory bodies as defined under Section 125 (1) sentence 5 AktG:

- AURELIUS Beteiligungsberatungs AG, Munich (Vice Chairman, until July 31, 2018),
- AURELIUS Portfolio Management AG, Munich (Vice Chairman, until July 31, 2018),
- AURELIUS Transaktionsberatungs AG, Munich (Chairman, until July 31, 2018),
- Werbezeichen AG, Munich (Vice Chairman).



### **Gert Purkert, Chief Operating Officer (COO)**

Supervisory Board mandates and mandates on supervisory bodies as defined under Section 125 (1) sentence 5 AktG:

- AURELIUS Beteiligungsberatungs AG, Munich (Chairman),
- AURELIUS Portfolio Management AG, Munich (Chairman),
- AURELIUS Transaktionsberatungs AG, Munich (Chairman since August 1, 2018),
- Berentzen-Gruppe Aktiengesellschaft, Haselünne (Chairman, until May 3, 2018),
- HanseYachts AG, Greifswald (Chairman),
- AUREPA Management AG, Munich (Chairman, since September 12, 2018).

### **Steffen Schiefer, Chief Financial Officer (CFO)**

Supervisory Board mandates and mandates on supervisory bodies as defined under Section 125 (1) sentence 5 AktG:

- AURELIUS Transaktionsberatungs AG, Munich (Vice Chairman).

### **Fritz Seemann, Chief Development Officer (CDO)**

Supervisory Board mandates and mandates on supervisory bodies as defined under Section 125 (1) sentence 5 AktG:

- HanseYachts AG, Greifswald,
- Ebert HERA Esser Holding GmbH, Baden-Baden,
- AURELIUS Portfolio Management AG, Munich (Vice Chairman, since August 1, 2018).

### **Matthias Täubl, Chief Restructuring Officer (CRO) (since August 1, 2018)**

Supervisory Board mandates and mandates on supervisory bodies as defined under Section 125 (1) sentence 5 AktG:

- Granovit SA, Lucens/Switzerland (Chairman of the Board of Directors),
- AURELIUS Beteiligungsberatungs AG, Munich (Vice Chairman, since August 1, 2018),
- AURELIUS Transaktionsberatungs AG, Munich (Vice Chairman, since August 1, 2018).

The Supervisory Board was composed of the following persons in financial year 2018:

**Prof. Dr. Mark Wössner** (Chairman of the Supervisory Board, until May 18, 2018)  
Independent entrepreneur, Munich.

**Christian Dreyer** (Chairman of the Supervisory Board, since May 18, 2018)  
Managing Director of Dreyer Ventures & Management GmbH, Salzburg/Austria.

Supervisory Board mandates and mandates on supervisory bodies as defined under Section 125 (1) sentence 5 AktG:

- Beno Holding AG, Starnberg,
- Gemeinnützige Salzburger Landeskliniken Betriebsgesellschaft mbH, Salzburg/Austria (since November 26, 2018).



**Prof. Dr. Bernd Mühlfriedel** (Vice Chairman)

Professor of Business Administration, Landshut University of Applied Sciences.

Supervisory Board mandates and mandates on supervisory bodies as defined under Section 125 (1) sentence 5 AktG:

- Deutsche Kautionskasse AG, Starnberg.

**Dr. Frank Hübner-von Wittich**

Lawyer and tax advisor, Lotus AG.

Supervisory Board mandates and mandates on supervisory bodies as defined under Section 125 (1) sentence 5 AktG:

- AURELIUS WK Management SE, Grünwald,
- Tiven AG, Grünwald (since May 1, 2018),
- AUREPA Management AG, Munich (Vice Chairman since September 12, 2018).

**Holger Schulze**

Executive Board of Vital AG, Mainaschaff.

**Maren Schulze**

Head of Commercial Optimization of Heraeus Medical GmbH, Wehrheim.

**Dr. Ulrich Wolters**

Business consultant.

Supervisory Board mandates and mandates on supervisory bodies as defined under Section 125 (1) sentence 5 AktG:

- Deutsche Arzt AG, Essen (Vice Chairman),
- Novotergum AG, Essen (Chairman).

The Shareholders Committee was composed of the following persons in financial year 2018:

**Dirk Roesing** (Chairman of the Shareholders Committee)

Managing Partner of Scopus Capital GmbH, Munich.

**Holger Schulze** (Vice Chairman)

Member of the Executive Board of Vital AG, Mainaschaff.

**Dr. Thomas Hoch**

Managing Partner of W&B Projektentwicklungs GmbH, Darmstadt.

Supervisory Board mandates and mandates on supervisory bodies as defined under Section 125 (1) sentence 5 AktG:

- Co-Investor AG, Zurich (Switzerland) (member of the Board of Directors; until April 23, 2018),
- EVP Capital Management AG, Frankfurt (since May 28, 2018).





## 68.2 Compensation report

The fixed non-performance-based compensation of the Executive Board and active members of the Executive Board of AURELIUS Management SE totaled EUR 1,924 thousand in financial year 2018 (PY: EUR 1,077 thousand). In addition to the fixed compensation, performance-based variable compensation in the amount of EUR 9,377 thousand (PY: EUR 92,287 thousand) was expended in financial year 2018. This variable compensation component entirely represents short-term employee benefits as defined under IAS 24.17(a). The variable compensation results mainly from the virtual co-investment sub-holdings granted to the members of the Executive Board in connection with corporate transactions. Thus, the total amount expended for Executive Board compensation in financial year 2018 was EUR 11,301 thousand (PY: EUR 93,364 thousand). In the past financial year, we reported the compensation components paid, whereas in the 2018 annual report we have switched to Executive Board compensation expended. The comparison figures were adjusted accordingly. A total amount of EUR 2,798 thousand (PY: EUR 0 thousand) was expended for former members of the Executive Board of AURELIUS Management SE in financial year 2018. This amount results entirely from the virtual co-investment sub-holdings granted to former Executive Board members during their service on the Executive Board of AURELIUS Management SE in connection with corporate transactions.

AURELIUS AG entered into a management services agreement at the end of July 2013 with Lotus AG, which is directly and indirectly controlled by Dr. Dirk Markus. This contract was transferred to AURELIUS Management SE on October 1, 2015, in connection with the transformation of AURELIUS AG. The agreement governs all types of management services. The total fee paid under the management services agreement amounted to EUR 802 thousand in financial year 2018 (PY: EUR 9,141 thousand). The fixed portion of the fee amounted to EUR 480 thousand (PY: EUR 480 thousand) and the expended variable portion of the fee amounted to EUR 322 thousand (PY: EUR 8,661 thousand). The variable portion results from virtual co-investment sub-interests that were granted to Lotus AG with Dr. Dirk Markus as controlling shareholder in connection with corporate transactions.

The members of the Supervisory Board received fixed compensation in the total amount of EUR 180 thousand in financial year 2018 (PY: EUR 180 thousand), which was divided among the Supervisory Board members in equal parts. No loans or advances were granted to and no sureties or guarantees were issued in favor of members of the Executive Board and Supervisory Board of the parent company or subsidiaries of AURELIUS Equity Opportunities SE & Co. KGaA.



## 69. Disclosures required by IFRS 3.59 ff. and IFRS 8.23, but not provided

The disclosures required by IFRS 3.59 ff. with respect to the nature and financial effects of business combinations are not presented in these notes to the consolidated financial statements or not itemized. The same applies for the material non-cash items of income to be disclosed for each reportable segment under IFRS 8.23. This applies in particular to the gains on bargain purchases. AURELIUS abstains from these disclosures because it believes that they can lead to economic disadvantages for future company acquisitions or company sales.

## 70. Employees

AURELIUS had an average of 13,895 employees in financial year 2018 (PY: 22,897 employees), including 5,995 wage earners (PY: 11,684 wage earners) and 7,900 salaried employees (PY: 11,213 salaried employees). At the reporting date of December 31, 2018, AURELIUS had 15,131 employees (PY: 19,263 employees).

## 71. Fee of the independent auditor

The total fee charged by KPMG AG Wirtschaftsprüfungsgesellschaft (PY: Warth & Klein Grant Thornton AG WPG) for auditing services in financial year 2018 amounted to EUR 813 thousand (PY: EUR 942 thousand). Besides auditing services, it provided no other advisory services (PY: EUR 4 thousand) or tax advisory services (PY: EUR 0 thousand).



## 72. List of shareholdings in accordance with Section 313(2) HBG

The following subsidiaries and associated companies are included in the present consolidated financial statements at December 31, 2018 of AURELIUS:

| Company                                                                                                    | Head Office           | Curr-<br>ency | Share in %             |                        | Equity <sup>1</sup> | Profit/loss <sup>1</sup> |
|------------------------------------------------------------------------------------------------------------|-----------------------|---------------|------------------------|------------------------|---------------------|--------------------------|
|                                                                                                            |                       |               | Incl. Co-<br>investors | Excl. Co-<br>investors |                     |                          |
| Abelan Packaging Centroamerica S.A.                                                                        | Heredia/Costa Rica    | CRC           | 100.00%                | 100.00%                | -7,480              | -6,704                   |
| Abelan San Andrés, S.L.                                                                                    | Villava/Spain         | EUR           | 100.00%                | 100.00%                | 16,672,000          | 3,756,000                |
| AHI Holding GmbH                                                                                           | Grünwald              | EUR           | 100.00%                | 100.00%                | 44,320              | 10,168                   |
| AKAD Bildungsgesellschaft mbH                                                                              | Stuttgart             | EUR           | 100.00%                | 100.00%                | 5,177,882           | -269,412                 |
| AKAD Holding GmbH                                                                                          | Grünwald              | EUR           | 100.00%                | 100.00%                | 1,706,910           | 482,847                  |
| Alf Sörensen AB                                                                                            | Stockholm/Sweden      | SEK           | 100.00%                | 100.00%                | 11,344,594          | 7,549,594                |
| Allied HCG Holdings Ltd.                                                                                   | London/United Kingdom | GBP           | 100.00%                | 100.00%                | -113,369            | -1,618,112               |
| Allied Healthcare Group Holdings Ltd.                                                                      | London/United Kingdom | GBP           | 100.00%                | 100.00%                | 100                 | - / -                    |
| Allied Healthcare Group Ltd.                                                                               | London/United Kingdom | GBP           | 100.00%                | 100.00%                | 2,077,388           | -1,340,478               |
| Allied Healthcare Holdings Ltd.                                                                            | London/United Kingdom | GBP           | 100.00%                | 100.00%                | 2,077,441           | 1,230,608                |
| Arbud Sp z.o.o.                                                                                            | Darlowo/Poland        | PLN           | 100.00%                | 100.00%                | 2,718,633           | 156,854                  |
| Arcadia Hotelbetriebs GesmbH                                                                               | Salzburg/Austria      | EUR           | 100.00%                | 100.00%                | 155,147             | 81,859                   |
| Arcadia Hotelbetriebs mbH<br>(merged with: Arcadia Nord Hotelbetriebs- und<br>Verwaltungsgesellschaft mbH) | Waiblingen            | EUR           | 94.00%                 | 94.00%                 | 705,267             | 469,991                  |
| Atelier des Landes S.A.                                                                                    | Plelo/France          | EUR           | 100.00%                | 100.00%                | 1,702,600           | 4,799                    |
| AURELIUS Active Management GmbH                                                                            | Grünwald              | EUR           | 100.00%                | 100.00%                | 93,980              | -159,489                 |
| AURELIUS Active Management Holding GmbH                                                                    | Grünwald              | EUR           | 100.00%                | 100.00%                | 39,179              | -7,182                   |
| AURELIUS Alpha International GmbH                                                                          | Grünwald              | EUR           | 100.00%                | 100.00%                | 8,039               | -17,625                  |
| AURELIUS Alpha Invest DS GmbH                                                                              | Grünwald              | EUR           | 100.00%                | 100.00%                | 21,276              | -3,724                   |
| AURELIUS Alpha Invest GmbH                                                                                 | Grünwald              | EUR           | 91.07%                 | 91.07%                 | 57,041              | -4,069                   |
| AURELIUS Alpha Ltd.                                                                                        | London/United Kingdom | GBP           | 100.00%                | 100.00%                | 4,240,764           | 28,455                   |
| AURELIUS Amethyst Ltd. <sup>2</sup>                                                                        | London/United Kingdom | GBP           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Beta International GmbH<br>(previously: Publicitas Holding GmbH)                                  | Grünwald              | EUR           | 100.00%                | 100.00%                | 270,951             | -276,843                 |
| AURELIUS Beta Ltd. <sup>2</sup>                                                                            | London/United Kingdom | GBP           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Beteiligungsberatungs AG                                                                          | Munich                | EUR           | 100.00%                | 100.00%                | 322,069             | -8,102                   |
| AURELIUS Bornite Ltd. <sup>2</sup>                                                                         | London/United Kingdom | GBP           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Chromite Ltd. <sup>2</sup>                                                                        | London/United Kingdom | GBP           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Delta International GmbH<br>(in liquidation)                                                      | Grünwald              | EUR           | 100.00%                | 100.00%                | 6,488               | -19,825                  |
| AURELIUS Delta Ltd. <sup>2</sup>                                                                           | London/United Kingdom | GBP           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Development Eight GmbH <sup>2</sup>                                                               | Grünwald              | EUR           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Development Eleven GmbH <sup>2</sup>                                                              | Grünwald              | EUR           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Development Fifteen GmbH <sup>2</sup>                                                             | Grünwald              | EUR           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Development Five GmbH <sup>2</sup>                                                                | Grünwald              | EUR           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Development Four GmbH <sup>2</sup>                                                                | Grünwald              | EUR           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Development Fourteen GmbH <sup>2</sup>                                                            | Grünwald              | EUR           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Development Nine DS GmbH <sup>2</sup>                                                             | Grünwald              | EUR           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Development Nine GmbH <sup>2</sup>                                                                | Grünwald              | EUR           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Development Seven GmbH <sup>2</sup>                                                               | Grünwald              | EUR           | 93.70%                 | 93.70%                 | - / -               | - / -                    |
| AURELIUS Development Six GmbH <sup>2</sup>                                                                 | Grünwald              | EUR           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Development Sixteen DS GmbH <sup>2</sup>                                                          | Grünwald              | EUR           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Development Sixteen GmbH <sup>2</sup>                                                             | Grünwald              | EUR           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Development Ten GmbH <sup>2</sup>                                                                 | Grünwald              | EUR           | 100.00%                | 100.00%                | - / -               | - / -                    |
| AURELIUS Development Three GmbH <sup>2</sup>                                                               | Grünwald              | EUR           | 100.00%                | 100.00%                | - / -               | - / -                    |



| Company                                                                            | Head Office            | Currency | Share in %         |                    | Equity <sup>1</sup> | Profit/loss <sup>1</sup> |
|------------------------------------------------------------------------------------|------------------------|----------|--------------------|--------------------|---------------------|--------------------------|
|                                                                                    |                        |          | Incl. Co-investors | Excl. Co-investors |                     |                          |
| AURELIUS Development Twelve GmbH <sup>2</sup>                                      | Grünwald               | EUR      | 100.00%            | 100.00%            | - / -               | - / -                    |
| AURELIUS Diamond Ltd. <sup>2</sup>                                                 | London/United Kingdom  | GBP      | 100.00%            | 100.00%            | - / -               | - / -                    |
| AURELIUS Emerald Ltd. <sup>2</sup>                                                 | London/United Kingdom  | GBP      | 100.00%            | 100.00%            | - / -               | - / -                    |
| AURELIUS Epsilon International GmbH                                                | Grünwald               | EUR      | 100.00%            | 100.00%            | -9,738,075          | -162,143                 |
| AURELIUS Epsilon Invest GmbH                                                       | Grünwald               | EUR      | 100.00%            | 100.00%            | -5,284,724          | -6,535,936               |
| AURELIUS Eta UK Investments Ltd.                                                   | London/United Kingdom  | GBP      | 100.00%            | 100.00%            | 928,330             | 21,597                   |
| AURELIUS Finance Company Ltd.                                                      | London/United Kingdom  | GBP      | 100.00%            | 100.00%            | 10,552,780          | -64,115                  |
| AURELIUS Gamma International GmbH                                                  | Grünwald               | EUR      | 100.00%            | 100.00%            | -216,118            | -93,705                  |
| AURELIUS Gamma Invest GmbH                                                         | Grünwald               | EUR      | 100.00%            | 100.00%            | 316,414             | -138,948                 |
| AURELIUS Gamma Ltd. <sup>2</sup>                                                   | London/United Kingdom  | GBP      | 100.00%            | 100.00%            | - / -               | - / -                    |
| AURELIUS Initiative Development GmbH                                               | Grünwald               | EUR      | 100.00%            | 100.00%            | 197,395             | 111,127                  |
| AURELIUS Investments Ltd.                                                          | London/United Kingdom  | GBP      | 100.00%            | 100.00%            | -105,245            | -317,490                 |
| AURELIUS Iota Invest GmbH                                                          | Grünwald               | EUR      | 100.00%            | 100.00%            | 6,421               | -18,768                  |
| AURELIUS Khi Ltd.                                                                  | London/United Kingdom  | GBP      | 100.00%            | 100.00%            | 11,701              | -498,300                 |
| AURELIUS Management SE <sup>3</sup>                                                | Grünwald               | EUR      | 70.00%             | 70.00%             | 104,544             | - / -                    |
| AURELIUS Mittelstandskapital GmbH                                                  | Grünwald               | EUR      | 51.00%             | 51.00%             | -1,322,908          | -234,677                 |
| AURELIUS MK One GmbH                                                               | Wandlitz               | EUR      | 75.00%             | 75.00%             | 9,398,332           | -982,885                 |
| AURELIUS MK Two GmbH                                                               | Grünwald               | EUR      | 100.00%            | 100.00%            | -587,551            | -51,842                  |
| AURELIUS Nederland B.V. <sup>2</sup>                                               | Amsterdam/Netherlands  | EUR      | 100.00%            | 100.00%            | - / -               | - / -                    |
| AURELIUS Nordics AB (previously: Geissblatt Holding AB; AUR Geissblatt Holding AB) | Stockholm/Sweden       | SEK      | 100.00%            | 100.00%            | 35,875              | -1,250                   |
| AURELIUS Portfolio Management AG                                                   | Munich                 | EUR      | 100.00%            | 100.00%            | 229,064             | 80,681                   |
| AURELIUS Psi Ltd.                                                                  | London/United Kingdom  | GBP      | 100.00%            | 100.00%            | -4,795              | -23,108                  |
| AURELIUS Services Holding GmbH                                                     | Grünwald               | EUR      | 100.00%            | 100.00%            | 415,555             | 57,198                   |
| AURELIUS Sigma International GmbH                                                  | Grünwald               | EUR      | 100.00%            | 100.00%            | 2,364,569           | -44,842                  |
| AURELIUS Sigma Invest GmbH                                                         | Grünwald               | EUR      | 100.00%            | 100.00%            | 8,919               | -18,681                  |
| AURELIUS Sigma Ltd.                                                                | London/United Kingdom  | GBP      | 100.00%            | 100.00%            | 176,453             | -34,535                  |
| AURELIUS Tau UK Investments Ltd. (in liquidation)                                  | London/United Kingdom  | GBP      | 100.00%            | 100.00%            | - / -               | - / -                    |
| AURELIUS Theta Invest DS One GmbH                                                  | Grünwald               | EUR      | 100.00%            | 100.00%            | 195,542             | 11,990                   |
| AURELIUS Theta Invest Holding GmbH                                                 | Grünwald               | EUR      | 100.00%            | 100.00%            | 5,154,525           | 11,499,392               |
| AURELIUS Transaktionsberatungs AG                                                  | Munich                 | EUR      | 100.00%            | 100.00%            | 309,988             | 88,215                   |
| AURELIUS Upsilon UK Investments Ltd.                                               | London/United Kingdom  | GBP      | 100.00%            | 100.00%            | 10,659,759          | 640,913                  |
| AURELIUS Ypsilon Invest B.V.                                                       | Amsterdam/Netherlands  | EUR      | 100.00%            | 100.00%            | 40,100              | - / -                    |
| AURELIUS Zeta Invest Holding GmbH                                                  | Grünwald               | EUR      | 100.00%            | 100.00%            | 1,681,109           | -100,882                 |
| AURELIUS Zeta Invest Two GmbH                                                      | Grünwald               | EUR      | 100.00%            | 100.00%            | 2,580,838           | 1,580,502                |
| AURELIUS Zeta Ltd. <sup>2</sup>                                                    | London/United Kingdom  | GBP      | 100.00%            | 100.00%            | - / -               | - / -                    |
| AutoMester AS                                                                      | Hagan/Norway           | NOK      | 100.00%            | 100.00%            | 227,281             | 73,206                   |
| B+P Baulogistik GmbH <sup>3</sup>                                                  | Wandlitz               | EUR      | 100.00%            | 100.00%            | 204,720             | - / -                    |
| B+P Gerüstbau GmbH <sup>3</sup>                                                    | Wandlitz               | EUR      | 100.00%            | 100.00%            | 1,537,218           | - / -                    |
| B+P Gerüstbau Hamburg GmbH                                                         | Hamburg                | EUR      | 100.00%            | 100.00%            | 3,834               | - / -                    |
| BCA Beteiligungs GmbH                                                              | Grünwald               | EUR      | 100.00%            | 97.00%             | 124,141             | -5,229                   |
| BCA Pension Trust Ltd.                                                             | Swindon/United Kingdom | GBP      | 100.00%            | 100.00%            | 100                 | - / -                    |
| Bertram Group Ltd. (previously: AURELIUS Omega Ltd.)                               | London/United Kingdom  | GBP      | 100.00%            | 100.00%            | -1,779              | -21,780                  |
| Bertram Trading Ltd.                                                               | Norwich/United Kingdom | GBP      | 100.00%            | 100.00%            | -7,908,000          | -15,835,000              |
| BMC Brand Management Consulting GmbH                                               | Grünwald               | EUR      | 100.00%            | 100.00%            | 783,130             | -253,065                 |
| Book Club Trading Ltd.                                                             | Swindon/United Kingdom | GBP      | 100.00%            | 100.00%            | 353,916             | -5,462                   |
| Briar Chemicals Ltd.                                                               | Norwich/United Kingdom | GBP      | 100.00%            | 100.00%            | 16,214,638          | 11,373,483               |
| Briar Holding GmbH                                                                 | Grünwald               | EUR      | 100.00%            | 100.00%            | 4,974,610           | 4,772,778                |
| brightONE Holding GmbH (in liquidation)                                            | Grünwald               | EUR      | 100.00%            | 100.00%            | 421,408             | 408,306                  |
| BSB Bau- und Spezialgerüstbau GmbH                                                 | Schmölln               | EUR      | 100.00%            | 100.00%            | 2,920,679           | - / -                    |



| Company                                                                    | Head Office                               | Currency |                    | Share in %         | Equity <sup>1</sup> | Profit/loss <sup>1</sup> |
|----------------------------------------------------------------------------|-------------------------------------------|----------|--------------------|--------------------|---------------------|--------------------------|
|                                                                            |                                           |          | Incl. Co-investors | Excl. Co-investors |                     |                          |
| CalaChem Holding Ltd.                                                      | Manchester/<br>United Kingdom             | GBP      | 100.00%            | 100.00%            | 18,254,000          | 1,005,000                |
| CalaChem Ltd.                                                              | Grangemouth/<br>United Kingdom            | GBP      | 100.00%            | 100.00%            | 22,263,000          | 1,828,000                |
| CalaChem Pension Trustees Ltd.                                             | Manchester /<br>United Kingdom            | GBP      | 100.00%            | 100.00%            | 1                   | - / -                    |
| Calumet Photographic Sarl                                                  | Paris/France                              | EUR      | 100.00%            | 100.00%            | 25,000              | - / -                    |
| Calumet Photographic BV                                                    | Amsterdam/Netherlands                     | EUR      | 100.00%            | 100.00%            | 52,585              | 198,794                  |
| Calumet Photographic GmbH                                                  | Hamburg                                   | EUR      | 100.00%            | 100.00%            | 6,350,626           | 1,614,500                |
| Calumet Photographic Ltd.                                                  | Milton Keynes/<br>United Kingdom          | GBP      | 100.00%            | 100.00%            | -1,176,000          | -1,243,000               |
| Calumet Trading Ltd.                                                       | Milton Keynes/<br>United Kingdom          | GBP      | 100.00%            | 100.00%            | -617,357            | -18,061,357              |
| Calumet Wex Holding GmbH                                                   | Grünwald                                  | EUR      | 100.00%            | 100.00%            | 1,066,447           | 116,979                  |
| Calumet Wex International Ltd.<br>(previously: Calumet International Ltd.) | Milton Keynes/<br>United Kingdom          | GBP      | 94.10%             | 94.10%             | -659,000            | -3,757,000               |
| Combine Asset Ltd.                                                         | Manchester/<br>United Kingdom             | GBP      | 100.00%            | 100.00%            | -871,885            | -891,466                 |
| Combine Holding Ltd.                                                       | Manchester/<br>United Kingdom             | GBP      | 100.00%            | 100.00%            | 1                   | - / -                    |
| Combine OpCo Ltd.                                                          | Manchester /<br>United Kingdom            | GBP      | 100.00%            | 100.00%            | -5,884,684          | -789,556                 |
| Conaxess Holding Sweden AB                                                 | Stockholm/Sweden                          | SEK      | 100.00%            | 100.00%            | 437,142,000         | -1,954,000               |
| Conaxess Trade Austria GmbH                                                | Vienna/Austria                            | EUR      | 100.00%            | 100.00%            | -7,548,733          | -987,148                 |
| Conaxess Trade Denmark A/S                                                 | Soborg/Denmark                            | DKK      | 100.00%            | 100.00%            | 119,670,000         | 25,505,000               |
| Conaxess Trade Denmark Beverage A/S                                        | Soborg/Denmark                            | DKK      | 75.00%             | 75.00%             | 9,331,000           | 1,105,695                |
| Conaxess Trade Germany GmbH                                                | Mühlheim a. d. Ruhr                       | EUR      | 68.40%             | 68.40%             | -587,477            | 926,767                  |
| Conaxess Trade Holding AB<br>(previously: Beauty Cosmetics AB)             | Malmö/Sweden                              | SEK      | 100.00%            | 100.00%            | 80,000              | - / -                    |
| Conaxess Trade Norway AS<br>(merged with Galleberg AS)                     | Oslo/Norway                               | NOK      | 100.00%            | 100.00%            | 61,003,932          | 4,597,760                |
| Conaxess Trade Sweden AB                                                   | Stockholm/Sweden                          | SEK      | 100.00%            | 100.00%            | 264,791,000         | -476,000                 |
| Conaxess Trade Switzerland AG                                              | Neuendorf/Switzerland                     | CHF      | 100.00%            | 100.00%            | 459,012             | 4,381                    |
| Craft Channel Productions Ltd.                                             | Chesterfield/<br>United Kingdom           | GBP      | 100.00%            | 100.00%            | 4,347,279           | 1,263,981                |
| Craft Retail Incorporated                                                  | Grand Rapids/<br>United States of America | USD      | 100.00%            | 100.00%            | - / -               | -176,363                 |
| Craft Retail International Ltd.                                            | Peterborough/<br>United Kingdom           | GBP      | 100.00%            | 100.00%            | 2,267,121           | 13,122                   |
| Create and Craft Ltd.                                                      | Peterborough/<br>United Kingdom           | GBP      | 100.00%            | 100.00%            | - / -               | - / -                    |
| Dawson Books Ltd.                                                          | Norwich/United Kingdom                    | GBP      | 100.00%            | 100.00%            | -892,000            | -3,066,000               |
| Dawson Espana Agencia de Ediciones SL                                      | Valladolid/Spain                          | EUR      | 100.00%            | 100.00%            | -367,654            | - / -                    |
| Dawson France SAS                                                          | Massy/France                              | EUR      | 100.00%            | 100.00%            | 366,850             | 431,659                  |
| Dawson Iberica SRL                                                         | Barcelona/Spain                           | EUR      | 100.00%            | 100.00%            | 57,860              | - / -                    |
| Dehler Yachts GmbH                                                         | Greifswald                                | EUR      | 100.00%            | 100.00%            | -1,235,785          | -2,838                   |
| Delvita GmbH                                                               | Grünwald                                  | EUR      | 100.00%            | 100.00%            | 18,839              | -496,611                 |
| Deramores Retail Ltd.                                                      | Peterborough/<br>United Kingdom           | GBP      | 100.00%            | 100.00%            | 1,180,707           | -580,435                 |
| Dis-Tech s.r.o.                                                            | Hovorčovice/<br>Czech Republic            | CZK      | 100.00%            | 100.00%            | 16,261,917          | 5,041,694                |
| Earls Gate Water Ltd.                                                      | Manchester /<br>United Kingdom            | GBP      | 100.00%            | 100.00%            | -9,999              | -10,000                  |



| Company                                                                         | Head Office                                     | Currency | Share in %         |                    | Equity <sup>1</sup> | Profit/loss <sup>1</sup> |
|---------------------------------------------------------------------------------|-------------------------------------------------|----------|--------------------|--------------------|---------------------|--------------------------|
|                                                                                 |                                                 |          | Incl. Co-investors | Excl. Co-investors |                     |                          |
| ECIT Development Ltd.                                                           | Milton Keynes/<br>United Kingdom                | GBP      | 100.00%            | 100.00%            | 56,353,597          | 2,882,113                |
| Education Umbrella Ltd.                                                         | Norwich/United Kingdom                          | GBP      | 100.00%            | 100.00%            | -1,473,062          | -428,375                 |
| Engelschion Marwell Hauge AS                                                    | Oslo/Norway                                     | NOK      | 100.00%            | 100.00%            | 66,633,335          | 9,993,270                |
| Erasmus Antiquariaat en Boekhandel B.V.                                         | Amsterdam/Netherlands                           | EUR      | 100.00%            | 100.00%            | 1,646,227           | 21,000                   |
| Erasmus Buchhandlung GmbH                                                       | Berlin                                          | EUR      | 100.00%            | 100.00%            | 379,060             | 87,227                   |
| Extreme Office BV                                                               | Venlo/Netherlands                               | EUR      | 100.00%            | 100.00%            | -271,000            | -18,000                  |
| FB Education Equipment Manufacturing 01 GmbH                                    | Hürth                                           | EUR      | 100.00%            | 100.00%            | 64,190              | -1,220                   |
| Feedback Instruments Ltd.                                                       | Crowborough/<br>United Kingdom                  | GBP      | 100.00%            | 100.00%            | 987,428             | 102,152                  |
| Fiert Holdings Ltd.                                                             | Glasgow/United Kingdom                          | GBP      | 100.00%            | 100.00%            | 233                 | - / -                    |
| Fixation UK Ltd.                                                                | Norwich/United Kingdom                          | GBP      | 100.00%            | 100.00%            | 2,161,000           | 338,000                  |
| Foto-Video Sauter GmbH & Co. KG                                                 | Munich                                          | EUR      | 100.00%            | 100.00%            | 1,188,241           | 317,988                  |
| Foto-Video Sauter Verwaltungs GmbH                                              | Munich                                          | EUR      | 100.00%            | 100.00%            | 30                  | -1                       |
| GA Industries Holdings LLC                                                      | Cranberry Township/<br>United States of America | USD      | 100.00%            | 100.00%            | 13,297,307          | 5,683                    |
| GHOTEL Arcadia GmbH <sup>2</sup>                                                | Bonn                                            | EUR      | 100.00%            | 100.00%            | - / -               | - / -                    |
| GHOTEL Austria GmbH<br>(previously: AURELIUS Development Two GmbH)              | Grünwald                                        | EUR      | 93.70%             | 93.70%             | 6,660               | -17,284                  |
| GHOTEL Beteiligungs GmbH                                                        | Grünwald                                        | EUR      | 100.00%            | 100.00%            | 10,387,894          | -1,374,087               |
| GHOTEL Deutschland GmbH                                                         | Bonn                                            | EUR      | 100.00%            | 100.00%            | 43,583              | 22,220                   |
| GHOTEL Germany GmbH                                                             | Bonn                                            | EUR      | 100.00%            | 100.00%            | 21,474              | -279                     |
| GHOTEL GmbH                                                                     | Bonn                                            | EUR      | 100.00%            | 95.00%             | 4,264,485           | 1,780,463                |
| GHOTEL Hotel und Boardinghaus<br>Deutschland GmbH                               | Bonn                                            | EUR      | 100.00%            | 100.00%            | 21,462              | -279                     |
| GIP Development SARL                                                            | Luxembourg/Luxembourg                           | EUR      | 100.00%            | 100.00%            | 2,583,584           | 16,588,821               |
| GIP Holding GmbH                                                                | Grünwald                                        | EUR      | 100.00%            | 100.00%            | 1,135,414           | 18,263,800               |
| Göttingen Grundbesitz GmbH                                                      | Grünwald                                        | EUR      | 100.00%            | 100.00%            | 23,683              | -1,317                   |
| Göttingen Grundbesitz Holding GmbH                                              | Grünwald                                        | EUR      | 100.00%            | 100.00%            | 48,418              | -1,582                   |
| Granovit SA (previously: Provimi Kliba SA;<br>merged with: Granovit Trading SA) | Lucens/Switzerland                              | CHF      | 100.00%            | 100.00%            | 24,018,618          | -9,177,647               |
| GTM Development Ltd.                                                            | Dublin/Ireland                                  | EUR      | 100.00%            | 100.00%            | 38,118,519          | 494,228                  |
| GTN IT Services BV                                                              | Amsterdam/Netherlands                           | EUR      | 100.00%            | 100.00%            | 16,108              | -1,892                   |
| Guilbert International BV                                                       | Venlo/Netherlands                               | EUR      | 100.00%            | 100.00%            | 134,992,000         | -9,000                   |
| Guilbert UK Holdings Ltd.                                                       | Leicester/United Kingdom                        | GBP      | 100.00%            | 100.00%            | 60,850,000          | -56,622,000              |
| Gustav Raetz Gerüstbau GmbH<br>(previously: AURELIUS Development One GmbH)      | Munich                                          | EUR      | 100.00%            | 100.00%            | 6,656               | -17,283                  |
| H&F Shoes (Thailand) Co Ltd.                                                    | Bangkok/Thailand                                | THB      | 100.00%            | 100.00%            | 183,734,515         | 9,520,534                |
| H&S Shoes (M) Sdn. Bhd                                                          | Kuala Lumpur/Malaysia                           | MYR      | 100.00%            | 100.00%            | 463,855             | 443,890                  |
| Hammerl GmbH <sup>5</sup>                                                       | Gemmrigheim                                     | EUR      | 100.00%            | 100.00%            | 1,047,848           | 107,245                  |
| Hanse (Deutschland) Vertriebs GmbH & Co. KG                                     | Greifswald                                      | EUR      | 100.00%            | 100.00%            | 2,044,138           | 118,512                  |
| HanseYachts AG<br>(merged with: Sealine GmbH)                                   | Greifswald                                      | EUR      | 75.72%             | 75.72%             | 10,605,701          | -916,883                 |
| HanseYachts Technologie und<br>Vermögensverwaltungs GmbH                        | Greifswald                                      | EUR      | 100.00%            | 100.00%            | 32,833              | -30                      |
| HanseYachts TVH GmbH                                                            | Greifswald                                      | EUR      | 100.00%            | 100.00%            | 22,788              | - / -                    |
| HanseYachts US LLC.                                                             | Savannah/<br>United States of America           | USD      | 100.00%            | 100.00%            | 107,148             | 265,859                  |
| Health and Fashion Shoes Australia Pty Ltd.                                     | Victoria/Australia                              | AUD      | 100.00%            | 100.00%            | -2,924,695          | -43,187                  |
| Health and Fashion Shoes France SAS                                             | Paris/France                                    | EUR      | 100.00%            | 100.00%            | 746,338             | 10,177                   |
| Health and Fashion Shoes Hong Kong Ltd.                                         | Hong Kong/<br>People's Republic of China        | HKD      | 100.00%            | 100.00%            | -6,869,724          | -2,823,265               |





| Company                                      | Head Office                             | Currency | Share in %         |                    | Equity <sup>1</sup> | Profit/loss <sup>1</sup> |
|----------------------------------------------|-----------------------------------------|----------|--------------------|--------------------|---------------------|--------------------------|
|                                              |                                         |          | Incl. Co-investors | Excl. Co-investors |                     |                          |
| Health and Fashion Shoes Italia SpA          | Milan/Italy                             | EUR      | 100.00%            | 100.00%            | 10,605,848          | 443,952                  |
| Health and Fashion Shoes Singapore Pte. Ltd. | Singapore/Singapore                     | SGD      | 100.00%            | 100.00%            | -1,916,008          | -211,478                 |
| Health and Fashion Shoes Spain S.A.          | Madrid/Spain                            | EUR      | 100.00%            | 100.00%            | 3,655,039           | -395,057                 |
| Hellanor AS                                  | Hagan/Norway                            | NOK      | 100.00%            | 100.00%            | 3,411,000           | -1,347,000               |
| Heteyo Holding BV                            | Venlo/Netherlands                       | EUR      | 100.00%            | 100.00%            | 37,000              | -34,458                  |
| Heteyo Invest B.V.                           | Venlo/Netherlands                       | EUR      | 100.00%            | 100.00%            | 1                   | -4,253                   |
| Houtschild Internationale Boekhandel BV      | Rijswijk/Netherlands                    | EUR      | 100.00%            | 100.00%            | 716,453             | 142,609                  |
| HY Beteiligungs GmbH                         | Grünwald                                | EUR      | 100.00%            | 100.00%            | -2,251,489          | 1,010,553                |
| HYD GmbH                                     | Berlin                                  | EUR      | 100.00%            | 100.00%            | 25,811              | -5,153                   |
| Iberian IT Holding GmbH                      | Grünwald                                | EUR      | 100.00%            | 100.00%            | -395,886            | -34,235                  |
| Ideal Home Mail Order Ltd.                   | Peterborough/<br>United Kingdom         | GBP      | 100.00%            | 100.00%            | - / -               | - / -                    |
| Ideal Shopping Direct Ltd.                   | Peterborough/<br>United Kingdom         | GBP      | 100.00%            | 100.00%            | 15,913,906          | -273,302                 |
| Ideal Sourcing (Shanghai) Ltd.               | Shanghai/<br>People's Republic of China | CNY      | 100.00%            | 100.00%            | 204,684             | 48,106                   |
| Ideal Sourcing Ltd.                          | Peterborough/<br>United Kingdom         | GBP      | 100.00%            | 100.00%            | 6,613,230           | 382,697                  |
| Ideal World Home Shopping Ltd.               | Peterborough/<br>United Kingdom         | GBP      | 100.00%            | 100.00%            | - / -               | - / -                    |
| iKan Paper Crafts Ltd. <sup>2</sup>          | Peterborough/<br>United Kingdom         | GBP      | 100.00%            | 100.00%            | - / -               | - / -                    |
| International Brand Value Management AG      | Zug/Switzerland                         | CHF      | 100.00%            | 100.00%            | 224,800             | 74,416                   |
| ISOICHEM Beteiligungs GmbH <sup>3</sup>      | Grünwald                                | EUR      | 100.00%            | 100.00%            | 8,299,892           | - / -                    |
| ISOICHEM Holding GmbH                        | Grünwald                                | EUR      | 100.00%            | 95.00%             | 789,731             | -8,297,454               |
| Klamflex Pipe Couplings (Pty) Ltd.           | Krugersdorp/South Africa                | ZAR      | 100.00%            | 100.00%            | 64,403,960          | -3,682,903               |
| LD Beteiligungs GmbH                         | Hürth                                   | EUR      | 100.00%            | 88.25%             | 4,003,105           | 2,792,499                |
| LD Didactic GmbH                             | Hürth                                   | EUR      | 100.00%            | 100.00%            | 4,436,206           | 706,098                  |
| LD Operations Kft.                           | Cegléd/Hungary                          | HUF      | 100.00%            | 100.00%            | 6,699,000           | 2,981,000                |
| LD Vertriebs GmbH                            | Hürth                                   | EUR      | 100.00%            | 100.00%            | 27,063              | 2,108                    |
| Lead the Good Life Ltd.                      | Peterborough/<br>United Kingdom         | GBP      | 100.00%            | 100.00%            | 50,500              | - / -                    |
| Librairie Erasmus (French branch)            | Paris/France                            | EUR      | 100.00%            | 100.00%            | - / -               | - / -                    |
| Mediterranean Yacht Service Center SARL      | Canet en Roussillon/<br>France          | EUR      | 100.00%            | 100.00%            | -2,544,874          | -69,298                  |
| MEZ Crafts Belgium NV                        | Brussels/Belgium                        | EUR      | 100.00%            | 100.00%            | -209,630            | -12,771                  |
| MEZ Crafts Hungary Kft.                      | Nagyatag/Hungary                        | HUF      | 100.00%            | 100.00%            | 3,465,625,384       | -352,720,644             |
| MEZ Crafts Lithuania UAB                     | Vilnius/Lithuania                       | EUR      | 100.00%            | 100.00%            | 8,670               | -24,826                  |
| MEZ Crafts Portugal Lda.                     | Vila Nova de Gaia/Portugal              | EUR      | 99.90%             | 99.90%             | 50,863              | 3,973                    |
| MEZ Crafts Switzerland GmbH                  | Zürich/Switzerland                      | CHF      | 100.00%            | 100.00%            | 308                 | -38                      |
| MEZ Crafts Tekstil Anonim Sirket             | Istanbul/Turkey                         | TRL      | 100.00%            | 100.00%            | 11,415,992          | 1,832,313                |
| MEZ Crafts UK Ltd.                           | Huddersfield/<br>United Kingdom         | GBP      | 100.00%            | 100.00%            | 130,861             | 116,516                  |
| MEZ Cucirini Italy S.r.l.                    | Milan/Italy                             | EUR      | 100.00%            | 100.00%            | 2,008,531           | 475,525                  |
| MEZ Fabra Spain S.A.                         | Barcelona/Spain                         | EUR      | 100.00%            | 100.00%            | 1,109,205           | 254,646                  |
| MEZ GmbH                                     | Herbolzheim                             | EUR      | 100.00%            | 100.00%            | 464,335             | 7,642,099                |
| MEZ Grundstücksgesellschaft GmbH             | Grünwald                                | EUR      | 100.00%            | 100.00%            | 31,741              | 495,281                  |
| MEZ Harlander GmbH                           | Vienna/Austria                          | EUR      | 100.00%            | 100.00%            | 987                 | 261                      |
| MEZ Logistics GmbH <sup>2</sup>              | Grünwald                                | EUR      | 100.00%            | 100.00%            | - / -               | - / -                    |
| MEZ Needlecraft GmbH <sup>2</sup>            | Herbolzheim                             | EUR      | 100.00%            | 100.00%            | - / -               | - / -                    |
| Mid Counties Photographic Supplies Ltd.      | Colchester/United King-<br>dom          | GBP      | 100.00%            | 100.00%            | - / -               | - / -                    |
| Moody Yachts GmbH                            | Greifswald                              | EUR      | 100.00%            | 100.00%            | 18,043              | -1,548                   |



| Company                                                                           | Head Office                        | Currency | Share in %         |                    | Equity <sup>1</sup> | Profit/loss <sup>1</sup> |
|-----------------------------------------------------------------------------------|------------------------------------|----------|--------------------|--------------------|---------------------|--------------------------|
|                                                                                   |                                    |          | Incl. Co-investors | Excl. Co-investors |                     |                          |
| MRG Holding Ltd.                                                                  | Bury St Edmunds/<br>United Kingdom | GBP      | 100.00%            | 100.00%            | 2,220,633           | - / -                    |
| nestor Hotel Objekt Ludwigsburg GmbH                                              | Ludwigsburg                        | EUR      | 100.00%            | 100.00%            | 1,140,626           | 314,380                  |
| nestor Hotel Objekt Neckarsulm GmbH                                               | Neckarsulm                         | EUR      | 100.00%            | 100.00%            | 1,173,531           | 286,051                  |
| Niceday Distribution Center Ltd.                                                  | Leicester/United Kingdom           | GBP      | 100.00%            | 100.00%            | 21,838,000          | - / -                    |
| Nightingale Nursing Bureau Ltd.                                                   | London/United Kingdom              | GBP      | 100.00%            | 100.00%            | 396,622             | 66,747                   |
| Northern Paper Board Ltd.                                                         | Skipton/United Kingdom             | GBP      | 51.00%             | 51.00%             | 6,522,281           | 2,008,478                |
| OD International (Luxembourg) Finance Sàrl                                        | Munsbach/Luxembourg                | EUR      | 100.00%            | 100.00%            | 7,852,028           | 360,079                  |
| OD Participations (France) SAS                                                    | Senlis/France                      | EUR      | 100.00%            | 100.00%            | 97,402,766          | -35,030,520              |
| ODE Holding B.V.                                                                  | Venlo/Netherlands                  | EUR      | 100.00%            | 100.00%            | 239,468,269         | 93,596,328               |
| Office 1 (1995) Ltd.                                                              | Leicester/United Kingdom           | GBP      | 100.00%            | 100.00%            | -6,425,000          | - / -                    |
| Office 1 Ltd.                                                                     | Leicester/United Kingdom           | GBP      | 100.00%            | 100.00%            | 772,288,000         | 15,358,000               |
| Office Depot (Holdings) Ltd.                                                      | Leicester/United Kingdom           | EUR      | 100.00%            | 100.00%            | 895,437,522         | 111                      |
| Office Depot BV                                                                   | Venlo/Netherlands                  | EUR      | 100.00%            | 100.00%            | -2,527,000          | -2,477,000               |
| Office Depot DACHBEN Holding BV                                                   | Venlo/Netherlands                  | EUR      | 100.00%            | 100.00%            | 79,302              | - / -                    |
| Office Depot Deutschland GmbH (merged with:<br>Guilbert Beteiligungsholding GmbH) | Großostheim                        | EUR      | 100.00%            | 100.00%            | 1,598,753           | - / -                    |
| Office Depot Europe BV                                                            | Venlo/Netherlands                  | EUR      | 100.00%            | 100.00%            | 431,901,000         | 3,332,000                |
| Office Depot Europe Holding GmbH                                                  | Grünwald                           | EUR      | 100.00%            | 100.00%            | 1,043,618           | 88,243,042               |
| Office Depot Europe Holdings Ltd.                                                 | Leicester/United Kingdom           | GBP      | 100.00%            | 100.00%            | 34,479,000          | 1,105,000                |
| Office Depot Finance (UK) BV                                                      | Venlo/Netherlands                  | EUR      | 100.00%            | 100.00%            | 6,518,000           | 2,012,000                |
| Office Depot France Holding BV <sup>2</sup>                                       | Venlo/Netherlands                  | EUR      | 100.00%            | 100.00%            | - / -               | - / -                    |
| Office Depot France Holding Two BV                                                | Venlo/Netherlands                  | EUR      | 100.00%            | 100.00%            | 413                 | - / -                    |
| Office Depot France SNC                                                           | Senlis/France                      | EUR      | 100.00%            | 100.00%            | 69,117,183          | -11,112,366              |
| Office Depot GmbH                                                                 | Lenzburg/Switzerland               | CHF      | 100.00%            | 100.00%            | -65,083,317         | -8,555,374               |
| Office Depot Growth Holding BV                                                    | Venlo/Netherlands                  | EUR      | 100.00%            | 100.00%            | 24,030              | - / -                    |
| Office Depot Holding GmbH                                                         | Lenzburg/Switzerland               | CHF      | 100.00%            | 100.00%            | 10,789,064          | 8,874                    |
| Office Depot Holding Spain Ltd. <sup>2</sup>                                      | Leicester/United Kingdom           | GBP      | 100.00%            | 100.00%            | - / -               | - / -                    |
| Office Depot Holdings 4 Ltd. <sup>2</sup>                                         | Leicester/United Kingdom           | GBP      | 100.00%            | 100.00%            | - / -               | - / -                    |
| Office Depot International (UK) Ltd.                                              | Leicester/United Kingdom           | GBP      | 100.00%            | 100.00%            | 363,739,000         | -53,619,000              |
| Office Depot International BV                                                     | Venlo/Netherlands                  | EUR      | 100.00%            | 100.00%            | 414,222,000         | 4,974,000                |
| Office Depot International BVBA                                                   | Puurs/Belgium                      | EUR      | 100.00%            | 100.00%            | 20,787,553          | 780,301                  |
| Office Depot Ireland Ltd.                                                         | Dublin/Ireland                     | EUR      | 100.00%            | 100.00%            | -6,638,123          | -623,002                 |
| Office Depot Italia Srl.                                                          | Assago/Italy                       | EUR      | 100.00%            | 100.00%            | 3,549,597           | -1,480,685               |
| Office Depot Service Center Srl.                                                  | Cluj/Romania                       | RON      | 100.00%            | 100.00%            | 23,940,865          | 2,444,501                |
| Office Depot Service Holding BV                                                   | Venlo/Netherlands                  | EUR      | 100.00%            | 100.00%            | 1,437               | - / -                    |
| Office Depot SL                                                                   | Alcala de Henares/Spain            | EUR      | 100.00%            | 100.00%            | 1,105,819           | -3,910,368               |
| Office Depot s.r.o. (CZ)                                                          | Hostivice/Czech Republic           | CZK      | 100.00%            | 100.00%            | 121,973,939         | 20,209,621               |
| Office Depot s.r.o. (SK)                                                          | Bratislava/Slovakia                | EUR      | 100.00%            | 100.00%            | 305,369             | -52,076                  |
| Office Depot Svenska AB                                                           | Solna/Sweden                       | SEK      | 100.00%            | 100.00%            | 10,685,996          | -35,565,619              |
| Office Depot Sweden (Holding) AB                                                  | Solna/Sweden                       | SEK      | 100.00%            | 100.00%            | 272,922,000         | -6,521,000               |
| Office Depot UK & Ireland Holding BV                                              | Venlo/Netherlands                  | EUR      | 100.00%            | 100.00%            | 33,840              | - / -                    |
| Office Depot UK Ltd.                                                              | Leicester/United Kingdom           | GBP      | 100.00%            | 100.00%            | 64,246,000          | -9,673,000               |
| Old Book Club Associates Ltd.                                                     | Swindon/United Kingdom             | GBP      | 100.00%            | 100.00%            | -534,541            | -36,144                  |
| Omnicare Ltd.                                                                     | London/United Kingdom              | GBP      | 100.00%            | 100.00%            | 2,077,388           | -1,512,041               |
| OOO VAG Armaturen RUS                                                             | Samara/Russia                      | RUB      | 100.00%            | 100.00%            | 4,034,883           | 261,772,055              |
| Oy Conaxess Trade Finland AB                                                      | Helsinki/Finland                   | EUR      | 100.00%            | 100.00%            | 1,187,265           | 117,075                  |
| Pets and Wildlife Ltd.                                                            | Peterborough/<br>United Kingdom    | GBP      | 100.00%            | 100.00%            | - / -               | - / -                    |
| Privilège Marine Holding GmbH                                                     | Grünwald                           | EUR      | 100.00%            | 100.00%            | 619,147             | -16,026                  |



| Company                                                                                                                                               | Head Office                  | Currency |                    | Share in %         | Equity <sup>1</sup> | Profit/loss <sup>1</sup> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------|--------------------|--------------------|---------------------|--------------------------|
|                                                                                                                                                       |                              |          | Incl. Co-investors | Excl. Co-investors |                     |                          |
| Privilège Marine SAS                                                                                                                                  | Les Sables d'Olonne/France   | EUR      | 97.43%             | 97.43%             | -6,867,252          | -3,227,719               |
| Promandis BV                                                                                                                                          | Amsterdam/Netherlands        | EUR      | 100.00%            | 100.00%            | 10,148,189          | - / -                    |
| Regain Polymers Holding Ltd.                                                                                                                          | Castleford/United Kingdom    | GBP      | 100.00%            | 100.00%            | -20,102             | -23,530                  |
| Reliable UK Ltd.                                                                                                                                      | Leicester/United Kingdom     | GBP      | 100.00%            | 100.00%            | 51,496,000          | 1,527,000                |
| Reuss Seifert GmbH                                                                                                                                    | Sprockhövel                  | EUR      | 100.00%            | 100.00%            | 2,507,874           | -4,983,189               |
| Reuss-Seifert-Production Sp.z.o.o.                                                                                                                    | Warsaw/Poland                | PLN      | 100.00%            | 100.00%            | 2,424,614           | 2,061,079                |
| RH Retail Holding GmbH (in liquidation)                                                                                                               | Grünwald                     | EUR      | 100.00%            | 100.00%            | 47,958              | -2,215                   |
| Rover HoldCo ApS <sup>2</sup>                                                                                                                         | Aarhus/Denmark               | DKK      | 100.00%            | 100.00%            | - / -               | - / -                    |
| Samal Investments (Pty.) Ltd.                                                                                                                         | Johannesburg/South Africa    | ZAR      | 100.00%            | 100.00%            | 5,493,071           | 330,443                  |
| Scandinavian Cosmetics AB                                                                                                                             | Malmö/Sweden                 | SEK      | 100.00%            | 100.00%            | 156,218,000         | 783,000                  |
| Scandinavian Cosmetics Denmark A/S                                                                                                                    | Soborg/Denmark               | DKK      | 100.00%            | 100.00%            | 1,051,227           | -2,700,433               |
| Scandinavian Cosmetics Finland OY                                                                                                                     | Helsinki/Finland             | EUR      | 100.00%            | 100.00%            | 2,500               | - / -                    |
| Scandinavian Cosmetics Group Holding AB (previously: AUR Geissblatt DS AB)                                                                            | Stockholm/Sweden             | SEK      | 100.00%            | 100.00%            | 32,125              | -1,250                   |
| Scandinavian Cosmetics Norway Holding AS (previously: Conaxess Holding Norway AS)                                                                     | Oslo/Norway                  | NOK      | 100.00%            | 100.00%            | 90,881,839          | 9,180,354                |
| Sealine Yachts GmbH                                                                                                                                   | Greifswald                   | EUR      | 100.00%            | 100.00%            | 23,412              | -1,588                   |
| Secop Beteiligungs GmbH <sup>3</sup>                                                                                                                  | Grünwald                     | EUR      | 100.00%            | 100.00%            | 7,573,997           | - / -                    |
| Secop d.o.o. (in liquidation)                                                                                                                         | Crnomelj/Slovenia            | EUR      | 100.00%            | 100.00%            | 5,109,468           | -8,699                   |
| Secop Verwaltungs GmbH <sup>3</sup>                                                                                                                   | Grünwald                     | EUR      | 100.00%            | 100.00%            | 2,600,000           | - / -                    |
| Silvan A/S                                                                                                                                            | Aarhus/Denmark               | DKK      | 100.00%            | 100.00%            | 91,994,922          | -44,505,079              |
| Silvan Holding GmbH                                                                                                                                   | Grünwald                     | EUR      | 100.00%            | 100.00%            | -80,165             | -319,322                 |
| SOLIDUS SOLUTIONS Belgium BVBA                                                                                                                        | Hoogstraten/Belgium          | EUR      | 100.00%            | 100.00%            | 4,093,064           | -3,079,895               |
| SOLIDUS SOLUTIONS Bergen op Zoom BV                                                                                                                   | Bergen op Zoom/Netherlands   | EUR      | 100.00%            | 100.00%            | -1,721,000          | -5,133,099               |
| SOLIDUS SOLUTIONS Board BV                                                                                                                            | Bad Nieuweschans/Netherlands | EUR      | 100.00%            | 100.00%            | 32,499,157          | 5,164,866                |
| SOLIDUS SOLUTIONS France SAS                                                                                                                          | Vincennes/France             | EUR      | 100.00%            | 100.00%            | 1,128,250           | -514,997                 |
| SOLIDUS SOLUTIONS Holding BV                                                                                                                          | Amsterdam/Netherlands        | EUR      | 100.00%            | 100.00%            | - / -               | -6,295,000               |
| SOLIDUS SOLUTIONS Iberia S.L.                                                                                                                         | Villava/Spain                | EUR      | 100.00%            | 100.00%            | 7,774,000           | -198,000                 |
| SOLIDUS SOLUTIONS Norway AS                                                                                                                           | Bodo/Norway                  | NOK      | 100.00%            | 100.00%            | 12,462,188          | 1,303,284                |
| SOLIDUS SOLUTIONS Oude Pekela BV                                                                                                                      | Oude Pekela/Netherlands      | EUR      | 100.00%            | 100.00%            | -4,499,788          | -2,944,788               |
| SOLIDUS SOLUTIONS Solid Board BV (merged with: SOLIDUS SOLUTIONS Specialities Divisions BV, SOLIDUS SOLUTIONS Triton BV, SOLIDUS SOLUTIONS Attica BV) | Amsterdam/Netherlands        | EUR      | 100.00%            | 100.00%            | - / -               | -6,295,000               |
| SOLIDUS SOLUTIONS South Holding, S.L. (previously: Orella Investments S.L.)                                                                           | Madrid/Spain                 | EUR      | 100.00%            | 100.00%            | -399                | -2,915                   |
| SOLIDUS SOLUTIONS UK II B.V.                                                                                                                          | Bad Nieuweschans/Netherlands | EUR      | 100.00%            | 100.00%            | - / -               | - / -                    |
| SOLIDUS SOLUTIONS Zutphen BV (previously: Fitor Packaging B.V.)                                                                                       | Zutphen/Netherlands          | EUR      | 100.00%            | 100.00%            | 7,326,390           | -1,820,611               |
| SOLIDUS UK Solutions Ltd.                                                                                                                             | London/United Kingdom        | GBP      | 100.00%            | 100.00%            | -1,745,935          | -1,807,066               |
| Solis International Cosmetics AS                                                                                                                      | Oslo/Norway                  | NOK      | 100.00%            | 100.00%            | 9,576,087           | 3,112,278                |
| Start Scotland Ltd. (previously: Randotte LLS Ltd.)                                                                                                   | Clydebank/Scotland           | GBP      | 100.00%            | 100.00%            | 1                   | - / -                    |
| STRUCTURAM Corporate Services GmbH (in liquidation)                                                                                                   | Munich                       | EUR      | 100.00%            | 100.00%            | -4,743              | -34,814                  |
| Studienkreis Holding GmbH                                                                                                                             | Grünwald                     | EUR      | 100.00%            | 100.00%            | 3,741,643           | 55,646,061               |
| Tavex International GmbH                                                                                                                              | Grünwald                     | EUR      | 100.00%            | 100.00%            | 74,699              | 219,467                  |
| Technologie Tworzyw Sztucznych Spol. Zoo.                                                                                                             | Goleniow/Poland              | PLN      | 100.00%            | 100.00%            | 16,691,400          | -6,725,783               |
| TFHC Holdings Ltd.                                                                                                                                    | London/United Kingdom        | GBP      | 100.00%            | 100.00%            | 2                   | - / -                    |



| Company                                                                                    | Head Office                               | Currency |                    | Share in %         | Equity <sup>1</sup> | Profit/loss <sup>1</sup> |
|--------------------------------------------------------------------------------------------|-------------------------------------------|----------|--------------------|--------------------|---------------------|--------------------------|
|                                                                                            |                                           |          | Incl. Co-investors | Excl. Co-investors |                     |                          |
| TFHC Ltd.                                                                                  | Manchester/<br>United Kingdom             | GBP      | 100.00%            | 100.00%            | -2,010,648          | -772,460                 |
| TFHC Property Ltd.                                                                         | Manchester<br>United Kingdom              | GBP      | 100.00%            | 100.00%            | 1                   | - / -                    |
| The Bristol, Gloucestershire, Somerset and Wiltshire Community Rehabilitation Company Ltd. | Weston-super-Mare/<br>United Kingdom      | GBP      | 100.00%            | 100.00%            | -2,338,738          | 1,273,214                |
| The Dorset, Devon, and Cornwall Community Rehabilitation Company Ltd.                      | Exeter/United Kingdom                     | GBP      | 100.00%            | 100.00%            | -3,407,044          | 135,096                  |
| The Wales Community Rehabilitation Company Ltd.                                            | Cardiff/United Kingdom                    | GBP      | 100.00%            | 100.00%            | -7,287,921          | -1,656,872               |
| VAG Armatura Polska Sp zo.o                                                                | Warsaw/Poland                             | PLN      | 100.00%            | 100.00%            | -27,968             | -796,589                 |
| VAG Armaturen Chile Limitada                                                               | Santiago de Chile/Chile                   | CLP      | 100.00%            | 100.00%            | 1,483,918,211       | -370,529,445             |
| VAG GmbH                                                                                   | Mannheim                                  | EUR      | 100.00%            | 100.00%            | 21,847,412          | - / -                    |
| VAG Holding GmbH                                                                           | Mannheim                                  | EUR      | 100.00%            | 100.00%            | 15,462,055          | 12,253,021               |
| VAG sro.                                                                                   | Hodonin/Czech Republic                    | EUR      | 100.00%            | 100.00%            | 507,547,278         | 17,719,831               |
| VAG USA LLC                                                                                | Pennsylvania/<br>United States of America | USD      | 100.00%            | 100.00%            | 18,834,559          | - / -                    |
| VAG Valves Malaysia Sdn. Bhd.                                                              | Petaling Jaya/Malaysia                    | MYR      | 100.00%            | 100.00%            | -2,233,602          | 565,017                  |
| VAG Valves France SARL                                                                     | Saint-Priest/France                       | EUR      | 100.00%            | 100.00%            | -2,506,472          | -827,624                 |
| VAG Valves India (Private) Ltd.                                                            | Telangana/India                           | INR      | 100.00%            | 100.00%            | 78,702,703          | -58,694,338              |
| VAG Valves South Africa Pty. Ltd.                                                          | Krugersdorp/South Africa                  | ZAR      | 100.00%            | 100.00%            | 217,642             | 2,686,237                |
| VAG Valvote Italia Srl.                                                                    | Milan/Italy                               | EUR      | 100.00%            | 100.00%            | 252,343             | -95,877                  |
| VAG Water Systems (Taicang) Co. Ltd.                                                       | Taicang/<br>People's Republic of China    | CNY      | 100.00%            | 100.00%            | 169,631,967         | 19,261,737               |
| VAG-Armaturen GmbH                                                                         | Vienna/Austria                            | EUR      | 100.00%            | 100.00%            | 453,784             | 353,784                  |
| VAG Valves UK Ltd.                                                                         | Glasgow/United Kingdom                    | GBP      | 100.00%            | 100.00%            | 364,814             | -355,276                 |
| Valvulas VAG de Mexico SA de. CV                                                           | Apodaca/Mexico                            | MXN      | 100.00%            | 100.00%            | -1,715,066          | -258,572                 |
| Verwaltung Hanse (Deutschland)<br>Vertriebs GmbH                                           | Greifswald                                | EUR      | 100.00%            | 100.00%            | 46,115              | 2,379                    |
| Videcart S.A.                                                                              | Egües/Spain                               | EUR      | 100.00%            | 100.00%            | 12,039,000          | 1,576,000                |
| Viking Direct (Ireland) Ltd.                                                               | Dublin/Ireland                            | EUR      | 100.00%            | 100.00%            | 6,494,674           | 1,595,838                |
| Viking Direct GesmbH                                                                       | Pregarten/Austria                         | EUR      | 100.00%            | 100.00%            | 11,233,899          | 11,149,713               |
| Viking Direct Holdings Ltd.                                                                | Leicester/United Kingdom                  | GBP      | 100.00%            | 100.00%            | 48,320,000          | -927,000                 |
| Viking Finance Ireland Ltd.                                                                | Dublin/Ireland                            | EUR      | 100.00%            | 100.00%            | 292,914,311         | 59,692                   |
| Viking Holding Italia Srl.                                                                 | Assago/Italy                              | EUR      | 100.00%            | 100.00%            | 3,522,205           | -1,547,180               |
| Warehouse Express Ltd.                                                                     | Norwich/United Kingdom                    | GBP      | 100.00%            | 100.00%            | 12,033,000          | 2,704,000                |
| Wex Photo Video Holdings Ltd.<br>(previously: AURELIUS Phi Ltd.)                           | London/United Kingdom                     | GBP      | 100.00%            | 100.00%            | -267,000            | -1,017,000               |
| WKF GmbH                                                                                   | Schmölln                                  | EUR      | 100.00%            | 100.00%            | 355,875             | - / -                    |
| Wordery.com Ltd.                                                                           | Norwich/United Kingdom                    | GBP      | 100.00%            | 100.00%            | 2,779,000           | 1,171,000                |
| Working Links Catch 22 JV Ltd.                                                             | London/United Kingdom                     | GBP      | 100.00%            | 100.00%            | 2                   | - / -                    |
| Working Links Chile SpA                                                                    | Santiago de Chile/Chile                   | GBP      | 100.00%            | 100.00%            | 10,000              | - / -                    |
| Working Links Employment Ltd.                                                              | Middlesbrough/<br>United Kingdom          | GBP      | 100.00%            | 100.00%            | 2,097,158           | -12,844,341              |
| Wrightway Marketing Ltd.                                                                   | Peterborough/<br>United Kingdom           | GBP      | 100.00%            | 100.00%            | - / -               | - / -                    |
| Wychem Holding Ltd.                                                                        | London/United Kingdom                     | GBP      | 100.00%            | 100.00%            | -454,981            | -175,588                 |
| Wychem Ltd.                                                                                | Bury St Edmunds/<br>United Kingdom        | GBP      | 100.00%            | 100.00%            | 2,916,010           | 593,798                  |
| Yachtzentrum Greifswald Beteiligungs GmbH                                                  | Greifswald                                | EUR      | 100.00%            | 100.00%            | -6,313,641          | -70,913                  |



| Company                                                     | Head Office          | Currency | Share in %         |                    | Equity <sup>1</sup> | Profit/loss <sup>1</sup> |
|-------------------------------------------------------------|----------------------|----------|--------------------|--------------------|---------------------|--------------------------|
|                                                             |                      |          | Incl. Co-investors | Excl. Co-investors |                     |                          |
| Associated Companies                                        |                      |          |                    |                    |                     |                          |
| Turas Nua Ltd. <sup>4</sup>                                 | Roscrea/Ireland      | GBP      | 50.00%             | 50.00%             | -1,326,035          | -192,279                 |
| Working Links Kuwait for Human Resources <sup>4</sup>       | Hawalli/Kuwait       | KWD      | 49.00%             | 49.00%             | - / -               | - / -                    |
| Earls Gate Gridco Ltd. <sup>4,2</sup>                       | Grangemouth/Scotland | GBP      | 50.00%             | 50.00%             | - / -               | - / -                    |
| Participating interests                                     |                      |          |                    |                    |                     |                          |
| Borup Kemi Holding A/S                                      | Borup/Denmark        | DKK      | 45.00%             | 45.00%             | 80,348,273          | 7,243,229                |
| Tubembal-transformação De Papel E Comércio De Embalagens SA | Trofa/Portugal       | EUR      | 33.00%             | 33.00%             | 3,049,011           | 656,642                  |
| Corenso Tolosana S.A.                                       | Tolosa/Spain         | EUR      | 22.69%             | 22.69%             | 1.854.295           | -121.171                 |

<sup>1</sup> Figures are stated in the local currency in every case. The following exchange rates were applied with respect to figures stated in foreign currencies: One euro equals the following amounts in the respective foreign currencies: Australia 1.5799 AUD, Denmark 7.4532 DKK, United Kingdom 0.8847 GBP, Hong Kong 9.2599 HKD, India 80.7298 INR, Malaysia 4.7642 MYR, Mexico 22.7159 MXN, Norway 9.6006 NOK, Poland 4.2606 PLN, Romania 4.654 RON, Russia 74.0576 RUB, Sweden 10.2567 SEK, Switzerland 1.1549 CHF, Singapore 1.5928 SGD, South Africa 15.6133 ZAR, Thailand 38.1636 THB, Turkey 5.6986 TRY, Czech Republic 25.643 CZK, Hungary 318.7759 HUF, USA 1.1815 USD, People's Republic of China 7.8074 CNY. The equity and profit/loss figures are the same as those presented in the local financial statements of the most recent financial statements of the Company.

<sup>2</sup> No financial statements have been published since the new formation of the company.

<sup>3</sup> Profit and loss transfer agreement with parent company is available.

<sup>4</sup> Not consolidated due to materiality.

<sup>5</sup> This represents a shortened fiscal year.



### 73. Events after the reporting date

The Working Links Group was removed from the basis of consolidation of the AURELIUS Group in February 2019. In a transfer process agreed in advance with the Ministry of Justice (MoJ), the social reintegration services provided to the British authorities (so-called community rehabilitation companies, CRCs) were transferred to the service provider Seetec, with its head office in Hockley (United Kingdom). With the removal of Working Links from its basis of consolidation, AURELIUS has now withdrawn completely from the business of outsourcing services for public-sector authorities in Great Britain. The further developments in this market will be largely determined by the budgetary parameters. The budgetary constraints of the government authorities had already led to a substantial consolidation of this sector in the past years.

In early April 2019, AURELIUS will sell its subsidiary Granovit, with its head office in Lucens (Switzerland), to the existing management team headed up by CEO Andreas Fischer in the form of a management buy-out. AURELIUS had acquired the company from Cargill in 2017. The carve-out from the Cargill Group was successfully completed in only three months. Among other measures, an independent finance department and IT infrastructure were established and the company was positioned in the market under the new name Granovit. The company's structures, processes and costs were optimized and adapted to the needs of a medium-sized enterprise. The company produces pre-mix and mixed feed for poultry, swine, beef and dairy cattle for the Swiss market at three production facilities. The product portfolio is rounded out by specialty feed for pets, horses, zoo animals and medicated feed.





## 74. Approval of the consolidated financial statements

The present consolidated financial statements were approved for publication by the Executive Board of the personally liable shareholder on March 26, 2019.

Munich, March 26, 2019

AURELIUS Management SE,  
personally liable shareholder of AURELIUS Equity Opportunities SE & Co. KGaA

The Executive Board

***Dr. Dirk Markus***  
Chairman of the Executive Board

***Gert Purkert***  
Executive Board member

***Steffen Schiefer***  
Executive Board member

***Fritz Seemann***  
Executive Board member

***Matthias Täubl***  
Executive Board member



## AUDIT OPINION

### To AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald

#### Qualified Opinion on the Consolidated Financial Statements and Opinion on the Group Management Report

We have audited the consolidated financial statements of AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flows statement for the financial year from 1 January to 31 December 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of AURELIUS Equity Opportunities SE & Co. KGaA for the financial year from 1 January 2018 to 31 December 2018.

In our opinion, on the basis of the knowledge obtained in the audit,

- with the exception of the effects described in the section entitled “Basis for the Qualified Opinion on the Consolidated Financial Statements and for the Opinion on the Group Management Report”, the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2018, and of its financial performance for the financial year from 1 January 2018 to 31 December 2018, and
- the accompanying group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with consolidated financial statements prepared according to IFRS as adopted by the EU, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit, with the exception of the aforementioned qualified audit opinion on the consolidated financial statements, has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

#### Basis for the Qualified Opinion on the Consolidated Financial Statements and for the Opinion on the Group Management Report

Contrary to the rules of IFRS 3.59 et seqq. and IFRS 8.23, in the notes to the consolidated financial statements, the necessary information regarding the nature and financial effects of business combinations is not included or not individually stated, and material non-cash income is not disclosed by segment.

We conducted our audit of the consolidated financial statements and of the combined group management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Public Auditors in Germany]. Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements and our opinion on the group management report.



### Other Information

Management is responsible for the other information. The other information comprises the annual report, with the exception of the audited consolidated financial statements and group management report and our auditor's report.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

### Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going-concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the group management report.



### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, 26 March 2019

KPMG AG  
Wirtschaftsprüfungsgesellschaft

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Wirtschaftsprüfer  
[German Public Auditor]

**Hanshen**  
Wirtschaftsprüfer  
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