automation

FINANCIAL REPORT 2019

CONTENT

FOREWORD 04

SUPERVISORY BOARD

Report of the SUPERVISORY Board 08
Corporate Governance Report 15
Conformity Statement 20

GROUP MANAGEMENT REPORT

Basis of the parent Company and the Group 24
Group Economic and Business Report 26
Investments 35
Personnel Report 35
MAX Automation SE 35
Non-financial group declaration in accordance with Section 315b HGB 36
Disclosures in accordance with Section 315a (1) HGB and Section 289a (1) HGB 37
Corporate Governance Statement (Section 289f HGB and Section 315d HGB) 39
Dependency Report 39
Report on Board Members' compensation 40
Risk- and Opportunities Report 45
Outlook 53

CONSOLIDATED FINANCIAL STATEMENT

Balance sheet assets 58
Balance sheet liabilities 59
Statement of comprehensive income 60
Statement of changes in equity 61
Cash flow statement 62

MAX NOTES 2018

General information 65
Accounting and valuation methods 65
Consolidation 82
Explanatory Notes on the Consolidated Statement 84
- Assets 84
- Equity and Liabilities 94
- Notes to the income statement 100
- Other disclosures 105

Shareholdings subject to notification pursuant to Section 160 (1)(8) AktG 124
Declaration pursuant to Section 161 AktG on the Corporate Governance Code 125
Exemption from disclosure for subsidiaries 125

SUBSIDIARIES 127

AUDIT REPORT 130

ASSURANCE OF THE LEGAL REPRESENTATIVES 136

FOREWORD

FINANCIAL REPORT 2019
MAX Automation SE

Foreword

Strategic Highlights

- Realignment to promising core business significantly progressed
- New group and management structure focused on three segments:
  - *Process Technologies*
  - *Environmental Technologies*
  - *Evolving Technologies*
- Additional large orders from future markets like E-Mobility and medical technology

Key Share Data 2019

Ticker/ISIN	MXHN/EN000A2DA588
Number of shares	29.46 million
Closing price (30/12/2019)*	EUR 4.59
Highest/lowest price*	EUR 5.80 / 3.15
Price performance**	-0.4%
Market capitalization (30/12/2019)	mEUR 135.2

*Closing prices Xetra trading system of Deutsche Börse AG
** Comparison of price on 30/12/2019 with price on 28/12/2018

Operative Highlights – Core Business

- Order Intake -2.8 % to mEUR 316.3
- Sales +21.5 % to mEUR 339.3
- EBITDA* +133.7 %** to mEUR 36.0
- Working Capital +51.2 % to mEUR 40,8

* incl. IFRS16 and **Effects of Adjustments

Financial Calendar 2020

17 March 2020
Financial Report 2019

29 May 2020
Ordinary Annual General Meeting, Dusseldorf

May 2020
Quarterly Communication 2020

August 2020
Half-yearly Financial Report 2020

November 2020
Quarterly Communication 2020

16 - 18 November 2020
German Equity Forum, Frankfurt/Main

Dear Shareholders,

In the 2019 financial year, MAX Automation progressed rapidly on its path of profitable realignment. We are on the home stretch with the Group realignment that was already started in fall 2018. The most notable sign of Group realignment was the divestment of subsidiaries that are no longer profitable or no longer fit in with the core business so that loss-makers will no longer have a negative impact on our Group in the future.

Our core business since the year under review has consisted of the three business units *Process Technologies*, *Environmental Technologies* and *Evolving Technologies.* With a clear focus on growth fields, we were able to buck the general trend of machine and equipment building, which is reflected by the revenues and earnings situation of the core business fields. Our new leadership structure, the Management Board, in which the three core business unit managers and our company's CFO are represented, has helped us to improve the efficiency of operating business processes.

The operating results also and in particular on the Group level underline the correctness of our decision to focus consistently on the strong core business. We want to keep our promises. And we are convinced that we will successfully overcome the remaining hurdles from settling Non-Core Business.

Large-scale orders like in the E-Mobility sector by premium manufacturer Audi, an American customer from the medical technology sector or in the area of *Environmental Technologies* are encouraging indicators that we, as a builder of machines and systems “Made in Germany”, will continue to benefit from issues for the future. In particular, the expansion of E-Mobility gives us confidence despite the current news from the automotive sector regarding the reluctance to invest.

At the same time, the current "Corona crisis" is having a major impact on economic development, and insecurity is mounting. The impact on the economy and our business is unclear and cannot be quantified at this time. At present, we are assuming only minor adverse effects on our business. However, we cannot exclude delays when it comes to awarding orders and commissionings or due to logistics bottlenecks. We will continue to monitor and analyze the further development attentively.

Despite all of the short- and medium-term challenges, we are optimistic overall. Our new structure will continue to result in noticeable advances. Our full concentration is on strengthening our profitable growth fields, in addition to final processing of the problem fields.

For the 2020 financial year, we expect Group revenue between mEUR 380 and 410 and an EBITDA at Group level between mEUR 16 and 20 based on the current investment portfolio and the general economic expectations.

The progress of MAX Automation in the past year are the result of a high-performance team. Our approximately 2,000 employees at the individual companies deserve particular thanks for their high level of commitment. And we are just as thankful to our shareholders, customers, suppliers and partners for the trust they placed in us. We would like to ask you to continue trusting in us for 2020.

After repositioning ourselves in the transitional year of 2019 to make MAX Automation more stable and grow with lower risks, we would like to continue on the path we have embarked on with you.

Dusseldorf, 12 March 2020

Andreas Krause
CFO und Chairman
of the Management Board

Dr. Guido Hild
Head of Business Unit
Evolving Technologies

Werner Berens
Head of Business Unit
Environmental Technologies

Patrick Vandenrhijn
Head of Business Unit
Process Technologies

REPORT OF THE SUPER-VISORY BOARD

DEAR SHAREHOLDERS,

In the monistic management system of MAX Automation SE the Supervisory Board determines the basic course of the company's activities and supervises their implementation by the Managing Directors.

The Supervisory Board appointed in accordance with Section 7 of the Articles of Association of MAX Automation SE submits the following report to the Annual General Meeting in accordance with Section 47 (3) of the law implementing Regulation (EC) No. 2157/2001 of the Council of the European Union of 8 October 2001 on the Statute for a European company (SE) (SE-Ausführungsgesetz-SEAG) in conjunction with Section 171 (2) of the German Stock Corporation Act (AktG):

General information

In the 2019 financial year, the Supervisory Board has been intensively involved in the strategic, economic and personnel development of MAX Automation SE and the Group. On the basis of the timely oral and written reports by the Managing Directors on the business situation of MAX Automation SE and the Group, the Supervisory Board monitored the management of MAX Automation SE in the 2019 financial year in accordance with the provisions of Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European company (SE) (SE Regulation), the SEAG and the German Stock Corporation Act. The reports of the Managing Directors related, among other things, to fundamental questions of financial and investment policy as well as the profitability and the risk and financing situation of MAX Automation SE and the Group.

Moreover, a particular focus was on the situation of the IWM companies (IWM Automation Bodensee GmbH, IWM Automation GmbH), ELWEMA Automotive GmbH and MAX Automation (Shanghai) Co., Ltd. These companies are part of the former Mobility Automation unit; in 2018 MAX Automation SE had already decided to discontinue the construction of special machines/assembly lines for automotive customers and has accounted for the related activities as discontinued operations from the third quarter of 2018. Furthermore, the situation of Essert GmbH and the sale of the shares in Essert GmbH, as well as the legal disputes in connection with the sale of NSM Packtec GmbH were the subject of the consultations. The Supervisory Board also dealt with the request of a shareholder to pursue alleged claims for damages against current and former board members. In this regard, the Supervisory Board concluded after extensive examination that such claims do not exist and therefore cannot be pursued. Furthermore, the Supervisory Board dealt with irregularities in the valuation of inventories in 2017 and 2018 at the subsidiary iNDAT Robotics GmbH. Also, the planned expansion of the Supervisory Board to include an additional member was a subject of the deliberations of the Supervisory Board. The Supervisory Board performed the duties incumbent upon it under the law and the Company's Articles of Association with great care and dealt intensively with the business transactions of the Company and the Group.

The Supervisory Board received regular reports on the course of business with analyses of deviations from planning and from the previous year, including documentation on the liquidity and financial situation. All business transactions requiring approval were intensively discussed with the Managing Directors and, where necessary, approval was granted.

The members of the Supervisory Board also maintained an intensive dialogue with the Managing Directors outside the meetings. They also obtained information on the situation and development of the individual companies and the Group on the basis of oral and written reports, discussed the reports of the Managing Directors and held intensive discussions with the Managing Directors on issues of business policy, business performance and the further development of the company and the Group.

On the basis of the reports and information provided by the Managing Directors, the Supervisory Board satisfied itself of the proper conduct of business. The Supervisory Board also assured itself by interviewing the Managing Directors, the management of the subsidiaries and the auditor that all requirements of the risk management system were met both in the parent company and in the Group.

Meetings of the Supervisory Board and decisions taken outside of meetings

In the year under review, the following Board meetings were held in the form of face-to-face meetings and telephone meetings. The supervisory and advisory activities of the Supervisory Board at its meetings related primarily to the following matters:

The Supervisory Board met on 30 January 2019, in a telephone meeting in which Dr. Jens Kruse was elected Chairman of the Supervisory Board and Dr. Ralf Guckert was elected as his deputy. Dr. Ralf Guckert was also appointed as a member of the Personnel Committee of the Supervisory Board. Mr. Oliver Jaster was also elected Chairman of the Audit Committee.

At the meeting on 4 March 2019, the Supervisory Board concentrated on the discussion of the annual and consolidated financial statements, the combined management report for the 2018 financial year and the proposal for the appropriation of the balance sheet profit. In addition to its own examination, the Supervisory Board also dealt with the audit by the auditor and the results of the audit and discussed these in detail with the auditor. In this meeting the Supervisory Board approved the annual financial statements of MAX Automation SE and the consolidated financial statements of the Group and adopted the annual financial statements of the SE. This meeting also focused on the analysis of working capital and the situation of the IWM companies, MAX Automation (Shanghai) Co., Ltd. and ELWEMA Automation GmbH. The legal disputes in connection with the sale of NSM Packtec GmbH were also discussed. In addition, the regular declaration of compliance with the German Corporate Governance Code in the version dated 7 February, 2017 ("GCGC") published in the Federal Gazette was adopted in accordance with Art. 9 (1) c) (ii) of Council Regulation (EC) No. 2157/2001 of 8 October, 2001 on the Statute for a European company (SE) (SE Regulation), Section 22 (6) SEAG in conjunction with Section 161 (1) AktG, the corporate governance declaration in accordance with Sections 289f, 315d HGB and the sustainability report in accordance with Section 315a HGB.

At its meeting on 7 May 2019, the Supervisory Board dealt with various issues. The course of business in the first quarter of fiscal 2019 and the performance of the *Process Technologies*, *Environmental Technologies* and *Evolving Technologies* business areas were discussed. The meeting also dealt with the situation of the IWM companies and the related sales process. The status regarding MAX Automation (Shanghai) Co., Ltd. and the status regarding the sales process regarding ELWEMA Automotive GmbH were also discussed as well as the situation of Essert GmbH. The financing situation of MAX Automation SE under the syndicated loan agreement and the future financing strategy was discussed. Dr. Christian Diekmann, who attended the meeting as a guest, was appointed Chairman of the Annual General Meeting on 17 May 2019. A resolution was also passed on the new rules of procedure for the Exectuvie Directors and the allocation of responsibilities.

At its constituent meeting on 17 May 2019, the Supervisory Board elected Dr. Christian Diekmann, who was elected as a member of the Supervisory Board at the Annual General Meeting on 17 May 2019, as its Chairman and Dr. Jens Kruse as his Deputy. In addition, Dr. Ralf Guckert was elected Chairman of the Personnel Committee and Dr. Jens Kruse was elected as his deputy. Dr. Christian Diekmann was appointed as an additional member of the Personnel Committee. Dr Jens Kruse was elected Chairman of the Audit Committee. In addition, Dr. Christian Diekmann was elected Deputy Chairman of the Audit Committee and Oliver Jaster and Andreas Krause were appointed as additional members of the Audit Committee.

In the telephone meeting on 6 June 2019, the focus was on the situation and status of the sales negotiations regarding IWM Automation Bodensee GmbH and the status of Essert GmbH. The situation at IWM Automation GmbH and the financing situation were also discussed.

The meeting of the Supervisory Board on 25 June 2019 focused on the business performance and development of the *Process Technologies*, *Environmental Technologies* and *Evolving Technologies* business areas. The discussion on the status of MAX Automation (Shanghai) Co., Ltd. was also continued and the status of the IWM companies and ELWEMA Automotive GmbH was discussed. The Supervisory Board decided to initiate the closure of IWM Automation Bodensee GmbH. Furthermore, the status of the sales process regarding the shares in Essert GmbH was discussed. Furthermore, the further procedure regarding the legal disputes from the sale of NSM Packtec GmbH was on the agenda. Another topic was the planned expansion of the Supervisory Board to include a further member.

In the telephone meeting on 2 July 2019, the Supervisory Board and the Managing Directors continued their discussion of the business performance and development of the *Process Technologies* and *Evolving Technologies* business areas. In addition, the development of consolidated earnings and possible effects on the syndicated loan agreement were discussed. In addition, a project was addressed in which an analysis on questions of company valuation was to be prepared by an external third party as a basis for the further development of the future corporate strategy.

A further telephone meeting was held on 11 July 2019. The situation regarding the legal disputes arising from the sale of NSM Packtec GmbH and the further procedure in this regard was discussed.

In the course of the telephone meeting on 7 August 2019, the share price development and the status of MAX Automation (Shanghai) Co., Ltd. were addressed. The meeting also dealt with the situation of IWM Automation GmbH and the status of the sales process. Furthermore, in August 2019 the Supervisory Board appointed Dr. Christian Diekman as Chairman of the Personnel Committee in place of Dr. Ralf Guckert, who continues to serve as a member of the Personnel Committee. The background to this reassignment was the fact that the Supervisory Board had commissioned Dr. Ralf Guckert to support the development of the segment strategies.

On 29 August 2019, the Supervisory Board and the Managing Directors discussed the course of business in the *Process Technologies*, *Environmental Technologies* and *Evolving Technologies* divisions and the general situation of the Group, including the financing situation. The status at IWM Automation GmbH and the situation at MAX Automation (Shanghai) Co., Ltd. were also addressed.

In the course of the telephone meeting on 19 September 2019, the Supervisory Board discussed the further course of action regarding MAX Automation (Shanghai) Co, Ltd. and decided to terminate the investment agreement with joint venture partner Roger Li Liujie in China. At this meeting, the Supervisory Board also resolved to wind up IWM Automation GmbH.

In the telephone meeting of 24 September 2019, topics relating to financial planning were discussed, and in this context, it was decided to mandate an external consultant.

In the telephone meeting on 16 October 2019, the Supervisory Board was informed about a shareholder's request to the company to pursue alleged claims for damages against current and former members of governing bodies.

At the Supervisory Board' meeting on 30 October 2019, the course of business and strategies in the *Process Technologies*, *Environmental Technologies* and *Evolving Technologies* divisions were dealt with. The IT strategy was also addressed.

In the course of the telephone meeting of 6 December 2019, the Supervisory Board concerned itself with the legal assessment of a shareholder's request to the Supervisory Board to pursue alleged claims for damages against current and former members of governing bodies. Based on the comprehensive audit carried out previously, the Supervisory Board came to the conclusion that the alleged claims for damages against current and former members of governing bodies do not exist and will therefore not be pursued.

At the Supervisory Board' meeting on 11 December 2019, in addition to the topic of Group financing, the course of business in 2019 and the planning for 2020, including investment planning, were discussed in particular. The rules of procedure for the Audit and Personnel Committees were also adopted.

Where necessary, the Supervisory Board also made decisions by way of a circular resolution. These related in particular to the confirmation of the conditions of Daniel Fink's resignation as Managing Director, measures relating to Essert GmbH including preparatory measures for the sale of the shareholding in Essert GmbH, the adoption of the invitation to the 2019 Annual General Meeting, personnel measures relating to MAX Automation (Shanghai) Co, Changes in the management of MAX Automation SE (appointment of Andreas Krause as Chairman of the Managing Directors, appointment of Werner Berens, Patrick Vandenrhijn and Dr. Guido Hild as Managing Directors and approval of the remuneration structure for the newly appointed Managing Directors), measures relating to the handling of projects of IWM Automation Bodensee GmbH, approval of the appointing PwC for the audit review of the half-year financial report, appointment of authorised signatories and preparations for the intended expansion of the Supervisory Board. Following on from these preparations, it was decided by circular resolution of 10 October 2019 to follow the recommendation of the Personnel Committee and to propose to the company's shareholders at the next Annual General Meeting in 2020 that Ms. Karoline Kalb be elected to the Supervisory Board, in connection with the expansion of the Supervisory Board from five to six members, and to allow Ms. Kalb to attend the regular meetings of the Supervisory Board as a guest from 1 November 2019 within the framework of a consultancy contract.

The Supervisory Board also regularly reviewed the monthly reports presented at Board meetings. These include information on the sales and earnings performance of the companies and the Group by segment and the presentation and analysis of the liquidity and financial position as well as any deviations from plan. The risk management system is also regularly discussed. Where conflicts of interest arose in connection with individual resolutions, the Supervisory Board took this into account.

Organisation of the work of the Supervisory Board

In order to optimize processes and coordination within the Supervisory Board, the following committees were appointed in 2019 in accordance with section 34 (4) sentence 1 of the SEAG.

Personnel Committee

The Personnel Committee held the following consultations in 2019. On 30 January 2019, during a telephone meeting, the Personnel Committee instructed one of its members to negotiate the modalities of Daniel Fink's resignation as Managing Director. On 4 March 2019, a telephone meeting was held to discuss the remuneration structure of the Managing Directors. In the telephone meeting on 19 June 2019, the qualitative objectives for Managing Directors for their performance measurement were defined. In addition, the status of the efforts to expand the Supervisory Board by a further member was discussed. On 30 September 2019, the Personnel Committee again discussed the possibility of adding another member to the Supervisory Board and decided to recommend to the Supervisory Board that at the next Annual General Meeting, Ms. Karoline Kalb be proposed to the shareholders for election to the Supervisory Board, combined with an expansion of the Supervisory Board from five to six members. Furthermore, the Personnel Committee recommended that the Supervisory Board should allow Ms. Kalb to participate in the regular meetings of the Supervisory Board as early as 1 November 2019 within the framework of a consultancy contract. In the telephone meeting of 21 November 2019, the Personnel Committee dealt fundamentally with the cooperation between the Managing Directors and the communication between the Supervisory Board and the Managing Directors.

Until 17 May 2019, the Personnel Committee comprised Dr Jens Kruse, Oliver Jaster and Dr Ralf Guckert.

The personnel committee now comprises:

- Dr. Christian Diekmann (Chairman)
- Dr. Jens Kruse (Deputy Chairman)
- Dr. Ralf Guckert

Audit Committee

The Audit Committee held the following consultations in 2019.

On 1 February 2019, the Audit Committee dealt with the selection of legal advisors and various M&A issues. In the meeting on 22 February 2019, the focus was on the report of the auditor of MAX Automation SE on the audit of the annual and consolidated financial statements. The meeting on 25 June 2019 dealt with the potential sale of subsidiaries and in particular the possible sale of ELWEMA Automotive GmbH. At its meeting on 29 August 2019, the Audit Committee addressed the situation of MAX Automation (Shanghai) Co. The Audit Committee meeting on 30 October 2019 focused on a report on the meeting with the syndicate banks. At the meeting of the Audit Committee on 11 December 2019, various balance sheet topics in connection with the existing financing and the initiation of a fact-finding process for questions regarding the valuation of inventories at the subsidiary iNDAT Robotics GmbH in 2017 and 2018 were discussed in particular.

Until the resolution of 17 May 2019, the Audit Committee met with the following members: Oliver Jaster (Chairman), Dr Jens Kruse, Andreas Krause.

The Audit Committee is now composed of

- Dr. Jens Kruse (Chairman)
- Dr. Christian Diekmann (Deputy Chairman)
- Andreas Ruff
- Oliver Jaster

Personnel changes

On 25 January 2019, the Düsseldorf Local Court appointed Dr. Ralf Guckert as a member of the Supervisory Board. His appointment was valid until the Annual General Meeting of MAX Automation SE on 17 May 2019. On 30 January 2019, the Supervisory Board elected Dr. Jens Kruse as Chairman of the Supervisory Board and Dr. Ralf Guckert as his deputy. Mr. Daniel Fink retired from the company upon expiration of his contract of employment on 31 March 2019 as Managing Director and member of the Supervisory Board. On 17 May 2019, the Annual General Meeting elected Dr. Christian Diekmann as a member of the Supervisory Board. On the same day, the Supervisory Board elected him as its Chairman and Dr. Jens Kruse as his Deputy.

Risk Management

All areas of risk discernible from the perspective of the Supervisory Board were discussed. The Supervisory Board has satisfied itself that the Managing Directors have installed a functioning risk management system. The risk early warning system was audited by the auditor. Th auditor confirmed that Managing Directors have taken the measures required in accordance with Art. 9 para. 1 lit. c)(ii) SE Regulation, section 22 para. 6 SEAG in conjunction with section 91 para. 2 AktG and have established a monitoring system that is suitable for the early detection of developments that could endanger the continued existence of the company and the group. The auditor did not identify any events to be reported to the Supervisory Board in the course of this audit.

Annual and consolidated financial statements 2019

As a capital market-oriented corporation MAX Automation SE is subject to the statutory audit requirement according to Art. 9 Paragraph 1 lit. c) (ii), Art. 61 SE-VO in connection with §§ 316 Paragraph 1 Sentence 1, 267 Paragraph 3 Sentence 2, 264 d) HGB. The annual financial statements for MAX Automation SE and the consolidated financial statements as of 31 December 2019, as well as the combined management report, including the accounting, were audited by the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, and received unqualified audit opinions. The auditor has thus confirmed that in his opinion, based on the knowledge gained during the audit, the annual financial statements and the consolidated financial statements, taking into account the applicable accounting standards, provide a true and fair view of the net assets, financial position and results of operations of MAX Automation SE and the Group. In addition, the auditor confirmed that the combined management report is consistent with the annual and consolidated financial statements and as a whole provides a suitable view of the position of MAX Automation SE and the Group and suitably presents the opportunities and risks of future development.

The auditor was appointed by the Annual General Meeting on 17 May 2019 on the basis of a proposal by the Supervisory Board and was commissioned in writing by the Audit Committee after the Annual General Meeting to audit the accounts. The Audit Committee also agreed with the auditor that the latter would inform the Supervisory Board and make a note in the audit report if, during the performance of the audit, facts were discovered which indicated an inaccuracy in the declaration issued by the Supervisory Board, including the Managing Directors, regarding the version of the German Corporate Governance Code (GCGC) dated 7 February 2017, as published by the Federal Ministry of Justice in the official section of the Federal Gazette on 24 April 2017. Before the Supervisory Board proposed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, to the Annual General Meeting of Shareholders as auditors and group auditors, the latter had confirmed in writing to the Chairmen of the Audit Committee that there were no circumstances that could impair their independence as auditors or give rise to doubts about their independence. In this context, the auditor also stated that no fees were charged for other services in the previous financial year. It was also agreed with the auditors that the Chairman of the Supervisory Board would be informed immediately of any grounds for disqualification or partiality arising during the audit, unless these were immediately eliminated. It was also agreed that the auditor would report without delay on all findings and occurrences of significance for the tasks of the Supervisory Board that arise during the performance of the audit.

The Supervisory Board was provided with the drafts and copies of the accounting documents for the Company and the Group, as well as the proposal of the Managing Directors for the appropriation of the net profit, sufficiently in advance to allow a thorough examination of all documents.

At the balance sheet meetings of the Supervisory Board on 10 and 13 March 2020 the Managing Directors explained the accounting and consolidated financial statements and their proposal for the appropriation of the balance sheet loss. Moreover, the Managing Directors also answered questions raised by board members. The Supervisory Board examined the financial statements after they had been explained by the Managing Directors, taking into account the audit reports of the auditors. The auditor, who was present at the balance sheet meeting of the Supervisory Board, reported there in detail on the audit and the audit results, explained the audit report and answered the questions of the members of the Supervisory Board. The auditors also informed the Supervisory Board that their audit did not reveal any material weaknesses in the internal control and risk management system with regard to the accounting process within the meaning of Section 171 (1) sentence 2 of the German Stock Corporation Act (AktG). The auditor also informed the Supervisory Board that there were no circumstances that could give rise to concerns about his impartiality and about the services he had provided outside the audit. The Supervisory Board has concluded that the auditor has the necessary independence.

The Supervisory Board was able to satisfy itself that the audit by the auditor had been properly conducted. In particular, it came to the conclusion that the audit reports - as well as the audit itself - meet the legal requirements. The Supervisory Board thereupon approved the results of the audit and, since no objections were raised also after the final result of its own examination, and approved the annual financial statements, the consolidated financial statements and the combined management report on the position of the Company and the Group (including the declaration on corporate governance pursuant to Section 289f of the German Commercial Code). The annual financial statements are thereby adopted. In its assessment of the situation of the Company and the Group, the Supervisory Board agrees with the assessment expressed by the Managing Directors in the combined Company and Group Management Report. This applies in particular to statements on the further development of the company. The Supervisory Board has examined the proposal for the appropriation of the balance sheet profit submitted by the Managing Directors, in particular with regard to the development of the company, the effects on liquidity and the interests of shareholders, and has endorsed it. The Supervisory Board also included the corporate governance statement in its review and expressly approved it.

The Supervisory Board has also examined the separate non-financial report to be prepared in accordance with Sections 289 b) and 315 b) of the German Commercial Code.

Finally, at its balance sheet meeting on 13 March 2020, the Supervisory Board approved the present report to the Annual General Meeting.

Declaration of compliance

In the 2019 financial year, the Supervisory Board dealt intensively with the rules for good corporate governance.

Pursuant to Art. 9 para. 1 lit. c)(ii) SE Regulation, Section 22 para. 6 SEAG in conjunction with Section 161 para. 1 AktG, the Supervisory Board issued the annual declaration of conformity with the recommendations of the German Corporate Governance Code in the version dated 7 February 2017, which was in force at the time the declaration of conformity was issued, on 7 February 2020 and published it on the Internet. Further details on the principles of corporate governance and their implementation are presented here.

The Supervisory Board conducted an efficiency review in 2018. The members of the Supervisory Board fulfilled their mandate for further training on an individual basis by way of current specialist literature and/or attending events, in particular on issues relating to the proper performance of duties, corporate governance and financial reporting.

Dependence report

In accordance with the requirements of Section 314 of the German Stock Corporation Act (AktG), the Supervisory Board also examined the report submitted to it on relations with affiliated companies (dependency report) for the 2019 financial year. The dependency report was also audited by the auditor and issued with the following audit certificate:

"Having duly examined and assessed this report in accordance with our professional duties, we confirm that

the factual statements in the report are correct, and the consideration paid by the company for the legal transactions listed in the report was not unreasonably high.

The auditor's report on the dependency report was also made available to all members of the Supervisory Board. The Supervisory Board did not raise any objections following the discussion by the auditors and the Managing Directors. It has noted and approved the result of the audit of the dependency report by the auditor.

Conflicts of interest and their treatment

As far as there are transactions between MAX Automation SE or companies of the MAX Automation Group and companies for which individual members of the Supervisory Board are active, these are discussed in the Supervisory Board. In order to avoid even the appearance of a conflict of interest, the members of the Supervisory Board concerned do not take part in the discussion or in any decision-making processes.

The Supervisory Board would like to thank the Managing Directors as well as the Managing Boards and Managing Directors of the subsidiaries and all employees of the MAX Automation Group for their committed and successful work in the past fiscal year.

Dusseldorf, 13 March 2020

The Chairman of the Supervisory Board
Dr. Christian Diekmann

CORPORATE-GOVERNANCE-REPORT

CORPORATE GOVERNANCE REPORT

Compliance with nationally and internationally recognised standards for responsible corporate management and control (corporate governance) is an important criterion for investors' investment decisions. The following Corporate Governance Report serves to summarize the essential Corporate Governance principles that are decisive for the management of MAX Automation SE.

General information on the management structure

Since the conversion of MAX Automation AG into MAX Automation SE with the entry in the commercial register on 8 February 2018, MAX Automation SE has been subject in particular to the provisions of Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European company (SE) (SE Regulation), the law implementing Regulation (EC) No. 2157/2001 of the Council of 8 October 2001 on the Statute for a European company (SE) (SE Implementation Act - SEAG), in addition to the majority of the provisions of German stock corporation law as before, and unchanged, the capital market regulations and the provisions of the statutes issued for the SE. MAX Automation SE has a monistic management structure in place, which is characterized by the fact that the management of the SE is incumbent on a uniform management body, the Supervisory Board. The Managing Directors manage the business of the company. The Supervisory Board and the Managing Directors are committed to the interests of the shareholders and the well-being of the company. The latter's internal rules are laid down in Rules of Procedure, which supplement the provisions and the statutes. The Annual General Meeting is the second body of the company.

The Supervisory Board MAX Automation SE

The Supervisory Board of MAX Automation SE, which has been in office since the conversion, became effective with the entry in the commercial register of the company on 8 February 2018, manages the company, determines the basis of its activities and monitors their implementation by the managing directors. In accordance with the Articles of Association, the Supervisory Board is composed of five members elected by the General Meeting. It appoints and dismisses the Managing Directors, decides on their remuneration system and determines the respective remuneration. At least one member must have expertise in the fields of finance, accounting or auditing.

At the beginning of the year, Dr. Jens Kruse (Chairman), Oliver Jaster, Daniel Fink, Andreas Krause and Dr. Ralf Guckert were members of the Supervisory Board. Dr. Ralf Guckert was appointed a member of the Supervisory Board by court order on 25 January 2019. The members of the Supervisory Board were appointed until the end of the Annual General Meeting which decides on the discharge for the first business year of MAX Automation SE. The term of office of the members of the Supervisory Board Dr. Jens Kruse, Dr. Guckert and Mr. Krause and Mr. Jaster, therefore, ended at the end of the Annual General Meeting on 17 May 2019, while Mr. Fink resigned from the Supervisory Board on 31 March, in agreement with the Supervisory Board.

Effective as from the end of the Annual General Meeting on 17 May 2019, the Annual General Meeting appointed Dr. Christian Diekmann, Dr. Ralf Guckert, Oliver Jaster, Andreas Krause and Dr. Jens Kruse as members of the Supervisory Board. They have been appointed until the end of the Annual General Meeting which decides on the discharge of the members of the Supervisory Board for the financial year 2023, but for no longer than six years after the appointment of the respective member of the Supervisory Board. This does not include the financial year in which they take office. Reappointments are permissible. Dr. Christian Diekmann is the Chairman of the Supervisory Board.

The aim is to add a female member, who is independent within the meaning of 5.4.2 of the German Corporate Governance Code, to the Supervisory Board in 2020. On the recommendation of the Personnel Committee, the Supervisory Board has decided to propose to the shareholders for election to the Supervisory Board at the next Annual General Meeting in 2020, with an expansion of the Board from five to six members. In addition, the Supervisory Board has decided to allow Ms. Kalb to attend regular Supervisory Board meetings as a guest as early as 1 November 2019 within the framework of a consultancy contract. Within the scope of the contract, Ms. Kalb receives a fixed consulting fee of EUR 3,333.00 net, plus any statutory value added tax that may be applicable. It will make its services available to the Company on at least two days per month. In any event, the contract ends if Mrs. Kalb is elected as a member of the Supervisory Board by the General Meeting.

All members of the Supervisory Board command in-depth expertise in the fields of accounting or auditing and are, in their entirety, familiar with the sector in which the Company operates.

In addition to the legal requirements, the Supervisory Board based its proposals for the election of members of the Supervisory Board exclusively on the professional and personal suitability of the candidates, as well as on appropriate considerations of expediency - promoting the function of the Supervisory Board. This included, for example, the affiliation of members holding relevant business experience. The Supervisory Board refrained from setting more specific objectives for its composition, especially since the mere mention of such specific objectives does not necessarily imply an improvement in the quality of the Board's work.

Meetings of the Supervisory Board are held as often as the law or business requires, but at least every three months. Otherwise, the Supervisory Board must be convened if a member of the Supervisory Board requests such a meeting, stating the purpose and reasons for such a meeting.

The Supervisory Board has formed a Personnel Committee and an Audit Committee to perform its duties. The Personnel Committee consists of three members of the Supervisory Board, namely Dr. Christian Diekmann (Chairman), Dr. Jens Kruse and Dr. Ralf Guckert. The Personnel Committee prepares the Supervisory Board's personnel decisions, in particular, it makes proposals on the appointment of the Managing Directors and their remuneration. The Audit Committee consists of four members of the Supervisory Board: Dr. Jens Kruse (Chairman), Dr. Christian Diekmann, Andreas Krause, and Oliver Jaster. The Audit Committee deals with issues of accounting, risk management, compliance, and auditing. The Supervisory Board receives regular reports on the work of the committees.

The Managing Directors of MAX Automation SE

The Managing Directors of MAX Automation SE manage the business of the company with the aim of achieving sustainable value creation in joint responsibility. They represent the company in and out of court. The Managing Directors are bound by the instructions of the Supervisory Board and implement the principles and guidelines established by the Supervisory Board.

The Managing Directors are appointed by the Supervisory Board. The Supervisory Board shall also determine the number of Managing Directors. Members of the Supervisory Board may be appointed as Managing Directors, provided that the majority of the Supervisory Board continues to consist of non-Managing directors. The Managing Directors are appointed for a maximum period of five years. Reappointments are permissible. The company is represented by two Managing Directors jointly or by one Managing Director in conjunction with an authorized signatory. If there is only one Managing Director, he or she represents the company alone. The Managing Directors of MAX Automation SE are currently Mr. Andreas Krause, Mr. Werner Berens, Mr. Patrick Vandenrhijn and Dr. Guido Hild. Of the Managing Directors, Mr. Andreas Krause is a member of the Supervisory Board.

The Managing Directors shall seek the approval of the Supervisory Board in the cases provided for by law, the Articles of Association, the Rules of Procedure for Managing Directors or a decision of the Supervisory Board. The Managing Directors inform the Supervisory Board regularly, promptly and comprehensively on all issues relevant to the Company with regard to strategy, planning, financing of business development, risk situation, risk management, compliance and the economic situation of the Company. They deal with deviations in the course of business from the plans and targets drawn up, stating the reasons.

The Managing Directors are required to disclose conflicts of interest to the Supervisory Board without delay and to inform the other Managing Directors accordingly.

The cooperation principles of the Managing Directors of MAX Automation SE are regulated in the rules of procedure for the Managing Directors.

The Annual General Meeting

The shareholders have exercised and continue to exercise their rights at the Annual General Meeting and exercise their voting rights there. MAX Automation SE only has shares with full voting rights. Each share carries one vote. The Annual General Meeting is held within the first six months of each financial year. The agenda for the Annual General Meeting including the reports and documents required for the Annual General Meeting are published on the Company's website www.maxautomation.com/en/investor-relations/annual-general-meeting/ and www.maxautomation.com/en/investor-relations/financial-reports/.

In order to facilitate the exercise of their rights, MAX Automation SE provides its shareholders with a proxy for the Annual General Meeting who is bound by instructions. The notice convening the Annual General Meeting explains how voting instructions can be issued in advance of the Annual General Meeting. In addition, shareholders are free to be represented by a proxy of their choice. The registration and legitimation procedure corresponds to the procedure customary in Germany for registered shares. In this context, the person who is registered as a shareholder in the share register on the day of the Annual General Meeting may attend the Annual General Meeting as such - after proper registration. As a matter of principle, no more registrations are made in the share register after the seventh day before the meeting (so-called Technical Record Date), so that the Technical Record Date is the relevant date for the legitimation of shareholders to participate in the Annual General Meeting.

Accounting, auditing and risk management

The consolidated financial statements of MAX Automation SE are prepared in accordance with the principles of the International Financial Reporting Standards (IFRS), the annual financial statements, the combined management report of the company and the group are prepared in accordance with the provisions of the German Commercial Code (HGB).

Before submitting the election proposal to the Annual General Meeting on 17 May 2019, the Supervisory Board of MAX Automation SE has obtained a confirmation of independence from the appointed auditor. The auditor was requested by the Chairman of the Audit Committee to report without delay on all matters arising during the audit which, in the broadest sense, relate to the duties of the Supervisory Board with regard to material findings or occurrences, if these cannot be remedied immediately. On 17 May 2019, the Annual General Meeting approved the proposal of the Supervisory Board to appoint PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, as the auditors of MAX Automation SE and the consolidated financial statements for fiscal year 2019.

The existing risk management system of MAX Automation SE is designed to detect, record, evaluate and control business and financial risks to which the company is exposed in the course of its activities. The individual elements of the monitoring system provide reliable information on the current risk situation and support documentation, risk assessment and the elimination of weaknesses. They thereby help to minimize the negative effects potentially arising from the risks. Detailed information on the risk management system can be found in the combined management report on the Company and the Group.

Transparency

MAX Automation SE uses the company's website www.maxautomation.com in order to inform shareholders and investors in a timely manner. In addition to the financial report and interim reports (half-yearly financial report and quarterly report), shareholders and third parties are informed about current developments in the form of ad hoc announcements and press releases.

MAX Automation SE publishes a financial calendar for all important dates and publications of the company with sufficient advance notice.

Reportable securities transactions and significant voting rights

In accordance with the regulations of the Market Abuse Ordinance (MMVO), MAX Automation SE publishes the so-called Directors' Dealings notifications according to article 19 MMVO immediately after receipt, i.e. the notifications of members of the Supervisory board, the managing directors and other persons who perform management functions at MAX Automation SE in the sense of article 19 MMVO, as well as natural and legal persons closely related to these persons about securities transactions with regard to the MAX Automation share. These reports are also published on the company's website at www.maxautomation.com/en/ investor-relations/corporate-governance/.

Likewise, the Company publishes notifications of the acquisition or sale of significant voting shares in accordance with Section 33 of the German Securities Trading Act (WpHG) or of the holding of financial instruments and other instruments in accordance with Section 38 WpHG and of the holding of other financial instruments and other instruments in accordance with Section 39 WpHG on its website at www.maxautomation.com/en/investor-relations/corporate-governance/ immediately after receipt. The corresponding reports for the past fiscal year are also reproduced in the notes to the consolidated financial statements in the annual report.

Declaration of Compliance with the German Corporate Governance Code

On 7 February 2020, the Supervisory Board published the Declaration of Compliance pursuant to Art. 9 para. 1 lit. c) (ii) SE Regulation, section 22 para. 6 SEAG in conjunction with section 161 AktG with regard to the version of the German Corporate Governance Code applicable on 7 February 2020 in the version dated 7 February 2017, as published in the official section of the Federal Gazette on 24 April 2017. Any deviations from the recommendations of the German Corporate Governance Code were explained and justified in the Declaration of Compliance. The Declaration of Compliance dated 7 February 2020, including the reasons for the deviations, can be found on the Company's website at www.maxautomation.com/en/investor-relations/corporate-governance/.

The current and previous versions of the Declaration of Compliance since 2008 are also permanently available to shareholders at the above Internet address.

Information on remuneration in the Corporate Governance Report

Reference is made to the remuneration report, which is part of the group management report.

Main features of the remuneration system for Managing Directors

The remuneration of the Managing Directors in office in the 2019 financial year is disclosed individually in the notes to the financial statements and in the combined management and group management report.

Remuneration of the members of the Supervisory Board

The remuneration of the members of the Supervisory Board in the 2019 financial year is listed in the notes to the financial statements and in the combined management and group management report, broken down by individual member.

Stock option programmes and similar securities-based incentive systems

While there are no stock option plans in place, individual Managing Directors receive similar securities-based compensation elements. These are disclosed individually in the notes and in the combined management and group management report.

Declaration on corporate governance

This Corporate Governance Report is published in conjunction with the Declaration on Corporate Governance. The declaration is available on the company's website at www.maxautomation.com/en/investor-relations/corporate-governance/.

Dusseldorf, 13 March 2020

The Supervisory Board and the Managing Directors

Dr. Christian Diekmann
Chairman

Andreas Krause
Managing Director

COMFORMITY STATEMENT

DECLARATION OF THE SUPERVISORY BOARD OF MAX AUTOMATION SE DATED 7 FEBRUARY, 2020

on the recommendations of the "Government Commission on the German Corporate Governance Code" in its version dated 7 February, 2017 pursuant to Art. 9 para. 1 lit. c)(ii) SE Regulation, section 22 para. 6 SEAG in conjunction with section 161 AktG

MAX Automation SE complies with the recommendations of the version of the German Corporate Governance Code (DCGK) dated February 7, 2017 (the Code) published by the Federal Ministry of Justice in the official section of the Federal Gazette on 24 April, 2017 (the Code) with the following exceptions and taking into account the special features of the monistic system of MAX Automation SE described below, and will continue to comply with them in the future.

Furthermore, MAX Automation SE has, with the following exceptions and taking into account the special features of the monistic system of MAX Automation SE described below, complied with all recommendations since the last declaration of conformity was issued on 28 February, 2019.

Special features of the monistic corporate governance system

In accordance with Articles 43-45 of the SE Council Regulation in conjunction with sections 20 et seq. of the SEAG, the monistic system is characterized by the fact that the management of the SE is the responsibility of a single management body, the Supervisory Board. The Supervisory Board manages the company, determines the basic course of its activities and monitors their implementation. The Managing Directors conduct the business of the company, represent the company in and out of court and are bound by the instructions of the Supervisory Board.

MAX Automation SE refers the Code in principle for the Supervisory Board to the Supervisory Board of MAX Automation SE and for the Management Board to the Managing Directors. The following exceptions apply with regard to the legal structure of the monistic system:

- At variance with section 2.2.1 sentence 1 of the Code, the Supervisory Board must submit the annual financial statements and the consolidated financial statements to the Annual General Meeting, section 48 (2) sentence 2 of the SEAG.
- Notwithstanding sections 2.3.1 sentence 1 and 3.7 (3) of the Code, the Supervisory Board is responsible for convening the Annual General Meeting, sections 48 and 22 (2) SEAG.
- The responsibilities of the Management Board as set forth in section 2.3.2 sentence 2 (voting proxy bound by instructions), 3.7 para. 1 (statement on a takeover offer) and para. 2 (conduct in the event of a takeover offer) as well as 3.10 (Corporate Governance Report), 4.1.3 (compliance) and 4.1.4 (Risk Management and controlling) of the Code are the responsibility of the Supervisory Board of MAX Automation SE, section 22 para. 6 SEAG.
- The recommendation mentioned in section 3.6 paragraph 2, according to which the Supervisory Board should meet without the Management Board if necessary, is not applicable at MAX Automation SE if an Managing Director is also a member of the Supervisory Board. As the Managing Director in office during the reporting period, Mr. Andreas Krause, is a member of the company's Supervisory Board, this regulation, which is tailored to dualistic companies, could not be taken into account by the company.
- The tasks of the Management Board contained in sections 4.1.1 (Management of the Company) and 4.1.2 in conjunction with 3.2 half-sentence 1 (Development of the strategic orientation of the Company) of the Code are the responsibility of the Supervisory Board, section 22 (1) SEAG.
- Contrary to section 5.1.2 (2) sentences 1 and 2 of the Code, Managing Directors, unlike members of the

Management Board, are not subject to a fixed and maximum permissible appointment period, section 40 (1) sentence 1 of the SEAG.

- Notwithstanding sections 5.4.2 sentence 2 and 5.4.4 of the Code, members of the Supervisory Board may be appointed as Managing Directors, provided that the majority of the Supervisory Board continues to consist of non-executive members, section 40 (1) sentence 2 SEAG.

Exceptions to the recommendations of the Code

The following recommendations are not or were not fully complied with:

To 3.8

In principle, the D&O insurance policy taken out by MAX Automation SE for its members of the Supervisory Board does not include a deductible due to the fact that it is a group insurance policy which also covers a number of employees in Germany. However, in accordance with the legal regulations, a deductible is agreed for the Managing Directors, but not for the members of the Supervisory Board. MAX Automation SE is of the opinion that motivation and responsibility with which the members of the Supervisory Board perform their duties will not be improved by such a deductible. For this reason, a deductible for the members of the Supervisory Board will continue to be waived.

Re 4.1.5 sentence 1 5.1.2 and 5.4.1

With regard to the appointment of the Managing Directors and the Supervisory Board MAX Automation SE exclusively focuses on the professional and personal suitability of the candidates as well as on appropriate considerations of expediency. This includes, for example, the relevant entrepreneurial experience of the members. It was decided not to set more specific objectives for staffing, especially since the mere mention of such specific objectives does not necessarily imply an improvement in the quality of the activity. With regard to the two management levels below the Supervisory Board, the Supervisory Board has set a minimum proportion of female staff of 30%. This proportion was achieved in the two management levels below the Supervisory Board. The aim is to add a female member to the Board in 2020. The Supervisory Board is also considering developing a competence profile for the entire Board. It is also planned to formulate succession planning in 2020 in the sense of internal promotion of junior executives and to anchor it organizationally in a corresponding program.

The Supervisory Board of MAX Automation SE has decided to introduce both an appropriate age limit and an appropriate rule limit for the length of time spent on the Supervisory Board, which take into account the concerns of the Code and the previous practice of the company. Supervisory Board members should not be older than 75 years at the time of their election. Persons who have been members of the Supervisory Board for more than 20 years shall not be eligible for reappointment. Only persons who have not yet reached the age of 65 are to be active as Managing Directors.

Re 4.2.3 para. 2 sentence 2

The monetary remuneration components comprise fixed and variable components only with regard to the remuneration of Managing Directors. MAX Automation SE assumes that Section 4.2.3 para. 2 sentence 2 of the monistic management system of the company is only applicable to the Managing Directors. As a precautionary measure, however, it is disclosed that the monetary remuneration components of the members of the Supervisory Board do not include any variable components.

Re 4.2.3 para. 4 sentence 1

The remuneration structure of MAX Automation SE does not provide for a severance payment cap in terms of section 4.2.3 paragraph 4 sentence 1. MAX Automation SE sees no necessity for such clauses. The general agreement of severance payment caps excludes the possibility of taking the circumstances of the individual case into account when concluding or extending contracts.

Re 4.2.3 Paragraph 6

The main features of the remuneration system are presented in the combined management report and reflected in the financial report. The relevant information is thus accessible to the shareholders and there will be no further oral information at the Annual General Meeting.

To 5.4.3

The Company reserves the right to submit applications for the court appointment of a member of the Supervisory Board also for an unlimited period of time. However, it is generally intended to limit a court appointment by the local court to the period up to the following Annual General Meeting, in order to preserve the shareholders' participation rights in the appointment of the Supervisory Board to the best possible extent.

To 5.4.6

The members of the Supervisory Board do not receive separate compensation for their activities on the committees. MAX Automation SE does not see a necessity for additional compensation and assumes that this is not in the interest of the company.

Dusseldorf, 7 February 2020

The Supervisory Board

Dr. Christian Diekmann
(Chairman)

Andreas Krause
(Managing Director)

GROUP MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT OF MAX AUTOMATION SE FOR THE FINANCIAL YEAR 2019

BASIS OF THE PARENT COMPANY AND THE GROUP

Business Model

MAX Automation SE, based in Düsseldorf, Germany, is an internationally active industrial group which offers solutions for efficient industrial production and networked automation systems. Through its Group companies, the Group develops, produces and sells a broadly diversified portfolio of technologically complex components and process solutions for its customers, both in Germany and internationally. The broad range of products and solutions, which are often developed in close cooperation with customers and are tailored to their needs, serves a balanced spectrum of end markets and is characterized by a high degree of innovation. The Group companies function as full-service providers of machinery and equipment for their customers and offer such supplementary services as consulting (including analyses, tests and feasibility studies), production support and services, repairs and software development. The companies are in the position to serve as a one-stop shop and to offer integrated automation solutions of high technical complexity along with numerous services.

Structure

Since its conversion into a European Company in the 2017 financial year, MAX Automation SE has had a monistic management structure in which the management of the SE is incumbent on a single management body, the Supervisory Board. Operationally, the business is managed by the Managing Directors, who report to the Supervisory Board on the information needed for corporate governance and decision-making. The Managing Directors maintain close personal contact with the Group companies and receive regular financial and progress reports.

As the parent and management company of the MAX Group, MAX Automation SE is responsible for the operational and financial management of the Group. It also determines and monitors suitable strategic measures to ensure that the defined objectives of the segments and the Group are achieved.

In the 2019 financial year, the realignment of the Group that was initiated in 2018 was implemented systematically. The former Industrial Automation and Environmental Technology segments were replaced at the beginning of the 2019 financial year by the *Process Technologies*, *Environmental Technologies* and *Evolving Technologies* business units, which represent the core business areas of the MAX Group. In addition, the Non-Core Business segment bundles companies that are strategically no longer relevant to the Group's future development.

In the *Process Technologies* segment, the associated Group company bdtronic GmbH and its subsidiaries focus on the development and production of machinery and equipment and related software solutions for high-precision production processes (especially dosing and impregnation), particularly in the automotive and electronics industries.

In the *Environmental Technologies* segment, the Group company Vecoplan AG and its subsidiaries develop and install machinery and equipment for the sustainable use of primary and secondary raw materials as well as biomass, especially for the recycling, energy and raw materials industries.

The *Evolving Technologies* segment combines Group companies in the fields of optical solutions, medical technology solutions, industrial robotics and automation and packaging solutions. The Group companies NSM Magnettechnik GmbH, Mess- und Regeltechnik Jücker GmbH, MA micro Automation GmbH and its subsidiaries, iNDAT Robotics GmbH and AIM Micro Systems GmbH are combined in this segment.

The Non-Core Business segment comprises the companies IWM Automation Bodensee GmbH, IWM Automation Group, MAX Automation (Asia-Pacific) Co., Ltd. in Hong Kong, MAX Automation Shanghai Co., Ltd. and ELWEMA Automotive GmbH. In September 2018, the Supervisory Board of MAX Automation SE decided that the Group would withdraw from the construction of special machines and assembly lines for automotive customers. The disinvestment processes of the specified companies were and still are connected to this decision.

The closure of IWM Automation Bodensee GmbH was completed on 31 December 2019. The planned closure of IWM Automation GmbH in Porta Westfalica should follow no later than the third quarter of 2020. Regarding MAX Automation (Asia-Pacific) Co., Ltd. in Hong Kong, the Supervisory Board of MAX Automation SE had decided in September 2019 to cancel the investment agreement with joint venture partner Roger Li Liujie in China. On 30 December 2019, a request for arbitration against joint venture partner Roger Li Liujie was filed with the Court of Arbitration in Hong Kong. The objective is the complete reversal of the February 2018 transaction that was based on the investment agreement. It was still not possible to complete the process of selling ELWEMA Automotive GmbH in the past financial year, but these efforts are continuing in 2020.

Strategic Positioning

A strategic orientation toward long-term growth industries is the basis of a sustainable growth strategy, making the MAX Group less susceptible to business volatility. The markets in which the MAX Group companies operate are characterized by intensive competition and ongoing technological progress. The Group companies strive to serve as the technology or quality leaders in their respective markets and sectors.

In its core business areas, MAX Automation benefits from long-term growth drivers. This includes such trends as electrification in the automotive area, the growing need for sustainability, as well as trends in demographic development and the related increasing health awareness of the population. Besides digitalization in industrial production and the associated networking of machinery and equipment, other trends involve rapidly growing industrial sectors such as micro-automation and robotics. The early identification of these trends and a corresponding strategic orientation are essential for the long-term business success of the MAX Group. MAX Automation assigns a high priority to the continuous refinement of its technologies as well as the development of innovative solutions in order to secure and expand the market positioning of the individual Group companies. The prerequisite for this is, not least, the active recruitment of talented individuals and top-notch professionals and thereby a corresponding branding of the Group companies.

The ambition of technology and quality leadership does not rest solely on the approach of developing technologically sophisticated automation solutions. The creation of customer-specific added value featuring high-quality solutions is an essential foundation for the strategic positioning of the MAX Group. Another aspect of this is that customers are addressed comprehensively across country and continental boundaries. The MAX Group operates globally in target markets in Europe, North and South America and Asia. The customer solutions are developed and produced primarily in Germany and to a lesser extent also at locations in the USA, Poland and Italy. An international network of sales and service locations, which is partly shared by the Group companies, is the basis for enabling the MAX Group to meet local customer requirements.

Financial performance indicators

MAX Automation SE uses financial control indicators for the control and evaluation of the operative business. These indicators are recorded on the level of the group companies and consolidated at MAX Automation SE.

The primary management of the MAX Group is based on the following key figures

- Order Intake/Order Backlog
- Revenues
- EBITDA/EBITDA margin
- Working Capital

The goal is to identify trends at an early stage by analyzing the key financial performance indicators and thereby ensure and increase the long-term profitability of MAX Automation SE. Non-financial key performance indicators are not used for the internal management of the group.

In 2019, the Group recorded the following changes in key indicators

	2019	2018	Change
	in mEUR	in mEUR	in %
Order Intake	379.9	407.6	-6.8
Order Backlog[1]	199.5	260.3	-23.4
Working Capital	72.0	67.9	5.9
Sales	425.5	404.9	5.1
EBITDA	-0.9	-20.3	95.6
EBITDA-Margin (in % of Sales)	-0.2%	-5.0%	

[1] as of 31. December 2019

In addition, the covenant agreements to the syndicated loan agreement are used to manage the MAX Group. The agreements include the equity ratio, the gearing ratio and the interest coverage ratio of MAX Group. Control is achieved by defining and checking target corridors.

Research and development

The MAX-Group serves a wide range of internationally renowned customers from various industries. They require automation solutions tailored to their individual needs based on the latest technologies and processes. The market environment of the Group companies is characterized by rapid technological change and intense competition. Also, political guidelines and regulations, especially in the waste and disposal industry, are drivers for customer-specific development processes.

Against this background, MAX Automation regards research and development (R&D) as an essential prerequisite for future success in its individual markets. As a lead company with a focus on strategy, MAX Automation SE does not conduct its own R&D. Rather the development activities of the Group are decentralized. Some of the Group companies have in-house capacity to this end in certain forms, such as specialist departments or technology centers. Most of their development work is carried out in the context of specific customer projects and is geared to the market situation and the needs of the customers. This also includes offering to do individual feasibility studies in advance. The MAX-Group companies do not conduct any fundamental research.

The subsidiaries are continuously expanding their technological expertise in order to fulfill their demand for technological or quality leadership. It stands to reason that they have a comparatively young product portfolio which is characterized by innovations.

Information on the development costs can be found in the Notes under other information on the Consolidated Financial Statement in the section on research and development.

GROUP ECONOMIC AND BUSINESS REPORT

General economic and business conditions

Overall economic environment

According to the International Monetary Fund (IMF), the global economy recorded its weakest growth in 2019 since the global financial crisis a decade ago.[1] According to a January 2020 update of the World Economic Outlook (WEO), global economic growth was down from 3.2% to 2.9% in the year elapsed. This equals a forecast correction of -0.1 percentage points compared to the WEO of October 2019.[2] Increasing trade restrictions and the associated uncertainties put a damper on business activity worldwide and lent momentum to the economic slowdown, particularly in the advanced economies and in China. Moreover, the weakness of the major emerging markets impacted global economic growth. Consequently, increasing uncertainty resulted in companies postponing investments, thereby weakening demand for machinery and equipment. As a result of sluggish demand for durable goods and weaker industrial production, global trade

1 https://blogs.imf.org/2019/12/18/2019-in-review-the-global-economy-explained-in-5-charts/
2 https://www.imf.org/en/Publications/WEO/Issues/2020/01/20/weo-update-january2020

stagnated in 2019. Central banks, including the U.S. Federal Reserve, the European Central Bank (ECB) and major emerging market central banks, reacted to the lackluster economy by lowering interest rates over the course of the year to counteract a stronger downturn. The IMF assessed the first signs of a bottoming out in the manufacturing sector and in world trade as positive, as well as encouraging news from the trade negotiations between the USA and China in addition to diminishing concerns about a "no deal Brexit".[3]

After several quarters of stronger-than-expected growth, the US economy slowed down, with the result that the IMF expects gross domestic product (GDP) in 2019 to be recorded 0.1 percentage points lower than its October forecast at 2.3%.[4] In 2018, US growth had still amounted to 2.9%.[5]

At 6.1%, economic growth in the People's Republic of China in 2019 remained unchanged from the October forecast and was down on the prior-year figure of 6.6%.[6] Weaker growth was attributable to regulations to curb debt and overall demand, which was burdened by increasing trade tensions. [7]

According to the IMF's unchanged January forecast, euro zone growth slackened from 1.9% to 1.2% in the past year.[8] This lower growth reflects a general slowdown in industrial production as a result of generally weaker foreign demand. In addition, the global impact of trade disputes and the significant slowdown in global automobile production also exerted a negative impact.[9]

In 2019, the German economy expanded for the tenth year in a row, with gross domestic product (GDP) up by 0.9%. According to the Federal Statistical Office (Destatis), however, in this longest growth phase of united Germany the economy lost momentum in the fiscal year elapsed compared to the previous year's figure of 1.5% and the average figure for the past ten years of +1.3%. Growth impulses in the year under review were generated in particular by stronger growth in consumer spending by the public sector and private households than in the two previous years. Exports also continued to develop positively with an increase of 0.9 % (adjusted for prices), although less vigorously than in 2018 at +2.1%.[10]

3 https://blogs.imf.org/2019/12/18/2019-in-review-the-global-economy-explained-in-5-charts/
4 https://www.imf.org/~/media/Files/Publications/WEO/2020/January/English/text.ashx?la=en
5 https://www.imf.org/~/media/Files/Publications/WEO/2019/October/English/text.ashx?la=en
6 https://www.imf.org/~/media/Files/Publications/WEO/2020/January/English/text.ashx?la=en
7 https://www.imf.org/~/media/Files/Publications/WEO/2019/October/English/text.ashx?la=en
8 https://www.imf.org/~/media/Files/Publications/WEO/2020/January/English/text.ashx?la=en
9 https://www.imf.org/~/media/Files/Publications/WEO/2019/October/English/text.ashx?la=en

10 https://www.destatis.de/DE/Presse/Pressemitteilungen/2020/01/PD20_018_811.html

Development of relevant industries

In 2019, the German mechanical engineering sector had to hold its own in an increasingly difficult sector environment. Impacted by the weak world economy, global trade disputes as well as far-reaching structural shifts in the automotive industry, order intake and production were below the previous year's level due to customers' reluctance to invest and postponed investments. According to figures available at the time of reporting on the 10-month period of 2019, order intake in the mechanical engineering sector was down by 9% year-on-year. The German Engineering Federation (VDMA) stated the production decline for 2019 as a whole at 2%.[1]

After a strong order backlog that was largely reduced over the course of the year, the German robotics and automation industry was no longer able to escape the economic slowdown in the mechanical and plant engineering sector. An autumn revival as in previous years did not materialize. In addition to a global economy that is losing momentum, saturation effects in important markets such as the production of smartphones burdened developments. Investment reticence was particularly impacted by uncertainties arising from the transformation of the automotive industry and the flaring up of trade disputes. With a look to 2019, according to the VDMA Robotics + Automation Association, sales are expected to decline by 5% to 14.3 billion euros.[2]

According to the German Association of the Automotive Industry (VDA), 2019 was a challenging year for the international automotive markets. The European passenger car market achieved a nominal sales increase of 1% over the previous year's level. By contrast, demand weakened in the USA, falling below the 17 million units mark for the first time since 2014 (-1%), as well as in China, where demand was down for the second time in recent decades (-10%).[3] In 2019, the

1 https://www.vdma.org/v2viewer/-/v2article/render/45913465
2 https://rua.vdma.org/viewer/-/v2article/render/45164151
3 https://www.vda.de/de/presse/Pressemeldungen/200116-Europ-Pkw-markt-2019-leicht-im-plus.html

German passenger car market achieved a 5% year-on-year increase in registrations to 3.6 million passenger cars. The last comparable market volume gain was recorded in 2009 with 3.8 million passenger cars. Domestic orders also developed positively, posting an increase of 6%, while orders from abroad were 2% below the level of the previous year.[4]

As the German High-Tech Industry Association SPECTARIS stated, the German medical technology sector achieved another record in 2019, posting an increase of around 6% above the 32 billion euro mark. Demand was stimulated by the digitalization of the health care system, global population growth in conjunction with rising prosperity in the emerging markets and demographic change in the developed economies. As a result of the new European Medical Device Directive (MDR), German medical technology companies also benefited from stockpiling prior to the UK's planned withdrawal from the EU and from bringing forward investments in China due to trade disputes with the USA.[5] Especially the German ophthalmic optics industry, which is important for MAX Automation, was able to record its most successful business year of the last decade. In an unbroken growth trend since 2011, the industry achieved sales gains of 5% to around 5 billion euros with gratifying growth in Europe, North America and Asia.[6]

Up to the publication of this annual report for the year 2019, the VDMA Waste and Recycling Technology Association expected stable sales growth of around 3% compared with the previous year's figure of EUR 2.9 billion, unchanged and for the third time in succession. Domestic demand for efficient plant technology benefited from the Packaging Act that came into force at the beginning of 2019. With a look to exports, the most important pillar of German waste and recycling technology, the VDMA trade association expected a renewed, slight increase in the export ratio to 67% by comparison with the previous year.[7]

4 https://www.vda.de/de/presse/Pressemeldungen/200106-Deutscher-Pkw-Markt-2019-im-Plus.html
5 https://www.spectaris.de/verband/aktuelles/detail/spectaris-bekanntgabe-zur-medica-deutsche-medizintechnik-mit-rekordzuwachs/
6 https://www.spectaris.de/verband/aktuelles/detail/deutsche-augenoptik-industrie-blickt-auf-ihr-erfolgreichstes-geschaeftsjahr-des-letzten-jahrzehnts/
7 https://www.vdma.org/v2viewer/-/v2article/render/30179238

Business development of the Group

MAX Automation has developed successfully in the 2019 transition year with the realignment to the three segments of the core business, *Process Technologies*, *Environmental Technologies* and *Evolving Technologies*. In its core business, the MAX Group benefited in particular from the subsidiaries' pronounced, in-depth know-how in areas of future-oriented technologies such as e-mobility, process automation and sustainability.

At the Group level (including non-core business), order intake of MAX Automation decreased by -6.8% to mEUR 379.9 (previous year: mEUR 407.6) in 2019. Core Business declined by -2.8% to mEUR 316.3 (previous year: mEUR 325.4). While *Environmental Technologies* reported significant growth in order intake, *Process Technologies* and *Evolving Technologies* were down year on year. As of December 31, 2019, order intake in core business decreased by -11.9% to mEUR 152.9 (previous year: mEUR 173.6) correspondingly, while remaining at a high level. At the Group level, order backlog was mEUR 199.5 (previous year: mEUR 260.3) as of December 31, 2019, and therefore was -23.4% below the previous year. Nevertheless, order development was in line with expectations with a book-to-bill-ratio of 0.89 (previous year: 1.01) since there still had been a higher comparison basis in particular for one-time projects in the *Evolving Technologies* segment in the previous year in particular.

In Non-Core Business of Max Automation, order intake decreased by -22.6% to mEUR 63.6 (previous year: mEUR 82.2) in 2019, which was impacted in particular by the announced closures of IWM Automation companies. Order intake in Non-Core Business declined as of 31 December 2019, with the gradual processing of ongoing projects in the companies to be closed by -46.2% to mEUR 46.6 (previous year: mEUR 86.7).

With regard to the 2019 financial year, the Managing Directors for the continuing operations, the core business, based on the portfolio at that time and the expectations for the overall economic developments as presented in the 2018 Management Report, had initially assumed consolidated revenues of more than mEUR 300 and EBITDA of more than mEUR 20 (excluding the transition effects of IFRS 16).

After the first nine months of 2019, on 22 October 2019, MAX Automation SE issued its forecast in concrete terms based on the positive business developments and the continued strong demand in its core business and raised its expectations for the full year 2019. Management forecasted higher revenues of mEUR 320 to mEUR 330 for the core business. Revenue of mEUR 400 to mEUR 420 was anticipated for the group as a whole (including non-core business). At the same time, management raised the outlook for earnings before interest, taxes, depreciation and amortization (EBITDA) to mEUR 26 to mEUR 28. With regard to the Group as a whole, EBITDA of minus mEUR 6 to minus mEUR 10 million was assumed. Both results did not yet take into account the expected effects of the first-time application of IFRS 16 (Leases) in the amount of mEUR 3 to mEUR 4.

The comparison of forecast and actual figures shows a slight increase in actual figures of 5.1% compared to the management's increased forecast to consolidated revenues of mEUR 425.5 (previous year: mEUR 404.0). Non-core business once again significantly burdened the entire Group in the course of the year. Measures implemented for overcoming operational problem areas in Non-Core Business could largely be implemented by the end of 2019. With regard to the Group as a whole, the operating loss could be decreased with an improvement by 95.6% to a consolidated EBITDA of mEUR -0.9 (previous year: mEUR -20.3), including the initial application of IFRS 16. The IFRS 16 effect was mEUR 4.0. The improvement of EBITDA to minus mEUR 6 to minus mEUR 10 promised by management was therefore exceeded at the Group level. The backdrop for this improvement is primarily an error correction according to IAS 8 that was carried out, which had a positive EBITDA effect in 2019 in the amount of mEUR 4.6.

A particularly encouraging sign was the development of the revenue situation of all three segments of core business with sharp increases in sales. In 2019, revenues in core business were up by 21.5% to mEUR 339,3 (previous year: mEUR 279.2) and thereby stood 2.8% above the elevated forecast. In core business, earnings before interest, taxes, depreciation and amortization (EBITDA) of mEUR 36.0 were recorded in 2019 at a plus of 133.7% (previous year: mEUR 15.4), including the initial application of IFRS 16 (Leases) of mEUR 3.1. Consequently, management expectations for the operating result of the *Process Technologies*, *Environmental Technologies* and Evolving Technologies segments were slightly exceeded, which can be traced back to an error correction according to IAS 8.

In Non-Core Business, revenues in 2019 fell by -29.7% to mEUR 89.8 (previous year: mEUR 127.7). The operative earnings before interest, taxes and depreciation (EBITDA) of mEUR -36.6 (previous year: mEUR -36.0), incl. initial application of IFRS 16 (Leases) had a negative effect, in particular, due to the costs of companies intended for closure and the completion of negative projects.

In summary, MAX Automation can look back on a good year despite all short- and medium-term challenges, which is mainly due to the positive developments in the core business. In a declining market environment, the Group was able to hold its ground and close the year above the revenues and earnings forecasts made.

Significant events for the course of business

The positive business developments in the year under review were fundamentally shaped by the Group's strategic and organizational realignment. The core of the measures was the focus on the three core business areas Process Technologies, Environmental Technologies and Evolving Technologies.

The clear focus on the three core business areas contributed significantly to lifting profitability in the Group. The discontinuation of non-core business companies that were no longer profitable or no longer suited to the strategic realignment proved expedient. In this context, the closure of IWM Automation Bodensee GmbH as of 31 December 2019 as well as the decision taken in September 2019 on closing IWM Automation GmbH by no later than 30 September 2020 should be mentioned.

The completed realignment and continued strong demand in the Process Technologies, Environmental Technologies and Evolving Technologies segments resulted in an increase in earnings expectations for the core business for the year as a whole at the beginning of the fourth quarter of 2019. The positive development was also bolstered by two major orders that the MAX Group companies received in the last quarter of 2019. Our company bdtronic, for example, is manufacturing systems for the production of electric motors for the premium car manufacturer Audi. The subsidiary MA micro automation GmbH is producing assembly systems for medical optical systems for a customer active in the medical technology sector.

Group accounting and scope of consolidation

MAX Automation SE has prepared the consolidated financial statements for the 2019 fiscal year in accordance with the provisions of the International Financial Reporting Standards (IFRS). The Company is thereby exempt from preparing consolidated financial statements in accordance with the provisions of the German Commercial Code (HGB). The figures for the previous year were also calculated in accordance with IFRS.

The Board of Directors of MAX Automation SE decided on 25 September 2018 that the Group will withdraw from the construction of special machines and assembly systems for automotive customers in the Mobility Automation division. In accordance with IFRS 5, the assets and liabilities of the Group companies to be sold were reported in total as discontinued operations for 2018. This meant that the sales and earnings contributions of the IWM Automation Group, ELWEMA Automotive GmbH and the 51% investment MAX Automation (Shanghai) Co., Ltd. were no longer included in the consolidated income statement. The earnings after tax of the companies to be divested were shown in a separate item after the earnings from continuing operations. The profit for the period of the Group as a whole was calculated as the sum of both results. In September 2019, the twelve-month period provided for in IFRS 5, during which the disposals should have taken place, ended. Accordingly, the previously explained presentation as discontinued operation was reversed. The respective comparative figures for the prior-year period have been restated accordingly. In the consolidated balance sheet as of 31 December 2018, the assets and liabilities of all companies are included in their original positions again, which were reported separately in the consolidated financial statements for 2018 as discontinued operations in a single item as "Assets held for sale" and as "Liabilities directly associated with assets held for sale".

In addition, due to an error correction in accordance with IAS 8, the "previous year's figures after adjustment" are shown adjusted in a third column next to "previous year's figures as reported". More detailed information on the correction of errors can be found in the notes to the consolidated financial statements.

Detailed information on the scope of consolidation is contained in the notes to the consolidated financial statements.

Revenues and result of operations

MAX Automation achieved a 5.3% increase in revenue to mEUR 425.5 in 2019 by focusing on growth areas in its core business at the level of the Group as a whole (previous year: mEUR 404.0).

At Group level, the export share of sales rose by 11.9% to 63.2% compared to 2018 (previous year: 56.5%). With an increase in sales in Germany, Europe, the USA and the rest of the world, MAX Automation was able to grow in all foreign markets except China.

The Group's total output in 2019 decreased by 1.5% to mEUR 399.3 (previous year: mEUR 405.3), primarily due to changes in inventories and other revenues. Other own work capitalized increased by 15.0% to mEUR 2.3 (previous year: mEUR 2.0).

MAX Automation's other operating income increased to mEUR 11.1 (previous year: mEUR 8.6). In particular, income from the reversal of provisions increased, whereas the previous year's figure included income from deconsolidation.

The item investment property mainly comprises the property on Kesselbachstrasse in Bermatingen, Germany, which is rented under a lease. As a result of the discontinuation of the operating business of IWM Automation Bodensee GmbH, the property is no longer subject to own use and has been classified as investment property since 30 June 2019 due to the intention to rent it. Due to the transfer of the property to investment property, the adjustment to fair value in the amount of mEUR 2.8 occurred outside profit or loss via the revaluation reserve as well as in the amount of mEUR 2.6 in profit or loss as a reversal of an impairment loss in other operating income. The figure in the previous year was zero.

Income from exchange rate differences increased to mEUR 0.7 (previous year: mEUR 0.5).

Cost of materials decreased at a Group level by 15.6% to mEUR -202.7 (previous year: mEUR -240.2). At 50.8%, the cost of materials ratio – in relation to total output – was below the level of the comparable period (previous year: 59.3%).

Personnel expenses increased by 11.4% to mEUR -139.1 (previous year: mEUR -124.9). This includes expenses for the closure of IWM Automation Bodensee GmbH, in particular for severance payments and the transfer company for employees. The personnel expenses ratio – in relation to total output – therefore rose to 34.8% (previous year: 30.8%).

As a result of lower impairments of goodwill, depreciation and amortization for the Group as a whole fell by 31.9% to mEUR -14.9 (previous year: mEUR -21.9). This includes the special amortization of the goodwill of IWM Automation GmbH.

Other operating expenses of the Group increased slightly to mEUR -69.4 (previous year: mEUR -69.0) mainly for warranties and maintenance. Expenses from exchange rate differences rose to mEUR -1.2 (previous year: mEUR -0.8). The balance of currency effects of mEUR -0.5 (previous year: mEUR -0.3) results in an other operating expense ratio of 17.4% of total output (previous year: 17.1%).

In Group earnings before interest, tax, depreciation and amortization (EBITDA), MAX Automation achieved a significant improvement to mEUR -0.9 by concentrating on its strong core business with reduced volatility and lower risk (previous year: mEUR -20.3). Accordingly, the EBITDA margin at Group level improved to 0.2% (previous year: -5.0%) based on revenue.

In 2019, Group earnings before interest and taxes (EBIT) improved to mEUR -15.8 (previous year: mEUR -42.1), so that the EBIT margin reached -3.7% in relation to revenue (previous year: -10.4%).

The Group financial result of mEUR -18.1 (previous year: mEUR -4.0) was burdened in particular by write-downs for a loan and the utilization of a bank guarantee for the at-equity investment MAX Automation (Asia Pacific) Co. Ltd. as well as by a payment claim against the former Group company NSM Packtec GmbH, which was sold on 9 March 2018.

In 2019, Group earnings before taxes (EBT) improved by 27.6% to mEUR -34.3 (previous year: mEUR -47.4).

The income tax expense of MAX Automation was mEUR -1.2 (previous year: mEUR 3.8). Income taxes also reflect losses from discontinued operations due to existing fiscal unity.

The MAX Group closed 2019 with a 18.6% improvement in net income to mEUR -35.5 (previous year: mEUR -43.6). This resulted in earnings per share of EUR -1.18 (previous year: EUR -1.32).

Asset position

As of 31 December 2019, the Group recorded a decline in total assets of 7.1% to mEUR 332.4 (31 December 2018: mEUR 357.9). Fixed assets (excluding deferred taxes) are financed through equity and non-current liabilities. Current assets cover current liabilities.

Non-current assets increased by 20.9% to mEUR 141.1 (31 December 2018: mEUR 117.0) particularly due to the valuation of rights-of-use assets at mEUR 17.2 (31 December 2018: mEUR 0) as a result of the first-time application of IFRS 16 (Leasing). Intangible assets decreased by 52.0% to mEUR 6.8 (31 December 2018: mEUR 14.1). Mainly due to the special amortization of goodwill from IWM Automation Bodensee GmbH, goodwill decreased by 6.5% to mEUR 46.2 (31 December 2018: mEUR 49.4). Retained earnings increased by 33.0% to mEUR 46.3 (31 December 2018: mEUR 34.8).

Investment property, with the recognition of the property intended for rental from leases from IWM Automation Bodensee GmbH amounted to mEUR 7.5 (31 December 2018: mEUR 1.3). Long-term financial assets accounted for using the equity method decreased to mEUR 0 with the sale of the non-controlling interest in ESSERT GmbH (31 December 2018: mEUR 2.4). At mEUR 6.7, the value of other long-term financial assets was 5.7% below the previous year due to the issuance of a loan to the former non-controlling interest ESSERT GmbH (31 December 2018: mEUR 7.1).

Deferred tax assets increased by 38.4% to mEUR 10.4 (31 December 2018: mEUR 7.5), in particular due to higher losses carried forward.

Overall, the share of non-current assets in total assets rose to 42.5% (31 December 2018: 32.6%). Current assets fell by 20.7% to mEUR 191.0 (31 December 2018: mEUR 241.0), mainly due to the 37.0% reduction in inventories in the companies to be closed down and the error corrections in accordance with IAS 8 to mEUR 54.0 (31 December 2018: mEUR 84.8). Contractual assets were recorded with a decrease of 30.3% to mEUR 41.0 (31 December 2018: mEUR 58.8). Trade receivables decreased by 16.1% to mEUR 45.4 (31 December 2018: mEUR 54.1), mainly due to the forthcoming closures of the IWM Automation companies.

Tax receivables increased by 16.8% to mEUR 7.1 (31 December 2018: 6.1 mEUR).

As 31 December 2019, cash and cash equivalents increased by 21.1% to mEUR 40.6 (December 31, 2018: mEUR 33.5). Overall, the share of current assets in total assets fell to 57.5% (31 December 2018: 67.4%).

At the Group level, working capital rose by 5.9% to mEUR 72.0 (31 December 2018: mEUR 67.9). While working capital in non-core business decreased with the decline in new business due to the planned closures and final acceptance of open projects, working capital in the core business areas increased due to upfront expenditures for new orders.

Financial position

The capital structure in the MAX Automation Group in 2019 fiscal year was influenced in particular by the restructuring of non-core business. Accordingly, the equity of MAX Automation as of 31 December 2019, decreased by -18.9% to mEUR 67.9 (31 December 2018: mEUR 83.6). The MAX Automation Group thereby reported an equity ratio of 20.4% at the end of the year (31 December 2018: 23.4%).

Retained earnings decreased by 17.4% to mEUR 24.1 (31 December 2018: mEUR 29.2). The application of IAS 16 resulted in the recognition of a revaluation reserve of mEUR 11.3 for land and buildings (31 December 2018: mEUR 0). As a result of the sale of the non-controlling interest in ESSERT GmbH, a positive valuation difference of mEUR 0.3 was recorded for third-party interests (31 December 2018: mEUR -4.5).

As of 31 December 2019, the MAX Automation Group recorded a net loss of mEUR -16.9 (31 December 2018: retained profit of mEUR 10.7).

Non-current liabilities increased by 54.0% to mEUR 152.5 (31 December 2018: mEUR 99.0). In particular, non-current liabilities to banks increased by 57.1% to mEUR 120.6 (31 December 2018: mEUR 76.8). Other non-current financial liabilities decreased to mEUR 0.3 with the termination of the investment agreement in connection with MAX Automation (Shanghai) Co. Ltd. (31 December 2018: mEUR 8.0). Other long-term provisions decreased by 15.9% to mEUR 4.2 due to the termination of long-term guarantee liabilities (31 December 2018: mEUR 5.0). Deferred tax liabilities increased by 58.7% to mEUR 10.9 with the revaluation in accordance with IAS 16 (31 December 2018: mEUR 6.9).

Current liabilities decreased by -36.1% to mEUR 112.0 (31 December 2018: mEUR 175.3). Trade payables decreased by -50.4% to mEUR 49.8 in particular due to the planned closure of the IWM Automation companies (previous year: mEUR 100.5).

Current liabilities due to banks decreased by 75.1% to mEUR 1.3 (31 December 2018: mEUR 5.3). Other current financial liabilities decreased by 21.8% to mEUR 15.7 (31 December 2018: mEUR 20.1). This included obligations of mEUR 4.0 from purchase agreements in the previous year. Provisions and liabilities from income taxes decreased to mEUR 2.2 (31 December 2018: mEUR 4.3).

Gross debt (current and non-current liabilities to banks) increased by 48.5% to mEUR 121.9 (31 December 2018: mEUR 82,1).

At mEUR 81.3 at the end of the year, net debt was higher than the previous year (31 December 2018: mEUR 48.6).

Liquidity development

The MAX Automation Group recorded a cash outflow from operating activities for 2019 of mEUR -20.9 (cash inflow from the previous year: mEUR 20.6). The outflow in the period under review resulted in particular from the negative, cash-effective annual result with a constant need for working capital slightly above the previous year's level.

Investment activities resulted in an outflow of funds of mEUR 10.3 (previous year: mEUR 13.5). Of this amount, mEUR 6.2 was mainly attributable to investments in property, plant and equipment and mEUR 2.2 to payments for loans granted to ESSERT GmbH. In the previous year, payments of mEUR 10.8 were made for the acquisition of MAX Automation (Shanghai) Co. Ltd. and inflows of mEUR 2.9 were received from the sale of NSM Packtec GmbH.

The cash inflow from financing activities in 2019 was mEUR 38.8 (cash inflow from the previous year: mEUR 0.1) and reflects the increased utilization of the syndicated loan. The dividend payment of mEUR -4.4 also occurred in 2018. The distribution of a dividend was suspended in 2019.

Overall, there was a cash-effective increase in cash and cash equivalents of mEUR 7.6 in the 2019 fiscal year (previous year: mEUR 7.2). After taking into account changes in cash and cash equivalents of mEUR 0.6

due to exchange rate movements and changes in the scope of consolidation, cash and cash equivalents as of 31 December 2019, were up by mEUR 40.6 (31 December 2018: mEUR 33.5).

Segment reporting

MAX Automation SE and its Group companies serve the demand for technologically complex and innovative components and system solutions for efficient, flexible and networked automation in industrial production. The individual companies focus on solutions for specific sectors.

In the Process Technologies segment, the Group company bdtronic GmbH and its subsidiaries focus on the development and production of machinery and equipment and the associated software solutions for high-precision production processes (especially dosing and waterproofing), particularly in the automotive and electronics industries. With the solutions it offers, the segment benefits from global trends in the automotive sector towards high-performance driver assistance systems, electric drives and customer-specific, freely configurable devices.

In the Environmental Technologies segment, the Group company Vecoplan AG and its subsidiaries develop and install machinery and equipment for the sustainable use of primary and secondary raw materials, especially for the recycling, energy and raw materials industries. The segment offers various solutions for the efficient recycling of resources and waste with the aim of returning them to the production cycle or using them as substitute fuel for energy recovery. In view of increasingly scarce natural resources, the growing world population and rising energy consumption, sustainability has become a trend that, according to this segment's view, is increasingly becoming a factor in purchasing decisions.

The Evolving Technologies segment combines Group companies in the fields of optical solutions, medical technology solutions, industrial robotics and automation and packaging solutions. This segment comprises the Group companies NSM Magnettechnik GmbH, Mess- und Regeltechnik Jücker GmbH and MA micro automation GmbH and their subsidiaries iNDAT Robotics GmbH and AIM Micro Systems GmbH. The range of services includes the development and production of integrated assembly systems including the integration of robotics solutions, the development of control software and the provision of maintenance services. The segment offers solutions for the global trend toward automation and digitization in production. With solutions for medical technology, this segment also benefits from the growing global population and longer life expectancy, as well as the associated rise in demand for self-diagnostics and self-medication solutions.

In September 2018, the Supervisory Board of MAX Automation SE decided that the Group would withdraw from the construction of special machines and assembly lines for automotive customers. The companies IWM Automation Bodensee GmbH, IWM Automation Group, MAX Automation (Asia-Pacific) Co., Ltd in Hong Kong and MAX Automation Shanghai Co., Ltd as well as ELWEMA Automotive GmbH are combined in this Non-Core Business segment.

Process Technologies segment

Order intake in the Process Technologies segment fell by 10.3% to mEUR 62.5 (previous year: mEUR 69.7) as a result of orders placed by customers in 2020. Overall, however, the decline in order intake was less than the industry average, as the segment's waterproofing technology and proprietary dosing technology serve demand from important growth areas such as e-mobility. Particularly noteworthy is the large-volume order in October 2019 for the e-mobility platform of the automobile manufacturer Audi. As of 31 December 2019, the order backlog decreased by 31.3% to mEUR 24.7 due to the processing of existing orders (31 December 2018: mEUR 36.0).

The Process Technologies business unit made a strong contribution with an increase of 36.8% to mEUR 73.4 (previous year: mEUR 53.7), the largest contribution to the growth of Group revenue. Process Technologies generated 63.6% of its revenues outside of Germany (previous year: 59.1%).

In 2019, operative earnings before interest, taxes, depreciation and amortization (EBITDA) for the Process Technologies business unit rose by 23.9% to mEUR 14.8 (previous year: mEUR 12.0). As a result of expansion investments in production facilities, the EBITDA margin fell by 9.1% to 20.0% (previous year: 22.0%).

Working capital rose by 41.4% to mEUR 16.6 due to advance payments for new orders (previous year: mEUR 11.8).

The average number of employees excluding trainees in the Process Technologies segment rose by 22.2% to 368 in 2019 with the expansion of business activities (previous year: 301).

Environmental Technologies

At 21%, order intake in the Environmental Technologies segment rose better than the industry average to mEUR 140.3 thanks to its positioning with innovative products, especially for solutions for the sustainability and recycling megatrends (previous year: mEUR 116.0). In this context, Vecoplan AG and its subsidiaries benefited in particular from major projects in the USA and an increase in underlying business. Environmental Technologies recorded a 37.5% increase in the order backlog to mEUR 47.5 (31 December 2018: mEUR 34.6).

Environmental Technologies achieved an increase in revenues of 15.4% to mEUR 127.6 (previous year: mEUR 110.6), with 83.1% of the revenues (previous year: 79.8%) generated outside of Germany.

In 2019, operative earnings before interest, taxes, depreciation and amortization (EBITDA) for the Environmental Technologies segment rose by 28.8% to mEUR 12.9 (previous year: mEUR 10.0). The reason for the year-on-year increase in EBITDA was the higher revenue and the focus on more profitable projects and high-margin services, which also further improved the EBITDA margin by 11.1% to 10.0% (previous year: 9.0%).

Working capital rose by 22.4% to mEUR 17.6 due to advance payments for new orders (previous year: mEUR 14.4).

The average number of employees excluding trainees in the Environmental Technologies segment rose by 7.7% to 404 in 2019 with a well-filled order pipeline (previous year: 375).

Evolving Technologies

In the Evolving Technologies segment, order intake decreased by 18.8% to mEUR 113.5 versus a higher basis of comparison from special projects in the previous year (previous year: mEUR 139.7). Nevertheless, all areas of Evolving Technologies showed an encouraging development in demand; adjusted for a one-off major order in the medical technology sector in the same period of the previous year (mEUR 33.0), Evolving Technologies recorded a significant improvement in the order situation with an increase of 6.4%. The receipt of a major order in the low double-digit millions from the USA for medical technology optical systems in the fourth quarter of 2019 contributed to this. Overall, Evolving Technologies recorded a 21.7% decrease in the order backlog to mEUR 80.7 (31 December 2018: mEUR 103.1).

With the increasing importance of automation, especially in medical technology and the automotive supply industry, the Evolving Technologies division achieved a 19.4% increase in sales to mEUR 136.2 (previous year: mEUR 114.1). Evolving Technologies thereby made the largest contribution to Group revenue in the reporting period.

Due to a higher basis of comparison in the previous year, Evolving Technologies generated 31.0% of its revenues outside of Germany in 2019 (previous year: 46.5%).

In 2019, operative earnings before interest, taxes, depreciation and amortization (EBITDA) for the Evolving Technologies division rose to mEUR 16.9 taking into account special effects from fair value measurements and an error correction according to IAS 8 in the previous year (previous year: mEUR 2.9), which also increased the EBITDA margin to 12.4% (previous year: 2.6%).

Due to the increase in capital-intensive orders in the robotics segment, working capital rose to mEUR 7.7 (previous year: minus mEUR 0.6), but remained at a relatively low level overall due to the high advance payments for orders in the medical division.

The average number of employees excluding trainees in the Evolving Technologies segment in 2019 was almost unchanged at 549 (previous year: 547).

Non-Core Business

In the Non-Core Business segment, order intake fell by 22.6% to mEUR 63.6 due to the announced closures of the IWM Automation companies (previous year: mEUR 82.2). With the successive completion of ongoing projects in the companies to be closed, Non-Core Business recorded an overall decline in the order backlog of 46.2% to mEUR 46.6 (31 December 2018: mEUR 86.7).

The Non-Core Business segment recorded a decline in revenues of 29.7% to mEUR 89.8 (previous year: mEUR 127.7). The segment generated 82.6% of its revenues in international business, driven by ELWEMA Automotive GmbH (previous year: 64.8%).

For operative earnings before interest, taxes, depreciation and amortization (EBITDA) for 2019, the segment posted a further decrease of 1.5% to minus mEUR 36.6 (previous year: minus mEUR 36.0). Due to the decreased profitability of still existing projects, the EBITDA margin fell further to -41.0% (previous year: -28.0%).

Working capital in non-core business fell by 28.6% to mEUR 31.2 due to the decline in new business as a result of the planned closures and final acceptance of projects still open (previous year: mEUR 43.7).

The average number of employees excluding trainees in the Non-Core Business segment fell by 11.5% to 486 in 2019 (previous year: 550).

INVESTMENTS

MAX Group invested EUR 8.5 million in non-current assets in the 2019 financial year, compared with EUR 24.8 million in the previous year. Investments mainly related to IT, technical equipment and machinery as well as plant and business equipment.

Detailed information on the investments in the segments can be found in the segment reporting attachment.

PERSONNEL REPORT

In 2019, the MAX Automation Group with its Group companies responded to the requirement - as in previous years - to adjust the number of employees in line with business and operational developments in an appropriate manner.

As of December 31, 2019, the Group had a total of 2,023 employees including trainees (December 31, 2018: 1,977). Of these employees, 1,518 (December 31, 2018: 1,426) were active in the core business areas *Process Technologies*, *Environmental Technologies* and *Evolving Technologies*.

The average number of employees - excluding trainees – was up by 2.4% to 1,816 employees (previous year: 1,773). Of these, 1,321 employees were assigned to the core business areas (previous year: 1,223). The increase in the number of employees is mainly due to the recruitment of experienced engineers and software developers.

The strategic growth targets of MAX Group call for strong performance motivation on the part of our employees and qualified specialists. In order to counteract the expected shortage of skilled workers, almost all MAX companies engage in active training. At the same time, the respective personnel policy includes high training standards and the promotion of young talent. The MAX Automation Group employed 140 trainees as of the 2019 balance sheet date (previous year: 137).

MAX Automation perceives its employees in the Group companies and in the holding company as essential resources for business success. Consequently, the company aims to create attractive and comprehensive opportunities for professional and personal development and thereby to promote the bond of qualified and committed employees to the MAX Group. Our employees have access to an extensive range of further training offerings and opportunities to develop their skills and abilities.

MAX AUTOMATION SE

The Annual Financial Statement of MAX Automation SE was prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch - HGB). The regulations set out in the German Stock Corporation Act (Aktiengesetz - AktG) were also followed. The Annual Financial Statement was prepared in accordance with the regulations for large corporations.

Earnings situation and appropriation of profits

The earnings situation of MAX Automation SE is highly dependent on the development of the results of the subsidiaries. Control and profit and loss transfer agreements were concluded with three subsidiaries (IWM Automation GmbH, bdtronic GmbH and NSM Magnettechnik GmbH) by resolution of the Annual General Meeting on 18 May 2018. The distributions of the other companies to the parent company are based on the results and take into account the future investment requirements of the subsidiaries.

The development of the subsidiaries' earnings situation is shown in the segment report. The following figures are based on the commercial results of MAX Automation SE.

MAX Automation SE reports income from profit transfers of mEUR 12.2 (previous year: mEUR 14.7) as well as expenses from profit transfers of mEUR 12.4 (previous year: mEUR 12.6) and investment income of mEUR 0 (previous year: mEUR 2.4) in the 2019 fiscal year.

Sales revenues, which mainly include group allocations with affiliated companies, amounted to mEUR 3.3 (previous year: mEUR 3.1).

Write-downs of current assets amounting to mEUR 9.2 (previous year: mEUR 0) include the write-down of the recovery claim towards MAX Automation (Shanghai) Co. Ltd from a drawdown of a bank guarantee amounting to mEUR 4.5 as well as a valuation allowance for a loan towards the buyer of Finnah PacktecGmbH (previously: NSM Packtec GmbH) amounting to mEUR 0.7 and the valuation allowance for a recovery claim towards the buyer of Finnah Packtec GmbH (previously: NSM Packtec GmbH) from the drawdown of an advance payment bond amounting to mEUR 4.0.

Other operating expenses rose from mEUR 7.7 to mEUR 9.6 mainly due to the use of restructuring advice at subsidiaries and legal advice in connection with legal disputes.

The loss from the sale of financial assets amounting to mEUR 1.7 includes the sale of minority shares of ESSERT GmbH.

The net interest result stood at mEUR -0.8 after mEUR +0.1 in the previous year. This mainly includes expenses for the syndicated loan and interest income from affiliated companies.

Write-downs of financial assets of a total of mEUR 22.9 (previous year: mEUR 0) include valuation allowances in connection with the investment in MAX Automation (Asia Pacific) Co. Ltd, Hong Kong, amounting to mEUR 12.8 and a write-down of the investment in IWM Automation GmbH, Porta Westfalica, amounting to mEUR 6.9 and value allowances for liabilities of Finnah Packtec GmbH (previously NSM Packtec GmbH) assigned to Max Automation GmbH amounting to mEUR 4.9 which should be considered a loan, economically speaking.

The Company reported earnings before taxes of mEUR -44.0 (previous year: mEUR -1.8). Tax income of mEUR 0 was reported (previous year mEUR 1.2).

The annual result amounts to mEUR -44.0 (previous year: mEUR -0.6). No distributions were made in the 2019 financial year from the net retained profits of the previous year.

Assets and financial position

As of 31 December 2019, the balance sheet total of MAX Automation SE stood at mEUR 238.8. This corresponds to a decrease of mEUR 5.3 to the reporting date of the previous year (mEUR 244.1).

Receivables and other assets were up from mEUR 125.4 to mEUR 139.6. This includes mEUR 114.0 from receivables from subsidiaries from syndicated financing (previous year: mEUR 97.5). Cash and cash equivalents amounted to mEUR 5.0 on the reporting date (previous year: mEUR 8.3).

MAX Automation SE reports equity of mEUR 65.3 as of 31 December 2019 (previous year: mEUR 109.3). The equity ratio was 30.1% (previous year: 44.8%).

Liabilities to banks as of 31 December 2019, were up from mEUR 74.0 to mEUR 119.9119.9 Mio. Euro. These have a term until 2022 or 2024 including an extension option. As of 31 December 2019, liabilities to subsidiaries amounted to mEUR 37.2, compared to mEUR 51.3 in the prior year, and mainly comprise loans/contributions granted.

The asset, financial and profit situation of MAX Automation SE is in order.

NON-FINANCIAL GROUP REPORT ACCORDING TO SECTION 315B HGB

The non-financial group report according to Section 315B HGB of MAX Automation SE is based on the standard of the German Sustainability Code and provides information in a separate non-financial report about the companies listed in accordance with sections 289 a-e HGB in conjunction with Section 315 b-c HGB.

The separate non-financial report of MAX Automation can be viewed on the Internet under the link https://www.maxautomation.com/de/ueber-max-automation/nachhaltigkeit/ and is deposited in the Federal Gazette.

In its meeting on 10 March 2020, the Supervisory Board of MAX Automation dealt intensively with the structure and content of the separate non-financial report. Subsequent to detailed discussion and examination, the Supervisory Board approved the separate non-financial report of MAX Automation SE. Following the successful reorientation of the MAX Group, the Supervisory Board declared aim is to further underpin sustainability reporting with defined performance indicators in the coming years.

The auditing company PriceWaterhouseCooper GmbH was not assigned to audit the separate non-financial report of MAX Automation SE.

DISCLOSURES PURSUANT TO SECTION 315A (1) HGB AND SECTION 289A (1) HGB

(also the explanatory report of the Supervisory Board pursuant to Section 48 (2) sentence 2 SEAG in conjunction with Section 176 (1) sentence 1 AktG)

Pursuant to Section 289a (1) and Section 315a (1) of the German Commercial Code (HGB), listed parent companies are required to provide information in the Group management report on the composition of capital, shareholders' rights and their restrictions, shareholdings and Managing bodies of the company that constitute takeover-relevant information.

The legal representatives of a corporation headquartered in Germany whose voting shares are admitted to a regulated market within the meaning of Section 2 (7) of the German Securities Acquisition and Takeover Act (WpÜG) must provide such information, regardless of whether a takeover bid has been made or is expected. The purpose of the information is to enable potential bidders to obtain a comprehensive picture of the company and of any obstacles to the takeover.

In accordance with Section 48 (2) sentence 2 of the European Company Statute Implementation Act (SEAG) in conjunction with Section 176 (1) sentence 1 of the German Stock Corporation Act (AktG), the Supervisory Board must make an explanatory report available to the Annual General Meeting on the information provided. The disclosures pursuant to Sections 315a (1) HGB and 289a (1) HGB are summarized below together with the corresponding explanations in accordance with Section 48 (2) sentence 2 SEAG in conjunction with Section 176 (1) sentence 1 AktG.

a) Composition of the subscribed capital

The subscribed capital (share capital) of MAX Automation SE amounts to 29,459,415 euro and is divided into 29,459,415 no-par shares, each of which grants the same rights, particularly the same voting rights. Each share grants one voting right in this respect. The shares are registered shares. There are no different classes of shares. Each no-par share has a notional amount in the share capital of 1.00 euro each. The company currently holds no treasury shares. MAX Automation SE is listed on the stock exchange (Prime Standard segment of Deutsche Börse AG).

b) Restrictions on voting rights and transfer

The Supervisory Board is not aware of any restrictions affecting voting rights or the transfer of shares.

c) Shareholdings in capital exceeding 10% of the voting rights

To the knowledge of the Supervisory Board and on the basis of notifications received by the company under securities trading law, there is an interest in the share capital of MAX Automation SE that exceeds 10% of the voting rights. Orpheus Capital II GmbH & Co. KG, domiciled in Hamburg, holds [34.92]% of the voting rights in MAX Automation SE. The voting rights are attributable to Mr. Oliver Jaster via Günther SE with domiciled Bamberg, Günther Holding SE domiciled in Hamburg and Orpheus Capital II Management GmbH domiciled in Hamburg.

Further details are explained in the notes to the financial statements in the overview under "Notifiable shareholdings pursuant to Section 160 (1) no. 8 AktG".

d) Shares with special rights conferring controlling powers

There are no shares with special rights conferring controlling powers.

e) Voting rights control for employee participation

The Supervisory Board is not aware of any employees holding an interest in the capital of the Company who do not directly exercise their control rights.

f) Appointment and dismissal of Managing Directors and amendments to the Articles of Association

At MAX Automation SE, as a company with a monistic corporate governance and control structure, the disclosure obligation pursuant to Section 48 (2) sentence 2 of the SEAG and Section 176 (1) sentence 1 of the AktG in conjunction with Section 289a (1) no. 6 of the HGB and Section 315a (1) no. 6 of the HGB relating to the appointment and dismissal of members of the Management Board relates to the Managing Directors. Their appointment is governed by Art. 43 SE Regulation and Section 40 SEAG. According to Section 11 (1) sentence 1 of the Articles of Association, MAX Automation SE has one or more Managing Directors; this applies irrespective of the amount of the share capital. According to Section 11 (2) sentence 1 of the Articles of Association, the Supervisory Board shall determine the number of Managing Directors. The appointment and dismissal of the Managing Directors is carried out in accordance with the statutory provisions of Section 40 (1) sentence 1 and (5) sentence 1 of the SEAG in conjunction with Section 11 (2) and (4) of the Articles of Association. Accordingly, with the exception of a legal replacement appointment pursuant to Section 45 of the SEAG, the Supervisory Board alone is responsible for the appointment and dismissal of Managing Directors.

According to Section 11 (3) sentence 1 of the Articles of Association, the Supervisory Board shall appoint Managing Directors for a maximum of five years. According to Section 11 (3) sentence 2 of the Articles of Association, reappointment is permitted for another maximum of five years. Pursuant to Section 11 (2) sentence 2 of the Articles of Association, the Supervisory Board may appoint an Managing Director as Chairman and an Managing Director as Vice Chairman of the Managing Directors.

The maximum possible appointment period of five years is not the rule for initial appointments. Pursuant to Section 11 (4) of the Articles of Association, in deviation from Section 40 (5) SEAG, the appointment may only be revoked for good cause within the meaning of Section 84 (3) AktG or in the event of termination of the employment contract, for which in each case a resolution of the Supervisory Board is required with a simple majority of the votes cast.

Pursuant to Art. 59 SE Regulation, Section 51 SEAG and Section 17 (1) sentence 2 of the Articles of Association, the amendment of the Articles of Association of MAX Automation SE requires a majority of two thirds of the votes cast or, if at least half of the share capital is represented, a simple majority of the votes cast, unless mandatory legal provisions require otherwise. Furthermore, pursuant to Section 179 (2) sentence 2 AktG in conjunction with Section 17 (1) sentence 3 of the Articles of Association, a simple majority of the capital represented is sufficient, unless the law mandates a larger capital majority. If not all of the share capital is represented at the Annual General Meeting, it is conceivable that a shareholder with less than 50% of the voting rights may use his or her own votes to push through certain amendments to the Articles of Association. Pursuant to Section 22 (6) SEAG and Section 179 (1) sentence 2 AktG in conjunction with Section 17 (2) of the Articles of Association, the Supervisory Board is authorized to make amendments to the Articles of Association that merely affect the wording. Otherwise, the statutory provisions of Art. 57 and 59 of the SE Regulation and Section 51 of the SEAG apply.

g) Powers of the Supervisory Board to issue and buy back shares

Pursuant to Article 5 (7) of the Articles of Association, the Supervisory Board is authorized to increase the share Capital of the Company once or several times until 17 May 2024, by up to a total of 4,418,812.00 euro by issuing new bearer shares in return for cash contributions (Authorized Capital 2019).

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

if the new shares are issued at a price that is not substantially less than the stock market price, and the shares issued pursuant to Section 186 (3) (4)

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

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

The Supervisory Board has not yet made use of the authorization pursuant to Section 5 (7) of the Articles of Association (Authorized Capital 2019).

h) Material agreements of the company subject to change of control

MAX Automation SE is the borrower of a syndicated loan. In the event of a change of control, the lenders are entitled to demand early repayment of all balances plus interest, commission and all other amounts due within 15 days. The prerequisite for a change of control is that one person or a group of persons acting jointly (with the exception of Oliver Jaster or companies in which he holds a majority interest) directly or indirectly owns 50% or more of the shares and/or voting rights in MAX Automation SE; for information on the utilization of the loan, please refer to the notes to the consolidated financial statements in the section "Long-term loans". There are no other material agreements of the Company that are subject to the condition of a change of control following a takeover bid.

i) Compensation agreements in the event of a change of control

At MAX Automation SE, as a company with a monistic corporate governance and control structure, the disclosure obligation pursuant to Section 289a (1) No. 9 of the HGB with regard to the disclosure of compensation agreements of the parent company that have been concluded with the members of the Managing Board in the event of a takeover bid relates to the Managing Directors. The company has no compensation agreements with the Managing Directors or employees in the event of a takeover bid.

CORPORATE GOVERNANCE STATEMENT (SECTION 289F HGB AND SECTION 315D HGB)

The Corporate Governance Statement required under Section 289f HGB and Section 351d HGB was issued by the Supervisory Board in February 2020 and can be accessed on the Internet under the following link: www.maxautomation.com/de/investor-relations/corporate-governance/. The Company also published a Corporate Governance Report in connection with the Corporate Governance Statement. The Corporate Governance Report is included in the 2019 Annual Report.

DEPENDENCY REPORT

a) Statement on the report issued by the Executive Directors on relations with affiliated companies pursuant to Section 312 AktG

In the financial year of 2019, MAX Automation SE was a controlled enterprise, as defined in Section 17 AktG, of Günther Holding SE, Hamburg, Germany. The Executive Directors of MAX Automation SE have therefore prepared a report on relations with affiliated enterprises in accordance with Section 312 (1) AktG which contains the following concluding statement:

"We declare that, in the legal transactions and actions undertaken from 1 January to 31 December 2019 and listed in the report on relations with affiliated companies, the Company received appropriate consideration for each legal transaction in accordance with the circumstances known to us at the time at which the legal transactions were carried out or the actions taken or omitted. To the extent that the Company has been disadvantaged as a result, it has been granted a legal claim to an adequate benefit by way of compensation before the end of the financial year of 2019. The Company has not been disadvantaged by the fact that actions were taken or omitted."

REPORTING ON BOARD MEMBERS' COMPENSATION

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board for 2019 was kEUR 273 (kEUR 232). In addition to reimbursement of their expenses, the Chairman of the Supervisory Board will receive kEUR 120, the Vice Chairman of the Supervisory Board kEUR 60 and the remaining members of the Supervisory Board, with the exception of the Managing Director, kEUR 40 after the end of the fiscal year.

For the individual members of the Supervisory Board, this resulted in the following remuneration for the 2019 fiscal year:

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

The above table includes fixed remuneration for the Supervisory Board mandates of Vecoplan AG for Mr. Lerch in the amount of kEUR 12 for the 2018 fiscal year.

The members of the Supervisory Board received no loans or advances in the 2019 fiscal year.

Compensation report

The remuneration system of MAX Automation SE is based on the principles of appropriateness and sustainability. The amount of the total remuneration takes into account in particular the duties of the Managing Director, his personal performance, the economic situation, the success and future prospects of the company including the market environment, the wage and salary structure in the company and the remuneration in other companies of comparable size and industry.

The total remuneration of the Managing Directors includes non-performance-related and performance-related components. The objectives set by the Supervisory Board as part of the performance-related remuneration components are designed to provide sustainable and long-term performance incentives to increase the profitability and value of the MAX Group as a whole, thereby generating added value for all stakeholders.

The overall remuneration structure is geared towards sustainable corporate development. Fixed remuneration accounts for a significant proportion of the total remuneration. The performance-related remuneration components also include some with a multi-year assessment basis. Their proportion is becoming increasingly important due to the length of the assessment period with an annual grant. The employment contracts of the Managing Directors contain provisions under which an appropriate reduction in remuneration is permissible if the situation of the company deteriorates to such an extent that the continuation of remuneration would be unreasonable. The remuneration regulations also have a cap on both the performance-related components and the total remuneration.

The non-performance-related parts of the remuneration consist of a fixed remuneration in the form of the annual fixed salary, which is paid monthly on a pro rata basis, and ancillary benefits (including the use of a private use of company car, insurance premiums and rent subsidies for housing). The performance-related remuneration consists of a one-year variable remuneration (Short Term Incentive Plan "STIP") and a multi-year variable remuneration (Long Term Incentive Plan "LTIP"). STIP is granted annually and LTIP is granted after the end of the respective terms of three or four years. For the 2019 fiscal year, the Managing Directors will be granted the variable compensation for the entire fiscal year, regardless of whether they take up the position of Managing Director.

Payment of the STIP is linked to the achievement of financial performance targets for the respective fiscal year. The target amount (amount paid out on 100% target achievement) of the STIP was set by the Supervisory Board as a percentage of the annual fixed salary or as a euro amount. In setting the target amount, the Supervisory Board has taken into account, among other things, the tasks and performance of the Managing Director and his influence on the value chain. The performance targets relate to EBIT and RoCE (return on capital employed), both with regard to the Group. The target values are determined annually at the beginning of the fiscal year by the Supervisory Board, which also sets minimum values below which no payout is made and maximum values above which the payout amount is 150% of the target amount (cap). In this respect, the payout range is between 0% and 150% of the target amount.

Payment of the LTIP is linked to the achievement of financial performance targets that are measured over a period of three or four fiscal years, beginning with the fiscal year in which the respective tranche is granted. As with the STIP, the target amount (amount paid out on 100% target achievement) of the LTIP was set by the Supervisory Board as a percentage of the annual fixed salary or as a euro amount. For the LTIP as well, the Supervisory Board has taken into account, among other things, the tasks and performance of the Managing Director and his influence on the value chain in setting the target amount. The performance targets relate to revenue growth and what is known as "MAX added value", which includes RoCE (return on capital employed), WACC (weighted average cost of capital) and the amount of capital employed, in each case with regard to the Group. The target values are determined by the Supervisory Board at the beginning of the first fiscal year of the three- or four-year term. As with the STIP, the Supervisory Board also sets minimum values below which no payout is made and maximum values above which the payout amount is 150% of the target amount (cap). The payout range is therefore between 0% and 150% of the target amount for the LTIP as well. The term and the assessment period of the LTIP tranche granted for fiscal year 2019 comprise fiscal years 2019 to 2021 for a three-year term and 2018 to 2021 and 2019 to 2022 for a four-year term. Since the payment amount is not fixed until the end of the respective tranche, the grant is made in the last year of the respective tranche.

In addition, three of the four Managing Directors are granted so-called phantom shares under a three-year LTIP. On 1 July of each fiscal year ("issue date"), the Managing Directors are granted fictitious shares ("phantom shares") for a value determined by the Supervisory Board ("equivalent value"). The phantom shares are not stock options. The number of phantom shares to be granted in each case is calculated as the quotient of the equivalent value and the arithmetic mean of the closing prices of the MAX Automation SE ordinary share determined in XETRA trading on the Frankfurt Stock Exchange within a period of 90 trading days before the issue date. The phantom shares entitle the Managing Director to receive a gross amount ("phantom share payment") on the settlement date equal to the settlement value multiplied by the number of phantom shares. The settlement value is the arithmetic mean of the closing prices of the MAX Automation SE ordinary share determined in XETRA trading on the Frankfurt Stock Exchange within a period of 90 trading days prior to the settlement date ("settlement value"). The phantom share payment is limited to a maximum amount of twice (200%) the initial value. The fair value of the phantom shares as of 31 December 2019 is kEUR 69 based on the arithmetic mean of the closing prices of the MAX Automation SE ordinary shares within a period of 90 trading days prior to the reporting date. There were no modifications to the existing program in the fiscal year. Liabilities from the program amounted to kEUR 69 as of the reporting date, compared to EUR 0 in the prior year.

In addition, a special bonus is granted to one of the Managing Directors, which was already agreed upon before he became Managing Director. This special bonus is based on the fact that the Managing Director holds a MAX Automation SE block of shares, the purchase price of which is used as a factor (starting value) for the EBIT development (analogous to an EBIT multiple valuation) of the division for which the Managing Director is responsible. The special bonus is paid out as a long-term incentive at the end of each three-year term.

No other or similar securities-based incentive schemes have been granted to the Managing Directors or employees.

In the event of premature termination of the contract of employment, the Managing Director shall, in principle, receive a termination payment in settlement of his remuneration in the amount of the pro rata annual fixed salary for three months, but in principle no more than the pro rata value of his remuneration entitlements for the remaining term of the contract of employment. There is no entitlement to severance pay if the company is entitled to terminate the contract for good cause or if the Managing Director resigns from office without good cause set by the company. The service contracts do not contain any specific commitments in the event of premature termination of the Managing Director following a change of control.

The company has made no pension commitments to former or current Managing Directors. There are also no pension commitments to former members of the Management Board of the AG. Accordingly, no provisions had to be formed for this.

The following amounts have been granted to the Managing Directors of MAX Automation SE in the 2019 fiscal year:

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

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

1) Payment in 2019.

kEUR	Fabian Spilker, Executive Director (CFO), until 31/03/2018			
	2018	2019	2019 (min)	2019 (max)
Fixed compensation	84	0	0	0
compensation	600	0	0	0
Ancillary benefits*	9	0	0	0
Total	**693**	**0**	**0**	**0**
One-year variable compensation (STIP)[2)]	0	0	0	0
Multi-year variable compensation (LTIP)[2)]	0	0	0	0
thereof 2016 to 2019 program[1)]	0	0	0	0
thereof 2017 to 2020 program[1)]	0	0	0	0
thereof 2018 to 2021 program[1)]	0	0	0	0
Total	**693**	**0**	**0**	**0**
Pension expense	0	0	0	0
Total compensation	**693**	**0**	**0**	**0**

*The main ancillary benefits were private use of company car and insurance premiums.
2) Offsetting against other remuneration components with retirement in 2018.

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

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

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

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

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

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

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

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

The following amounts or values have accrued to the individual Managing Directors of MAX Automation SE in fiscal year 2019:

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

in kEUR	Werner Berens Executive Director since 01/05/2019		Dr. Guido Hild Executive Director since 01/07/2019		Patrick Vandenrijhn Executive Director since 01/05/019	
	2018	**2019**	**2018**	**2019**	**2018**	**2019**
Fixed compensation	0	153	0	93	0	153
compensation	0	0	0	0	0	0
Ancillary benefits	0	23	0	11	0	13
Total	**0**	**176**	**0**	**104**	**0**	**166**
One-year variable compensation	0	0	0	0	0	0
Multi-year variable compensation	0	0	0	0	0	0
Total	**0**	**176**	**0**	**104**	**0**	**166**
Pension expense	0	0	0	0	0	0
Total compensation	**0**	**176**	**0**	**104**	**0**	**166**

The Managing Directors received no loans or advances in the 2019 fiscal year.

Former Managing Directors of the AG or their surviving dependents did not receive any remuneration in the 2019 fiscal year.

RISK REPORT

Risk management system and internal control system

Scope of application

A Group-wide risk management system (RMS) that complies with the German Law on Control and Transparency in Business (KonTraG) has existed since 2000. This enables potential risks to be identified in good time both in MAX Automation SE as the parent company and in the operating units and suitable countermeasures to be initiated. The risk management system was fundamentally revised in 2009 and has since been continuously adapted to new requirements. In 2018, measures were introduced to restructure risk management and internal control and reporting systems, which were continued in 2019. More extensive procedures have already been initiated for 2020.

Goals and principles

The goal of the MAX Group's risk management system (RMS) is the controlled handling of risks. The RMS is based on a systematic process of risk identification, assessment and management that covers the entire Group. The foundation of risk management is safeguarding the medium and long-term corporate goals, in particular maintaining and expanding the market position within the sectors addressed. The primary goal is to identify and appropriately manage the risk drivers through complete and appropriate risk management.

The following risk policy principles are derived from this:

- Risk management is integrated into all major operative business and decision-making processes. Risks are primarily managed by the organizational units that operate locally.
- The risk management process serves as a set of tools for the systematic recording, analysis, management and monitoring of risks threatening the company's existence.
- Active and open communication about risks is a key success factor for the RMS. All MAX Group employees are encouraged to actively participate in risk management within their areas of responsibility.
- The risk assessment is generally conservative, i.e. the maximum expected loss is determined (worst case).
- Central monitoring is carried out by the management company MAX Automation SE.

Methods and processes

Risk management contains various step-by-step, computer-supported matrices, the aim of which is to deal with risk on the basis of risk identification via risk assessment. In this process, risks are identified, the significance of the risks for the company is determined and a mathematical risk factor is calculated in order to then formulate precisely defined risk management measures in terms of content and timing. A list of examples of risks and a guide for handling the electronic file complete the system.

The reporting interval is based on the quarter. A key element of this standard risk cycle is the risk inventory from the operating units. In it, individual risks are identified, evaluated and condensed, i.e. assigned to one of seven specific risk areas.

The assessment of individual risks is the task of the risk management of the Group companies and MAX Automation. The risk management manual serves as a guide. The evaluation process consists of three steps: First, the damage potential is calculated if possible, i.e. the maximum effect a risk can have on EBIT within the next 24 months. The probability of occurrence of the individual risk is then determined. In the third step, the effectiveness of possible countermeasures is examined and evaluated to determine whether this reduces the risk. Finally, the net risk potential, i.e. the net EBIT risk, remains after taking into account the probability of occurrence and the effectiveness of measures.

The net risks of the seven risk areas are calculated as the sum of all assigned individual risks. Each risk field is assigned to one of the following categories depending on the probability of occurrence:

- Low probability of occurrence < 10 %
- Medium probability of occurrence 10 – 50w%
- High probability of occurrence > 50 %

The net risks of the risk areas add up to the overall risk potential of the Group. Portfolio and correlation effects are not taken into account.

Following the risk inventory, the operating units prepare their respective risk reports. On this basis, MAX Automation's risk management prepares the Group risk report, which provides information on material individual risks and the overall risk and is subsequently discussed by the Managing Directors and the Supervisory Board.

Managing Directors and the Supervisory Board are informed directly about acute risks. The risk managers are responsible for identifying, assessing, controlling and monitoring risks and for reporting. As a rule, these are the heads of the controlling departments of MAX Automation and the Group companies.

Key features of the risk management system for the financial reporting process

A key component of the internal control system (ICS) is the reporting system, which is constantly being further developed by MAX Automation as part of value-oriented reporting.

To ensure uniform treatment and valuation of accounting-related topics, the MAX Automation accounting manual is available to all companies. The accounting manual is updated regularly. It comprises all regulations, measures and procedures that ensure the reliability of financial reporting with reasonable assurance and that the financial statements of the Group and Group companies are prepared in accordance with IFRS.

Overall responsibility for the RMS / ICS lies with the Managing Directors. They have established a clearly defined management and reporting organization for the RMS / ICS that covers all organizational and legal units. Monitoring is carried out on a random basis by the accounting and controlling departments of MAX Automation.

The most important tools and control and safety routines for the accounting process are:

- The MAX Group is characterized by a clear organizational, corporate and control and monitoring structure.
- Coordinated Group-wide planning, reporting, managerial accounting and early warning systems and processes as well as catalogs of transactions requiring approval or reporting are in place for the comprehensive analysis and management of earnings-relevant risk factors and risks threatening the existence of the company.
- The functions in all areas of the accounting process (such as financial accounting and managerial accounting) are clearly assigned.
- An adequate internal guideline system (consisting of a Group-wide risk management guideline and an accounting manual among other things) has been established and will be adapted as necessary.
- The IT systems used in accounting are protected against unauthorized access. Standard software is predominantly used for the financial systems employed.
- The standard consolidation software LucaNet is used, which is also used for the preparation of Group-wide medium-term planning.

Only selected employees receive access authorization to the consolidation system. Only a small group of employees from Group accounting and managerial accounting has access to all data. For other users, access is limited to data relevant to their activities.

The procedure is as follows:

- At monthly intervals, the subsidiaries report to the parent company on the performance from the past month and the current financial year. This procedure is supplemented at least quarterly by an updated forecast.
- All reports are subjected to a critical target/actual analysis. An additional report from Management comments on deviations from the plan, provides information on measures taken to meet the plan, developments in the current reporting month and other topics such as market and competitive conditions, investments, financing and legal matters. Verbal explanations supplement the report.
- The Managing Directors also hold regular discussions with the Managing Directors of the Group companies in order to review the business performance in comparison with the plans and, if necessary, to initiate measures to meet the plans.
- Operative corporate planning is an essential component of the RMS. At the end of each fiscal year, the Managing Directors of the Group companies present the current course of business and explain the further corporate strategy. The discussions are based on the corporate strategy and the five-year plans for business development, investments and liquidity development based on this strategy. Corporate planning helps to identify and assess potential opportunities and risks long before major business decisions are made.
- Material accounting processes are subject to regular analytical reviews. The existing Group-wide RMS is continuously adapted to current developments and its functionality is reviewed on an ongoing basis. The system was examined by the auditor PricewaterhouseCoopers GmbH, Düsseldorf, Germany, during the audit of the consolidated financial statements.

- The Supervisory Board regularly deals with key issues from the RMS.

The accounting-related ICS was optimized and further developed in 2018 as part of the "Next Level Corporate Reporting" project. This process was continued in 2019.

The RMS / ICS also includes regular training of all employees. Among other things, workshops are held on the application of accounting standards (e.g. IFRS 15 and IFRS 16), accounting rules and software tools. In the case of corporate acquisitions, accounting processes are adapted quickly and new employees are familiarized with all relevant processes, content and systems.

Finally, it should be noted that neither the RMS nor the ICS can provide absolute certainty, since even if the necessary care is taken, the establishment of appropriate systems can be fundamentally flawed.

Overall risk situation

The Group's total risk potential amounted to around mEUR 6.6 at the end of 2019 (prior year: mEUR 7.4). This includes the net risk potential of 36 (prior year: 30) quantifiable individual risks. In addition, there were 170 (prior year: 207) unquantifiable individual risks. In view of the business volume and the overall economic situation, the overall risk potential is considered to be appropriate and easily manageable. At present, no risks have been identified that could endanger the existence of the Group either separately or in interaction with other risks.

Nearly half of the total risk potential is attributable to the risk field of "financial risks", which, however, are assessed with a probability of occurrence of less than 10 %.

Corporate risks	Probability of occurrence	Possible financial impact	Risk situation for 2019 compared to the previous year
Strategic risks	low	minor	equal
Market risks and economic risks	possible	minor	equal
Risks from business activities, project risks	possible	significant	equal
Financial risks, tax risks	possible	significant	equal
Legal risks	niedrig	minor	equal
Risks from equity investments	niedrig	significant	equal
Other risks (e.g. IT, personnel, environment)	possible	minor	equal

Specification of the potential financial impact on the consolidated result or consolidated EBIT minor (< kEUR 400), moderate (from kEUR 400 to mEUR 1.3), significant (> mEUR 1.3)

Risk reporting

Risk areas and significant individual risks

- **Market risks and economic risks:** All MAX Automation Group companies are exposed to market and economic risks, i.e. geographical and industry-specific economic trends, political (e.g. BREXIT, protectionism, trade wars) and financial changes (e.g. banking crisis), commodity prices and exchange rates influence the course of business and may adversely affect the future success of the Group companies. In principle, the business development of the operating units is strongly linked to the development of the overall economic environment. MAX Automation is divided into three core business areas. A high degree of specialization and a strong position within attractive market niches reduce both the industry risk and the general economic risk. The risk is also reduced by diversification into other sectors such as medical technology. The initiated sales process of the companies from the non-core business (the former Mobility Automation segment) will greatly reduce the dependency on the automotive economy in the future. In principle, however, market and economic risks cannot be ruled out.

  As of 31 December 2019, the MAX Group had an order backlog of mEUR 199.5 (previous year: mEUR 260.3), which provides a time buffer to counteract market and cyclical risks.

- **Risks from business activities, project risks:** Due to the scale of individual projects, MAX Automation sees a possible risk in **project planning and project execution**. Technical misjudgments and/or delays can occur, especially in larger projects. The fact that this can have a significant impact on the operating result was particularly evident in 2018, when the earnings forecast for the entire MAX Automation Group had to be adjusted through an ad hoc announcement on 28 June 2018, due to expenses from ongoing projects of the subsidiaries of the IWM Group.

  MAX Automation counteracts the risk of misjudgments through a Group-wide project-related risk management approach. The goal is to consciously deal with risks at all management levels of the Group.

- **Financial risks:** By means of a new syndicated loan agreement, Group financing was switched from bilateral bank accounts of the individual Group companies to uniform **Group financing** in 2015 and adjusted again in 2018 in favor of MAX Automation. The covenants agreed with the Group's lending banks have a direct impact on the interest margin and give the banks a special right of termination in the event of non-compliance. These are based on balance sheet and earnings figures from the consolidated financial statements prepared in accordance with IFRS. There is regular communication with the lending banks and guarantee insurers. In 2019, MAX Automation adhered to all the covenants agreed with the lending banks or the review was suspended beginning in the third quarter. The counterparty default risk is limited by the fact that banking transactions are concluded exclusively with reputable banks.

- The contract for the sale of the **former Group company NSM Packtec GmbH** ("Finnah Packtec) provides for what is known as loss sharing on the basis of the EBITDA 2018 of Finnah Packtec (earnout clause), whereby the risks that this will result in payment claims against MAX are estimated to be very low.

- There are risks from the ongoing **sales and closure processes** of companies in the non-core business (formerly Mobility Automation). Risks may arise if sales and closure processes are not completed as planned, the sales prices are below the book value of the companies or expenses for critical projects still in progress in the companies exceed the provisions made.

Other risks

- **Loss of efficiency due to non-uniform ERP systems:** The Group companies all have different ERP systems. This leads to efficiency losses, especially with regard to uniform processes and possible synergy effects (e.g. purchasing). The medium-term introduction of a uniform ERP system at the level of the business segments is currently being examined.

- **Portfolio measures:** The planned divestments involve the risk of not being able to sell the business activities as planned. This could have a negative impact on the business, assets and liabilities, earnings situation and reputation.

- As part of the audit for the 2019 fiscal year, the auditor examined the risk management system of the SE and the Group. The auditor has come to the conclusion that the system is suitable to meet the legal requirements for risk management.

Changed assessment of risks after the end of the reporting period

Effects of SARS-Cov-2 (Coronavirus)

The World Economic Forum (WEF) regards epidemics such as the outbreak of the Coronavirus infection (COVID-19) both as an independent business risk and as an impact on existing opportunities and risks. The outbreak of COVID-19 was first detected at the end of 2019 in a densely populated production and transport center in central China. The global pandemic spread worldwide via the Chinese New Year and international travel after the end of the reporting period.

According to the WEF, it is within the realms of possibility overall that the growth of the Chinese economy will slow down by 0.5 percentage points in 2020 as a result of the production losses caused by COVID-19. The global economy would thus lose at least 0.1 percentage points. According to the WEF, industrialized nations and emerging markets with a high dependency on China would be particularly affected. Resilience to the effects of COVID-19 is further complicated in individual countries by structural weaknesses in economic and health systems.[1]

Especially for companies for which China is an important production site and/or central sales market, risks result from COVID-19.[2] The impact of production delays on the earnings performance of companies cannot yet be estimated after partial interruptions of the supply chains. For companies, the risk exposure decreases depending on the existing demand and the existing order backlog. Meanwhile, manufacturing sectors such as the automotive industry in particular are gradually resuming operations.[3] For the German Institute for Economic Research (DIW), the export-dependent German industry would be particularly affected by a continued global spread of the virus. According to the DIW, the "Corona effect" on mechanical engineering and the automotive industry is still unclear and cannot be quantified.[4] MAX Automation currently expects only a minor influence on its future earnings. However, delays in order placement, comissionings or due to bottlenecks in logistics cannot be ruled out.

1 https://www.weforum.org/agenda/2020/02/why-is-coronavirus-a-global-business-risk/
2 https://www.finance-magazin.de/wirtschaft/fx-weltwirtschaft/gibt-corona-der-china-konjunktur-den-rest-2052831/
3 https://www.finance-magazin.de/wirtschaft/fx-weltwirtschaft/gibt-corona-der-china-konjunktur-den-rest-2052831/
4 https://www.diw.de/de/diw_01.c.740859.de/diw_konjunkturbarometer_februar__industrierezession_setzt_sich_unabhaengig_vom_corona-virus_fort.html

Explanatory report on the disclosures in accordance with Section 315 (4) HGB and Section 289 (4) HGB

Subject of the report

According to the explanatory memorandum on the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz - BilMoG), which entered into force on 29 May 2009, the internal control system embraces the principles, procedures and measures required to ensure effective, due and proper account- ing practices and to ensure compliance with the relevant legal provisions. This also includes the internal auditing system insofar as it relates to the accounting procedures.

With regard to the accounting process, the risk management system, as part of the internal control system and like the latter, relates to accounting oversight and monitoring processes, especially for balance sheet items hedging the risks to which the enterprise is exposed.

Key features of the internal control system and of the risk management system with regard to the accounting process

The key features of the existing internal control system at MAX Automation SE and of the risk management system with regard to the (Group) accounting process are detailed at length in the risk report section.

Explanation of the key features of the internal control system and of the risk management system with regard to the accounting process

The internal control and risk management system with regard to the accounting process, the main features of which are outlined above, ensures that business matters are correctly recorded, presented and recognised in the balance sheet and so transferred to the external accounts.

The clear organisational, corporate and control and monitoring structure as well as the qualified equipment of the accounting department in terms of personnel and materials form the basis for efficient work in the areas involved in accounting. Clear legal and internal guidelines and directives ensure a uniform and proper accounting process. Clearly defined review mechanisms within the divisions involved in the accounting process itself and early risk identification by risk management ensure coherent accounting.

The internal control and risk management system of MAX Automation SE ensures that the accounting at MAX Automation SE as well as at all companies included in the consolidated financial statements is uniform and in accordance with legal and statutory requirements as well as internal guidelines. In particular, the uniform group risk management system, which fully complies with legal requirements, has the task of recognizing risks in time, evaluating them and communicating them appropriately. In this way, accurate, relevant and reliable information is made available to the respective addressees in a timely manner.

The risk management and internal control system of the Group was restructured in 2018. This process, which is designed to optimise the reporting and controlling instruments, will be continued in 2020.

Opportunities Report

The business units of the MAX Group serve various megatrends that are benefiting worldwide from the dynamic technological development in the course of digitalization as well as from changes in the political and social arena. This strategic positioning of the Group opens up numerous opportunities that can have a positive impact on the course of business.

MAX Automation's long-term strategy is to focus on several promising and high-margin growth areas, to increase its presence and local value creation in attractive foreign markets and to develop innovative service offerings in networked production. This is to be accompanied by a reduction in the volatility of order intake, operational excellence in project execution, the expansion of the service business and the increased use of existing synergies within the Group.

Uniform standards for risk management and controlling within the Group are of major importance in this respect. To this end, binding reporting and controlling instruments apply to all Group companies.

Opportunity Management

MAX Automation understands opportunities as the possibility of a positive target deviation due to events or developments. Opportunity management encompasses all measures of systematic and transparent handling of entrepreneurial potential. For this purpose, the Executive Directors of MAX Automation SE enter into a strategic dialog with the management of the Group companies. The basis for this is a structured and Group-wide standardized process, in the course of which not only operational potential but also the implementation of strategies, including the presentation of opportunities and risks from relevant market and technology trends, are discussed in joint review meetings.

Subsequent to the strategic dialog, all companies identify opportunities in their operational planning and monthly reporting in order to better assess and evaluate the current earnings and liquidity situation.

All decision-makers are involved in opportunity management - from the Executive Directors of the MAX Group to the management of the Group companies and division and project managers. The process is supported by the holding function "Corporate Development".

Due to the integral connection with the strategy, planning and reporting processes, opportunity management is an essential part of the strategic and value-oriented corporate management of MAX Automation.

Market and competitive opportunities

MAX Automation is active in the *Process Technologies* business unit in various markets in which the Group expects significant opportunities combined with overarching growth drivers:

In industrial production, the degree of automation and the requirements for efficient processes - especially with regard to ever-increasing networking - are constantly increasing. This development is based on several trends. In the automotive industry, this concerns, among other things, the increasing demand for high-performance driver assistance systems through to autonomous driving, as well as growing demand for microelectronics. At the same time, due to political requirements and increased environmental awareness among the population, society has set itself the social goals of sustainably reducing CO^2 emissions from conventional combustion engines and developing powerful electric drives.

MAX Automation operates as a specialist for proprietary mechanical engineering processes, including dosing technology, hot riveting, plasma treatment and impregnation technology. bdtronic, for example, offers solutions for bonding and sealing adaptive speed control in vehicles and with its impregnation technology offers unique process competence and experience in impregnating electric and hybrid engines for high production volumes.

MAX Automation estimates that the *Environmental Technologies* business unit offers the following significant growth opportunities:

Climate protection, the conservation of natural resources and the recycling of residual materials, thereby returning them to the reusable material cycle as well as for energy recovery are becoming increasingly important worldwide. The generally heightened environmental awareness among the public as well as economic and social changes, such as the strong growth of the metropolitan areas in Asia, for example, are leading to a steadily increasing demand for powerful and innovative solutions for the environmentally friendly disposal of waste and the efficient processing of residual materials.

With the Vecoplan Group established in the market, the MAX Group has many years of expertise in the development, production and maintenance of individual components and system solutions for the efficient recycling and processing of primary and secondary raw materials. This gives the Group the opportunity to benefit from the continuously increasing demands make on climate and environmental protection.

There are political guidelines on environmental protection and recycling of residual and valuable materials at regional, national and international level with increasing requirements. A milestone in this development was the third United Nations Environment Assembly (UNEA) in December 2017, at which more than 100 participating countries committed themselves to "a planet without pollution". At the same time, there have already been binding targets for years, for example in the European Union (EU) to reduce carbon dioxide emissions or in North America in the form of the so-called zero waste programs of local authorities.

Overall, the Group expects demand for efficient reprocessing solutions to increase. In doing so, it pursues the goal of further developing existing solutions in materials recycling and thus adapting them to increasingly complex challenges in individual regional markets.

In the *Evolving Technologies* business unit, opportunities arise in particular in the areas of medical technology and optoelectronics:

The medical technology industry is characterized by global trends such as general medical progress, growing health awareness in society, the individualization of therapy involving so-called digital e-health solutions, or the desire of patients for more freedom in therapy, for example in the form of self-medication. At the same time, the medical technology market has high barriers to entry in the form of qualitative, technological and regulatory requirements for manufacturers, which enables trusting and long-term customer relationships.

With MA micro automation in particular, MAX Automation has specialized competencies and the necessary technological prerequisites to meet the numerous requirements in medical technology. This is proven by the increasing number of customers, which is a good starting point to participate in the growth of the market.

AIM Micro's technologies and processes for the production of optoelectronic modules serve the largest and fastest-growing application areas in the photonics industry, including wafer saws for the production of silicon semiconductors or industrial image processing for quality assurance in production engineering.

The MAX Group commands extensive, in-depth knowledge and technologies to successfully accompany and shape developments in Industry 4.0 and automation. It should be noted that the Group has an expanding installed base as sales of plant and machinery continue to grow, thereby increasing the potential in the service business. The Group companies take this into account through their expertise in the maintenance and remote maintenance business.

In their international business, the MAX companies are experiencing increased demand for production close to the market and local presence for service and sales. Consequently, the Group has locations in Europe, North America and Asia as well as a worldwide network of sales and service partners. In this way, the Group ensures comprehensive customer support and opens up additional opportunities in order acquisition.

Opportunities from synergies

In addition to the respective growth drivers in the three core business units, the MAX Group perceives opportunities in the exploitation of synergies between the Group companies. These include the bundling of activities in the areas of purchasing (purchasing volumes and benchmarking in favor of purchasing advantages) and financing or, for example, a transfer of know-how and technology as well as best practices in joint projects and the development of new applications.

One of MAX Automation's goals is to increase the value added in the group by specifically advancing the supply and service relationships between the Group companies. To a limited extent, there are also opportunities to exploit sales synergies through project-based cooperation within the Group.

Financial opportunities

Opportunities will arise from the project business of the former Group company NSM Packtec GmbH, which was sold on 9 March 2018. For an order for the company currently operating under the name Finnah Packtec Gmbh ("Finnah Packtec"), contract fulfillment and advance payment bonds were granted on the part of the MAX Group which were claimed by a customer of Finnah Packtec amounting to mEUR 3.973 in late December 2018. By filing charges on 12 August 2019, MAX Automation has asserted the claim for indemnity for amounts paid of these mEUR 3.973 plus interest towards Finnah Packtec before the Münster District Court. The prospects of full success in this legal dispute and of being awarded the reimbursement of expenses are assessed as very high. In January 2020, Finnah Packtec filed an application to initiate insolvency proceedings on its assets. At the time of reporting, it is not yet possible to estimate whether such proceedings will be initiated and, if so, what the repayment rate of insolvency claims will be. Therefore, an arbitration action is being prepared in parallel against the owner of Finnah Packtec in order to increase the chances of repayment of the advance payment bond.

With the files charged on 22 August 2019, MAX Automation also asserted claims for payment and information against Finnah Packtec at the Dusseldorf District Court. The lawsuit is based on an agreement dated 8 March 2018, between the MAX Group and Finnah Packtec regarding the assignment of customer claims, which was made to MAX Automation for the repayment of shareholder loans. At the end of 2019, receivables of mEUR 4.8 were still outstanding, which were written off as of 31 December 2019. All incoming payments are therefore to be seen as an opportunity. The prospects of success in this trial are considered to be highly likely.

OUTLOOK

Overall economic environment

According to the Kiel Institute for the World Economy (IfW), the global economy will not lose further momentum in 2020, although the increase in production will remain modest at 3.1% (2019: 3.0%). This corresponds to a forecast reduction of 0.1 percentage points compared with September 2019. In view of the high capacity utilization in the advanced economies and the expansion rates of the global economy, the IfW does not believe that the economy is in a pronounced state of weakness, although economic growth in the advanced economies is expected to remain weak. Accordingly, the euro area and Japan will benefit from a renewed expansionary monetary policy stance and a slight upturn in world trade, while in the United States the fiscal stimulus will taper off. In a large number of emerging markets, production is expected to expand only slightly due to the lack of a global economic tailwind and structural problems. Although the easing of US monetary policy stabilized the framework conditions for economic development in the emerging economies, the only moderate demand dynamics in the advanced economies and the slowdown in economic development in the People's Republic of China will stand in the way of a rapid recovery.[1]

According to forecasts by the IfW, the pace of expansion in the euro zone will increase slightly in 2020, after the export economy is expected to regain momentum once world trade picks up. With a stabilization of production in the manufacturing sector, economic development will pick up again in the course of 2020. Nevertheless, the IfW expects economic growth in the euro zone in 2020 to only match the previous year's level (2019: 1.2%) and only in 2021 to return to a stronger increase of 1.5%.[2]

For Germany, the Kiel Institute for the World Economy (IfW) also expects a gradual revival of growth in 2020 with an increase in gross domestic product (GDP) of 1.1% (2019: 0.5%). According to this, the decline in industrial production is being followed by a bottoming out and slight growth. The IfW perceives an upward trend, particularly in foreign business.[3]

1 https://www.ifo.de/sites/default/files/2020-01/sd-2019-24-wollmershaeuser-etal-konjunkturprognose-winter-2019-12-19_0.pdf
2 https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2019/KKB_61_2019-Q4_Welt_DE.pdf
3 https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2019/KKB_62_2019-Q4_Deutschland_DE.pdf

Development of relevant industries

The German Engineering Federation (VDMA) does not anticipate any new momentum for industry companies in 2020 and expects a further decline in production at the previous year's level (2019: 2%). The order books in the industry are only expected to fill up again in the course of the year and, due to technical start-up times, will not lead to renewed production growth before the second half of the year. The VDMA expects exports to the USA to be less dynamic in 2020, which could benefit from the impetus of the corporate tax reform in 2019.[1] All in all, the VDMA considers a renewed decline in exports for the whole of 2020 to be probable in view of the order intake of mechanical engineering companies at the beginning of the year. According to the VDMA, the effects of the corona epidemic in China on global exports cannot yet be estimated, even though the fundamental importance of the Chinese market for the German mechanical and plant engineering industry remains unchanged.[2]

After the end of a decade of records, the Robotics + Automation sector suffered a significant setback in the past fiscal year (2019: -5%). According to the VDMA Robotics + Automation Association, there is no trend reversal in sight in this innovation and growth industry with a further decline in industry sales of -10% forecasted for 2020. In addition to the weak global economy, saturation effects will therefore continue to make themselves felt in important markets. Uncertainty in customer industries, such as the transformation of the automotive industry, is expected to lead to investment reticence. The VDMA Robotics + Automation is convinced that robotics and automation will return to its growth course in the medium term as a key technology for optimizing production and as a guarantee for high quality and sustainability standards.[3]

According to the German Association of the Automotive Industry (VDA), the subdued development of the global economy will present further challenges for the international passenger car markets in 2020. Accordingly, suppliers will feel the economic headwind more strongly than manufacturers after a long period of growth. As a result of the lack of growth impetus, the VDA expects a 1% decline in sales in the global passenger car market in 2020.[4] The automotive industry in Europe will record the first decline in seven years. At the same time, according to the Association of European Automobile Manufacturers (ACEA), companies will have to make massive investments in zero-emission vehicles.[5]

According to the industry association Spectaris, the future development of the medical technology industry will be determined by regulatory issues and the export business. It is therefore unclear whether medical technology, which has historically been resistant to crises, will be able to escape the global economic slowdown in the long term. On the other hand, growth impulses are emanating from the digitalization of the health care system and technological developments in diagnosis and treatment, as well as global population growth and demographic change in the developed economies. Consequently, the industry association Spectaris expects the medical technology market to continue to grow in the coming years and believes that German manufacturers are well positioned with their innovative products to benefit from the developments outlined and to maintain their position on the global markets.[6] According to Spectaris, the medical technology submarket of the optical industry is expected to achieve sales gains of 2.5% in Germany and 3.5% for exports in 2020.[7] Current forecasts by the industry association Spectaris on the development of the medical technology industry for 2020 were not available at the time of writing this report.

According to the Federal Association for Secondary Raw Materials and Waste Disposal (bvse), the recycling and waste disposal industry will benefit from altered political conditions, through which the priorities in the economy have changed as a result of the Commercial Waste Ordinance, the Packaging Act and the public discussion on the topics of recycling management and climate protection. According to the report, there is a noticeable increase in the willingness to invest, which is urgently required for the creation of new and the modernization and expansion of existing recycling and waste disposal plants. In addition to China, other countries in Asia have closed themselves off from waste from abroad by imposing import bans. Although this will increase local waste charges, the recycling and waste management industry will also benefit from an increase in demand. The recycling and waste management industry is facing headwinds from economic developments and international conflicts.[8] Current forecasts by the VDMA Waste and Recycling Technology Association on the development of the industry for 2020 were not available at the time of writing this report.

1 https://www.vdma.org/v2viewer/-/v2article/render/45913465
2 https://www.vdma.org/v2viewer/-/v2article/render/47140020
3 https://rua.vdma.org/viewer/-/v2article/render/45164151
4 https://www.vda.de/de/presse/Pressemeldungen/191104-mattes-politik-muss-automobilstandort-Deutschland-jetzt-wetterfest-machen.html
5 https://www.acea.be/press-releases/article/auto-industry-sets-out-plan-for-carbon-neutrality-under-eu-green-deal-amid
6 https://www.spectaris.de/verband/aktuelles/detail/spectaris-bekanntgabe-zur-medica-deutsche-medizintechnik-mit-rekordzuwachs/
7 https://www.spectaris.de/verband/aktuelles/detail/deutsche-augenoptik-industrie-blickt-auf-ihr-erfolgreichstes-geschaeftsjahr-des-letzten-jahrzehnts/
8 https://www.bvse.de/recycling/pressemitteilungen/5293-zunehmende-investitionsbereitschaft-spuerbar.html

Prospective development in the financial year 2020

The Management Board of MAX Automation SE sees the performance of the Group in the 2020 fiscal year as generally positive. Based on the current macroeconomic and industry-specific outlooks and the trends in the markets in which the Group companies operate, the Management Board assumes that demand for the Group's solutions will remain strong in the core business.

MAX Automation focuses on attractive growth markets that offer above-average margins and limited volatility. The early identification of trends and a corresponding strategic orientation are essential for the long-term business success of the MAX Group. This includes investments in equipment and machinery to make production more efficient.

Uniform standards for risk management and managerial accounting as well as clear and binding guidelines for the acquisition of orders play an important role in further increasing efficiency in the Group and reducing its risk profile. MAX Automation has invested considerably in corresponding management systems since 2018 and will continue to do so in 2020. The goal is also to further reduce the amount of funds tied up in working capital, which throughout the Group is sustainably at a maximum of 15% of consolidated sales. The Group will also further professionalize its ERP systems and introduce a Group-wide cash pool for stabilization purposes.

An important factor in 2020 will be the continuation of the divestments of IWM Automation GmbH and ELWEMA Automotive GmbH that were decided in September 2018. The closure will be completed for IWM Automation GmbH by 30 September 2020, at the latest. Despite the delays, the sale of ELWEMA Automotive GmbH will continue and should be completed in 2020. The completion of these last areas of activity from non-core business will further improve the MAX Automation Group's financing power, risk profile and results of operations.

Summary statement on the prospective development of the Group

MAX Automation's assessment of the outlook for the global economy in 2020 is similarly cautious as in the previous year. The Group will monitor and closely analyze economic developments, particularly the impacts of the Coronavirus disease COVID-19 and the resulting uncertainties. The MAX Group has not yet been able to identify a pronounced economic weakness and it therefore remains to be seen to what extent the Group's business performance will be affected by a possible lower demand due to economic conditions.

Overall, the Managing Directors consider MAX Automation with its core business areas to be positioned in a strategically promising position and regard the order backlog at the beginning of 2020 as a good starting point for further development in the course of the year. At the same time, the Managing Directors expect revenues development at Group level to be slightly below the level of the previous year. The closure of the IWM Automation companies will result in further declining sales for the non-core business. Adjusted for the revenue contribution from non-core business, the Managing Directors expect growth to be slightly above the level of 2019.

The final processing of the activity fields from the non-core business will still generate costs until halfway through the year, whereby the majority of the financial burdens have already been processed in the consolidated financial statements for 2019. The EBITDA of the non-core business will remain negative due to projects still to be completed at IWM Automation companies, but the negative number will be significantly lower than in 2019. In the medium term, the risk profile and financing ability of MAX Automation will develop positively through the settlement of non-core business. Therefore, the Managing Directors currently expect a clearly positive EBITDA at the Group level for 2020 after a negative EBITDA in the previous year.

Financial forecast

Based on the current portfolio and the expectations for the economic development described above, the Managing Directors expect consolidated sales of between MEUR 380 and MEUR 410 and EBITDA of between MEUR 16 and MEUR 20 for the Group for the 2020 fiscal year.

Prospective business development of the SE

The earnings position of MAX Automation SE is heavily dependent on the development of the Group. Based on the expected development of the operating companies, the Managing Directors are anticipating a slight increase in profit transfer and investment income for the financial year of 2020.

Forward-Looking Statements

This report contains forward-looking statements based on the current assumptions and forecasts made by the Managing Directors of MAX Automation SE. Such statements are subject to risks and ambiguities. These and other factors may lead to a situation where the actual results, financial position, developments or capacity of the Company differ substantially from the estimates given here. The Company assumes no liability whatsoever to update these forward-looking statements or to adapt them in the light of future events or developments.

Dusseldorf, 12 March 2019

Andreas Krause
CFO und Chairman
of the Management Board

Dr. Guido Hild
Head of Business Unit
Evolving Technologies

Werner Berens
Head of Business Unit
Environmental Technologies

Patrick Vandenrhijn
Head of Business Unit
Process Technologies

CONSOLIDATED FINAN-CIAL STATEMENT

Consolidated Balance Sheet of MAX Automation SE, Düsseldorf, as of December 31, 2019

ASSETS	Notes	31/12/2019 kEUR	31/12/2018 kEUR (adjusted)[1]	31/12/2018 kEUR
Non-current assets				
Intangible Assets	(1)	6,787	14,148	14,148
Goodwill	(3)	46,239	49,413	49,413
Right-of-Use Assets	(2)	17,232	0	0
Property, plant and equipment	(4)	46,338	34,840	34,840
Investment property	(5)	7,454	1,254	1,254
Equity accounted investments	(6)		2,369	2,369
Other investments	(7)	6,692	7,097	7,097
Deferred tax	(8)	10,383	7,504	6,482
Other non-current assets	(9)	286	330	330
Non-current assets, total		**141,411**	**116,955**	**115,933**
Current assets				
Inventories	(10)	54,029	85,757	88,451
Contract Assets	(11)	40,987	58,830	59,730
Trade receivables	(11)	45,402	54,054	54,054
Receivables due from related companies	(12)		19	19
Prepayments and accrued income, and other current assets	(13)	9,968	8,804	13,434
Cash and cash equivalents	(14)	40,596	33,518	33,518
Current assets, total		**190,981**	**240,982**	**249,206**
Total assets		**332,392**	**357,937**	**365,139**

1) Further information regarding the adjusted prior year figures can be found in the notes in the chapter "Correction of errors"
The attached notes are an integral part of the Consolidated Financial Statements.

Consolidated Balance Sheet of MAX Automation SE, Düsseldorf, as of December 31, 2019

EQUITY AND LIABILITIES		31/12/2019 kEUR	31/12/2018 (adjusted)[1] kEUR	31/12/2018 kEUR
EQUITY				
Subscribed share capital	(15)	29,459	29,459	29,459
Capital reserve	(16)	18,907	18,907	18,907
Revenue reserve	(16)	24,126	29,215	29,215
Revaluation reserve	(17)	11,340	0	0
Equity difference resulting from currency translation		609	-65	-65
Non-controlling interests		310	-4,520	-4,520
Unappropriated retained earnings	(18)	-16,876	10,653	17,855
Total Equity		**67,875**	**83,649**	**90,851**
Non-current liabilities				
Non-current loans less current portion	(19)	120,574	76,768	76,768
Non-current lease liabilities	(19)	15,438	1,405	1,405
Pension provisions	(20)	1,048	950	950
Other provisions	(27)	4,224	5,020	5,020
Deffered tax	(8)	10,912	6,874	6,874
Other non-current liabilities	(19)	300	7,988	7,988
Non-current liabilities, total		**152,496**	**99,005**	**99,005**
Current liabilities				
Trade payables	(21)	49,818	100,529	100,529
Contract liabilities	(22)	18,637	30,193	30,193
Current loans and current portion of non-current loans	(23)	1,327	5,325	5,325
Liabilities to related companies	(24)	0	137	137
Current lease liabilities	(25)	4,257	261	261
Other current financial liabilities	(25)	15,670	20,050	20,050
Income tax provisions and liabilities	(26)	2,208	4,325	4,325
Other provisions	(27)	15,625	9,513	9,513
Other current liabilities	(28)	4,479	4,950	4,950
Current liabilities, total		**112,021**	**175,283**	**175,283**
Equity and liabilities, total		**332,392**	**357,937**	**365,139**

1) Further information regarding the adjusted prior year figures can be found in the notes in the chapter "Correction of errors"
The attached notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income of MAX Automation SE, Düsseldorf, as of December 31, 2019

	Notes	2019 kEUR	2018 kEUR (adjusted)[1]	2018 kEUR
Sales	(29)	**425,488**	**403,986**	**404,885**
Change in finished goods and work-in-progress		-28,542	-754	1,940
Work performed by the company and captialized		2,312	2,025	2,025
Total operating revenue		**399,258**	**405,257**	**408,850**
Other operating revenue	(30)	11,123	8,621	8,621
Cost of materials	(31)	-202,705	-240,224	-240,224
Personnel expenses	(32)	-139,125	-124,909	-124,909
Depreciation, amortization and impairment losses	(33)	-14,908	-21,888	-21,888
Other operating expenses	(34)	-69,444	-68,997	-65,017
Operating profit		**-15,801**	**-42,140**	**-34,567**
Financial income	(35)	744	69	69
Financial expenses	(35)	-18,855	-4,081	-3,431
Financial Result		**-18,111**	**-4,012**	**-3,362**
Result from equity accounted investments	(6)	-411	-1,238	-1,238
Earnings before tax		**-34,323**	**-47,390**	**-39,167**
Income taxes	(36)	-1,154	3,835	2,812
Net income		**-35,477**	**-43,555**	**-36,353**
of wich attributable to non-controlling interests		-744	-4,807	-4,807
of wich attributable to shareholders of MAX Automation AG		-34,733	-38,748	-31,546
Other comprehensive income that is never recycled to the income statement				
Revaluation of land and buildings		11,340	0	0
Actual gains and losses on employee benefits		133	21	21
Income taxes on actuarial gains and losses		-53	7	7
Other comprehensive income that can be recycled to the income statement		**11,420**	**28**	**28**
Change arising from currency translation		674	-130	-130
Total comprehensive income		**-23,384**	**-43,657**	**-36,455**
of wich attributable to non-controlling interests		-744	-4,807	-4,807
of wich attributable to shareholders of MAX Automation SE		-22,640	-38,850	-31,648
Earnings per share (diluted and basic) in EUR		-1.18	-1.32	-1.07

1) Further information regarding the adjusted prior year figures can be found in the notes in the chapter „Correction of errors"

The attached notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity of MAX Automation SE, Düsseldorf, for the period from January 1 to December 31, 2019

	Subscribed share capital kEUR	capital reserve kEUR	revaluation reserve kEUR	actuarial gains and losses kEUR	other revenue reserves kEUR	differences from currency translation kEUR	adjustment item for minority interests kEUR	unappropriated retained earnings kEUR	Total kEUR
As of 01.01.2018	**29,459**	**18,907**	**0**	**-205**	**31,373**	**66**	**576**	**58,821**	**138,997**
Changes of accounting methods (IFRS 15)	0	0	0	0	-4,044	0	0	0	-4,044
As of 01.01.2018	**29,459**	**18,907**	**0**	**-205**	**27,329**	**66**	**576**	**58,821**	**134,953**
Dividend payments	0	0	0	0	0	0	0	-4,419	-4,419
Minority interests	0	0	0	0	0	0	-289	0	-289
Non-controlling interests from acquisition of a subsidiary	0	0	0	0	-2,937	0	0	0	-2,937
Transfer to retained earnings	0	0	0	0	5,000	0	0	-5,001	-1
Total comprehensive income	0	0	0	28	0	-130	-4,807	-31,547	-36,456
As of 31.12.2018 (as reported)	**29,459**	**18,907**	**0**	**-177**	**29,392**	**-64**	**-4,520**	**17,855**	**90,851**
Error correction	0	0	0	0	0	0	0	-7,201	-7,201
Total equity adjusted as of 31.12.2018	**29,459**	**18,907**	**0**	**-177**	**29,392**	**-64**	**-4,520**	**10,653**	**83,650**
As of 01.01.2019	**29,459**	**18,907**	**0**	**-177**	**29,392**	**-64**	**-4,520**	**10,653**	**83,650**
Error correction	0	0	0	0	-906	0	0	0	-906
Reclassification	0	0	0	0	-7,201	0	0	7,201	0
Changes of accounting methods (IFRS 16)	0	0	0	0	0	0	0	0	0
Total equity adjusted as of 01.01.2019	**29,459**	**18,907**	**0**	**-177**	**21,284**	**-64**	**-4,520**	**17,855**	**82,744**
Dividend payments	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	5,574	0	5,574
Revaluation reserve for real estate	0	0	11,340	0	0	0	0	0	11,340
Transfer to Put-Option	0	0	0	0	2,937	0	0	0	2,937
Total comprehensive income	0	0	0	80	0	674	-744	-34,733	-34,723
As of 31.12.2019	**29,459**	**18,907**	**11,340**	**-97**	**24,222**	**609**	**310**	**-16,876**	**67,875**

1) Further information regarding the adjusted prior year figures can be found in the notes in the chapter „Correction of errors"
The attached notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows of MAX Automation SE, Düsseldorf, for the period from January 1 to December 31, 2019

			01.01.-31.12.2019	01.01.-31.12.2018	01.01.-31.12.2018
			kEUR	kEUR	kEUR
	Cash flow from operating activities	**Notes**		**(adjusted)**[1]	
	Net income		-35,477	-43,555	-36,353
	Adjustments relating to the reconciliation of consolidated net income for the year to cash flow from operating activities				
	Income taxes	(36)	1,154	-3,835	-2,873
	Net interest result	(35)	3,886	3,362	3,362
	Depreciation of intangible assets	(33)	7,950	8,261	8,261
	Amortization of goodwill	(33)	2,676	9,405	9,405
	Depreciation of property, plant and equipment	(33)	4,283	4,159	4,159
	Depreciation of investment property	(33)		63	63
	Depreciation of financial assets	(33)	9,867	0	0
	Gain (-) / loss (+) on disposal of property, plant and equipment	(4)	-46	350	350
	Gain (-) / loss (+) from the sale of subsidiaries			-2,863	-2,863
	Other non-cash expenses and income		-4,107	11,130	11,190
	Changes in assets and liabilities				
	Increase (-) / decrease (+) in other non-current assets	(9)	98	574	574
	Increase (-) / decrease (+) in inventories	(10)	28,802	-2,386	-5,080
	Increase (-) / decrease (+) in trade receivables	(11)	6,971	-74	-74
	Increase (-) / decrease (+) in contract assets	(11)	12,271	-22,158	-23,058
	Increase (-) / decrease (+) in receivables due from related companies	(12)	0	21	21
	Increase (-) / decrease (+) in prepayments, accured income and other assets	(13)	17	4,081	-549
	Increase (-) / decrease (+) in other non-current liabilities		-127	-18	-18
	Increase (-) / decrease (+) in pensions provisions	(20)	231	-13	-13
	Increase (-) / decrease (+) in in trade payables	(21)	-43,296	35,463	35,463
	Increase (-) / decrease (+) in contract liabilities		-11,557	15,724	15,724
	Increase (-) / decrease (+) in other provisions and liabilities		1,689	6,944	6,944
	Income tax paid	(36)	-7,967	-4,215	-4,215
	Income tax reimburse	(36)	1,803	130	130
=	**Cash flow from operating activities**		**-20,880**	**20,550**	**20,550**
2	**Cash flow from investing activities**				
	Outgoing payments for investments in intangible assets	(1)	-2,366	-2,488	-2,488
	Outgoing payments for investments in property, plant and equipment	(4)	-6,178	-4,548	-4,548
	Payments for loans granted to third parties	(7)(9)	-2,173	-17	-17
	Payments received from disposals of intangible assets	(1)	88	1,220	1,220
	Payments received from disposals of property, plant and equipment	(4)	349	350	350
	Outgoing payments for investment in subsidiaries, less cash		0	-10,842	-10,842
	Payments received from the sale of subsidiaries less cash & cash equivalents		0	2,869	2,869
=	**Cash flow from investing activities**		**-10,280**	**-13,456**	**-13,456**
3	**Cash flow from financing activities**	**Anhang**			
	Outgoing payments für dividends		0	-4,419	-4,419
	Borrowing of non-current financial loans		77,500	55,000	55,000

	Repayment of non-current financial loans	(19)	-32,795	-43,976	-43,976
	Change in non-current financial debt		-1,402	0	0
	Change in current financial debt	(23)	-1,688	-3,270	-3,270
	Interest paid	(35)	-2,878	-3,053	-3,053
	Interest received	(35)	55	130	130
	Payments for third parties		0	-289	-289
=	**Cash flow from financing activities**		**38,792**	**123**	**123**

			01.01.-31.12.2019 kEUR	01.01.-31.12.2018 kEUR	01.01.-31.12.2018 kEUR
4	**Cash and cash equivalents**				
	Increase/decrease in cash and cash equivalents		**7,632**	**7,217**	**7,217**
	Effect of changes in exchange rates		-154	147	147
	Consolidation-related changes in cash and cash equivalents		-400	0	0
	Cash and cash equivalents at the start of the financial year		**33,518**	**26,154**	**26,154**
	Cash and cash equivalents at the end of the financial year		**40,596**	**33,518**	**33,518**
5	**Composition of cash and cash equivalents**				
=	**Cash and cash equivalents**	(14)	**40,596**	**33,518**	**33,518**

	01.01.-31.12.2019 kEUR	01.01.-31.12.2018 kEUR	01.01.-31.12.2018 kEUR
Cash and cash equivalents at the start of the financial year	**33,518**	**26,154**	**26,154**
Cash flow from operating activities	**-20,880**	**20,550**	**20,550**
Cash flow from investing activities	**-10,280**	**-13,456**	**-13,456**
Cash flow from financing activities	**38,792**	**123**	**123**
Effect of changes in exchange rates	-154	147	147
Consolidation-related changes in cash and cash equivalents	-400	0	0
Cash and cash equivalents at the end of the financial year	**40,596**	**33,518**	**33,518**

1) Further information regarding the adjusted prior year figures can be found in the notes in the chapter „Correction of errors"
The attached notes are an integral part of the Consolidated Financial Statements

MAX NOTES 2019

GENERAL INFORMATION

Company

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

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

Consolidated financial statements

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

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

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

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

Accounting policies

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

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

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

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

Assets

Acquired intangible assets

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

Internally generated intangible assets

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

Goodwill

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

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

The goodwill arising from acquisitions made prior to the date of transition to IFRS on 1 January 2004, was taken from the previous HGB financial statements and tested for impairment at this time. Goodwill amortized in previous periods has not been reversed.

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

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

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

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

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

The following input requirements must be taken into account:

- Under IAS 36.50, cash flows from financing and for income taxes are not to be included in the calculation of the value in use.

- The capitalization rate is a pre-tax interest rate which reflects current market estimates of the time value of money and the specific risks of the valuation object. Since the returns on risk-bearing equity securities which can be observed in the capital markets routinely include tax effects, the weighted capitalization rate must be adjusted for these tax effects.

- The cost of equity is calculated on the basis of the Capital Asset Pricing Model. This calculation involves the risk-free rate, a risk premium and the beta factor of the respective business unit's peer group. The borrowing rate used similarly results from the specific peer group. The weighted average costs of capital below reflect the individual debt-equity ratio.

- A value of 7% in accordance with the range of 6 – 8% recommended by IDW was used as the market risk premium.

Pre-tax cost of capital

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

The value in use is determined on the basis of the present value of the cash flow from two periods of growth. The first period is based on the five-year plan prepared by the management of the respective cash-generating unit and approved by the Board of Directors. Any new information which has come to light in the meantime has been taken into account. A perpetuity equal to the permanently recoverable amount according to the last year of the detailed forecast period is taken as a basis for the second period, allowing for a growth rate of 1%. Based on the order backlog and the chronological completion of the orders, the chosen planning horizon mainly reflects the following assumptions for short-term to medium-term market developments: sales trend, market shares and growth rates, raw material costs, customer acquisition and retention costs, personnel development and investments. The MAX Automation Group envisages slight increases in sales and EBIT for the period from 2020 to 2024. The assumptions are essentially determined internally and mainly reflect past experience or are compared with external market values.

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

Equity accounted investments

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

Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

Investment property

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

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

Non-current financial assets

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

Loans are carried at amortized cost.

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

Inventories

Inventories are carried at acquisition or production cost or at net realizable value, whichever is lower. In addition to the materials and wages, the production costs include indirect material costs and production overheads which must be disclosed as assets. Discounts are made for lack of movement and marketability. The acquisition and production costs are allocated to the inventory types by means of specific allocation, the average cost method or the FIFO method (first in, first out).

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

Contractual assets

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

The IFRS 15 criteria for this are:

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

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

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

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

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

The disclosure of orders occurs under contractual assets or contractual liabilities. If the cumulative work (contract costs and contract net profit) exceed down payments, construction contracts are disclosed on the assets side under contractual assets. If a negative balance remains after deducting the down payments, it is disclosed as an obligation from construction contracts on the liabilities side under contractual liabilities. Already invoiced partial services are recognized under trade receivables. Anticipated contractual losses are considered on the basis of recognizable risks and immediately included in the contract net profit in full. Contractual revenue and contract modifications, meaning contractual changes and amendments, are recognized as contract revenue in accordance with IFRS 15. Contractual assets are usually recognized within a business cycle of the MAX Automation Group. Therefore, they are disclosed under current assets in accordance with IAS 1, even if the recognition of the entire receivable extends over a period longer than one year.

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

Performance obligations

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

Current financial assets

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

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

Cash and cash equivalents

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

Equity and liabilities

Equity procurement costs

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

Adjustment item for minority interests

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

Pension obligations

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

Provisions for taxes

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

Other provisions

Other provisions take into account all recognizable obligations as of the reporting date that arise from past transactions or past events and whose amount and/or due dates are uncertain. Provisions are recognized at their respective expected settlement amounts, meaning taking into account price and cost increases, and are not offset against reimbursement claims. Provisions are formed only if they are based on a legal or factual obligation to third parties. Non-current provisions are recognized at their settlement amount discounted to the reporting date and disclosed under non-current liabilities.

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

Liabilities

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

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

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

Contract liabilities

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

Statement of comprehensive income

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

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

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

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

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

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

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

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

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

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

Earnings per share

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

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

Currency translation

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

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

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

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

Equity is translated at historical exchange rates.

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

		Balance sheet: reporting date rate		Income statement: average rate	
	EUR=	31.12.2019	31.12.2018	31.12.2019	31.12.2018
China	CNY	7.82050	7.87510	7.73388	7.80735
UK	GBP	0.85080	0.89453	0.87730	0.88475
Hong Kong	HKD	8.74010	8.96750	8.67441	8.90259
Poland	PLN	4.25680	4.30140	4.29753	4.26058
Switzerland	CHF	1.08540	1.12690	1.09252	1.12929
Singapore	SGD	1.51110	1.55910	1.50813	1.55953
USA	USD	1.12340	1.14500	1.11959	1.18149

		Balance sheet: reporting date rate		Income statement: average rate	
	HKD=	31.12.2019	31.12.2018	31.12.2019	31.12.2018
China	CNY	0.89400	0.87818	0.89891	0.88062

Financial instruments

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

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

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

It is held as part of a business model whose purpose is to hold financial assets in order to collect contractual cash flows, and

The contractual terms of the financial asset give rise at specified dates to cash flows, which exclusively represent repayments and interest payments on the outstanding principal amount.

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

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

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

Derivative financial instruments and hedging transactions

Derivatives are initially recognized at their fair value at the time of entering into a derivative transaction and are subsequently reassessed at their fair value at the end of the reporting period. The recognition of subsequent changes in the fair value will depend on whether the derivative is designated as a hedging instrument and, if this is the case, on the nature of the underlying hedging relationship.

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

Further details are provided in the section on risk management.

Income taxes

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

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

Current taxes

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

Deferred taxes

Deferred taxes are recognized for differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding carrying values used in the calculation of taxable income. Deferred taxes are generally recognized for all taxable temporary differences;

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

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

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

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

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

Leases (IAS 17 until 2018)

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

Assets held under finance leases were recognized by the lessee at the inception of the lease as assets at fair value or at the present value of the minimum lease payments, whichever was lower. The corresponding liability to the lessor was reported in the consolidated statement of financial position under other financial liabilities, depending on its maturity.

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

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

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

Impact of the initial application of IFRS 16

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

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

With the initial application of IFRS 16, the MAX Group recognized leasing liabilities for leases previously classified under IAS 17 as operating leases. These liabilities are measured as the present value of the remaining lease payments, discounted at the incremental borrowing rate of the MAX Group as of 1

January 2019. As of 1 January 2019, the incremental borrowing rate was 2.1% worldwide, with the exception of the USA, where it was 4.43%. In the case of the MAX Group, the incremental borrowing rate is derived from the syndicated loan as well as a subordinated line of credit associated with the syndicated loan in the USA. In accordance with the derivation from the syndicated loan, the incremental borrowing rate was applied to all asset classes. Beginning on 1 October 2019, the incremental borrowing rate was 3.1% as a result of an adjustment to the interest rate of the syndicated loan.

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

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

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

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

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

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

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

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

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

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

As a result of the initial application of IFRS 16, earnings per share decreased for the period from 1 January 2019, to 31 December 2019, by 0.01 euro due to the so-called front-loading effect.

Applied simplifications

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

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

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

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

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

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

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

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

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

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

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

The following table shows expenses in connection with leases:

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

Cash outflows in connection with leases

The following table shows cash outflows in connection with leases:

in kEUR	2019
Total cash outflows for leases	**4,106**

Extension options

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

The MAX Group estimates that potential future lease payments would lead to a lease liability of about 5,090,000 euro if the extension option is exercised.

Leasing activities of the MAX Group and their accounting treatment

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

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

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

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

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

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

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

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

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

The leases of the MAX Group have the following terms:

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

Correction of errors

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

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

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

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

in kEUR	31.12.2018 as previously reported	Effects of error correction			
		Adjustment affecting net income	12/31/2018 adjusted	Adjustment not affecting net income	1/1/2019 adjusted
Assets					
Contract Assets	59,730	-900	58,830	-351	58,479
Inventories	88,451	-2,694	85,757	-915	84,842
Prepayments an accured income, and other	13,434	-4,630	8,804	0	8,804
Deferred tax	6,482	1,022	7,504	360	7,864
Equity	**91,584**	**-7,202**	**84,382**	**-906**	**83,476**
thereof revenue reserve	29,214	0	29,214	-906	28,308
thereof retained earnings	17,855	-7,202	10,653	0	10,653

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

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

Adjustment of figures for the previous year

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

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

kEUR	2018 as previously reported	Reclassification IFRS 5	Suspend depreciation 2018	2018
Assets				
intangible assets	3,643	10,085	420	14,148
goodwill	42,067	7,346	0	49,413
property, plant and equipment	25,136	9,550	154	34,840
other financial assets	6,668	429	0	7,097
inventories	48,955	39,496	0	88,451
trade receivables	30,164	23,890	0	54,054
Contract assets	19,776	39,954	0	59,730
other assets	11,248	2,186	0	13,434
cash	31,779	1,739	0	33,518
Total assets of discontinued operations	134,675	-134,675	0	0
Equity and liabilities				
loans	77,854	4,239	0	82,093
provisions	10,318	4,215	0	14,533
Other non-current liabilities	150	7,838	0	7,988
trade payables	47,637	52,892	0	100,529
Contract liabilities	23,420	6,773	0	30,193
Lease liabilities	0	1,666	0	1,666
payables to associated companies	0	137	0	137
other liabilities	21,741	3,259	0	25,000
Total liabilities of discontinued operations	81,019	-81,019	0	0

Changes in presentation

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

CONSOLIDATION PRINCIPLES

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

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

Scope of consolidation

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

The scope of consolidation as of the reporting date encompasses MAX Automation SE and a total of 28 subsidiaries and second-tier subsidiaries as well as MAX Automation (Asia Pacific) Co.Ltd., Hong Kong, which is accounted for using the equity method.

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

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

The scope of consolidation is comprised as follows:

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

Changes in the scope of consolidation

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

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

EXPLANATORY NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(1) Intangible assets

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

kEUR	Concessions, industrial property rights and similar rights and assets, and licenses to such rights and assets	Internally intangible assets	Advances paid	Total
Cost				
01.01.2019	41,243	13,288	235	54,765
Changes in scope of consolidation	-7,956	0	0	-7,956
Currency differences	369	0	1	370
Additions	879	1,381	106	2,366
Disposals	-1,742	-2,730	0	-4,472
Reclassifications	320	-159	-161	0
31.12.2019	33,113	11,780	180	45,074
Accumulated amortization				
01.01.2019	31,658	8,910	50	40,617
Changes in scope of consolidation	-2,185	0	0	-2,185
Currency differences	120	0	0	120
Additions	2,598	1,518	1	4,117
Disposals	-1,654	-2,730	0	-4,384
Reclassifications	0	0	0	0
31.12.2019	2,576	4,082	129	6,787
Carrying amount				
31.12.2019	**30,537**	**7,698**	**51**	**38,286**

kEUR	Concessions, industrial property rights and similar rights and assets, and licenses to such rights and assets	Internally intangible assets	Advances paid	Gesamt
Cost				
01.01.2018	33,271	12,106	1,144	46,521
Changes in scope of consolidation	7,288	285	50	7,623
Currency differences	-102	0	-2	-104
Additions	663	1,495	334	2,493
Disposals	-98	-598	-1,133	-1,829
Reclassifications	220	0	-159	62
31.12.2018	41,243	13,288	235	54,765
Accumulated amortization				
01.01.2018	27,457	5,264	133	32,854
Changes in scope of consolidation	-158	186	0	28
Currency differences	11	0	-2	10
Additions	4,536	4,166	0	8,702
Disposals	-98	-388	-82	-569
Reclassifications	49	0	1	50
Adjustment	-139	-318	0	-458
31.12.2018	31,658	8,910	50	40,617
Carrying amount				
31.12.2018	**9,585**	**4,378**	**185**	**14,148**

Intangible assets include licenses, computer software, technologies, development projects, websites, trademarks and customer relationships. The internally generated intangible assets are primarily capitalized development costs of the Group companies.

(2) Right-of-use Assets

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

kEUR	Right-of-use Assets
Cost	
01.01.2019	0
Changes in scope of consolidation	0
Currency differences	4
Additions	19,315
Disposals	-53
Reclassifications	1,779
31.12.2019	21,046
Accumulated amortization	
01.01.2019	0
Changes in scope of consolidation	0
Currency differences	-1
Additions	3,834
Disposals	-20
Reclassifications	0
31.12.2019	3,813
Carrying amount	
31.12.2019	**17,232**

kEUR	Right-of-use Assets
Cost	
01.01.2018	0
Changes in scope of consolidation	0
Currency differences	0
Additions	0
Disposals	0
Reclassifications	0
31.12.2018	0
Accumulated amortization	
01.01.2018	0
Changes in scope of consolidation	0
Currency differences	0
Additions	0
Disposals	0
Reclassifications	0
Adjustment	0
31.12.2018	0
Carrying amount	
31.12.2018	**0**

(3) Goodwill

The disclosed goodwill figures break down in detail as follows:

kEUR	Goodwill	Total
Cost		
01.01.2019	68,838	68,838
Changes in scope of consolidation	-6,039	-6,039
Currency differences	259	259
Additions	0	0
Disposals	0	0
Reclassifications	0	0
31.12.2019	63,058	63,058
Accumulated amortization		
01.01.2019	19,424	19,424
Changes in scope of consolidation	-5,512	-5,512
Currency differences	231	231
Additions	2,676	2,676
Disposals	0	0
Reclassifications	0	0
31.12.2019	16,819	16,819
Carrying amount		
31.12.2019	**46,239**	**46,239**

kEUR	Goodwill	Gesamt
Cost		
01.01.2018	63,057	63,057
Changes in scope of consolidation	5,894	5,894
Currency differences	-114	-114
Additions	0	0
Disposals	0	0
Reclassifications	0	0
31.12.2018	68,838	68,838
Accumulated amortization		
01.01.2018	9,966	9,966
Changes in scope of consolidation	0	0
Currency differences	53	53
Additions	9,405	9,405
Disposals	0	0
Reclassifications	0	0
31.12.2018	19,424	19,424
Carrying amount		
31.12.2018	**49,413**	**49,413**

Goodwill fell during the financial year to kEUR 46,239 (previous year: kEUR 49,413). The decline resulted in part from writing down the goodwill of IWM Automation GmbH in the amount of kEUR 2,676 as well as from the transitional consolidation of MAX Automation (Shanghai) Co. Ltd. in the amount of kEUR 506. There is also an increase of kEUR 7 resulting from currency translation in the Environmental Technology subgroup.

in kEUR	**31.12.2019**	**31.12.2018**
Goodwill	**46,239**	**49,413**
Process Technologies	**6,163**	**6,163**
- thereof bdtronic group	6,163	6,163
Evolving Technologies	**29,512**	**29,512**
- thereof NSM Magnettechnik	12,124	12,124
- thereof MA micro automation GmbH	11,661	11,661
- thereof iNDAT Robotics GmbH	3,463	3,463
- thereof Mess- und Regeltechnik Jücker GmbH	1,403	1,403
- thereof AIM Micro Systems GmbH	861	861
Environmental Technologies	**6,399**	**6,392**
- thereof Vecoplan group	6,399	6,392
None-Core	**4,165**	**7,346**
- thereof ELWEMA Automotive GmbH	4,165	4,165
- thereof IWM Automation group	0	2,676
- thereof MAX Automation (Shanghai) Co. Ltd.	0	505

(4) Property, plant and equipment

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

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

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

kEUR	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction	Prepay-ments made	Total
Cost						
01.01.2019	46,807	19,560	21,170	100	42	87,679
Change in the scope of consolida-tion	-365	-206	-369	0	-44	-984
Currency differences	62	21	69	0	2	154
Additions	93	1,602	2,996	1,487	0	6,177
Additions from revaluation	2,187	0	0	0	0	2,187
Disposals	-2	-2,428	-561	-30	0	-3,021
Disposals from revaluation	-6,852	0	0	0	0	-6,852
Reclassifications	-2,550	0	0	0	0	-2,550
31.12.2019	39,380	18,549	23,305	1,557	0	82,791
Accumulated depreciation						
01.01.2019	21,649	15,505	15,686	0	0	52,839
Change in the scope of consolida-tion	-100	-84	-221	0	0	-405
Currency differences	26	14	46	0	0	86
Additions	1,346	1,016	1,921	0	0	4,283
Disposals	0	-2,183	-504	0	0	-2,687
Disposals from revaluation	-17,664	0	0	0	0	-17,664
Reclassifications	0	0	0	0	0	0
31.12.2019	5,257	14,269	16,927	0	0	36,453
Carrying amount						
31.12.2019	**34,123**	**4,280**	**6,378**	**1,557**	**0**	**46,338**

kEUR	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction	Prepay-ments made	Total
Cost						
01.01.2018	41,946	15,111	20,485	126	0	77,668
Change in the scope of consolidation	3,428	3,592	917	0	0	7,937
Currency differences	149	21	90	0	0	259
Additions	644	1,903	1,866	93	42	4,548
Disposals	562	-1,052	-2,239	-5	0	-2,734
Reclassifications	78	-15	51	-114	0	0
31.12.2018	46,807	19,560	21,170	100	42	87,679
Accumulated depreciation						
01.01.2018	18,656	12,093	15,438	0	0	46,187
Change in the scope of consolidation	1,005	3,207	602	0	0	4,814
Currency differences	61	28	73	0	0	162
Additions	1,459	1,055	1,798	0	0	4,312
Disposals	566	-855	-2,193	0	0	-2,482
Reclassifications	0	-14	14	0	0	0
Adjustment	-98	-9	-47	0	0	-154
31.12.2018	21,649	15,505	15,686	0	0	52,839
Carrying amount						
31.12.2018	**25,158**	**4,055**	**5,484**	**100**	**42**	**34,840**

(5) Investment property

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

The investment property item essentially includes the lease for the leased property on Kesselbachstrasse in Bermatingen. As a result of the closure of the operational business of IWM Automation Bodensee GmbH the property is no longer owner occupied and given the intention to lease it, it has been classified since 30 June 2019, as an investment property. Due to the transfer of the property to investment property, the adjustment to fair value in the amount of kEUR 2,828 occurred outside profit or loss via the revaluation reserve as well as in the amount of kEUR 2,600 in profit or loss as a reversal of an impairment loss in other operating income.

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

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

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

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

kEUR	Investment properties
01.01.2019	**1,254**
Changes in the scope of consolidation	0
Additions	0
Disposals	0
Transfer from owner-occupied property	3,372
Adjustment of the fair value through the revaluation reserve	2,828
31.12.2019	**7,454**

kEUR	Investment properties
01.01.2018	**1,379**
Changes in the scope of consolidation	0
Additions	62
Disposals	0
Transfer from owner-occupied property	0
Net gain (loss) from fair value adjustments	63
31.12.2018	**1,254**

(6) Equity accounted investments

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

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

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

(7) Other financial assets

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

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

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

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

(8) Deferred taxes

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

in kEUR		31.12.2019		31.12.2018	
		Deffered tax assets	Deffered tax liabilities	Deffered tax assets	Deffered tax liabilities
Long-term balance sheet items					
A.	**Non-current assets**	**24,506**	**8,161**	**14,539**	**4,357**
I.	Intangible assets	167	1,862	194	3,544
II.	Property, plant and equipment	225	6,241	204	755
III.	Non-current financial assets	0	58	25	58
IV.	Deferred tax assets for tax losses carried forward	24,114	0	14,116	0
B.	**Non-current liabilities**	**1,258**	**0**	**231**	**0**
Short-term balance sheet items					
C.	**Current assets**	**1,842**	**2,747**	**3,425**	**2,517**
I.	Inventories and trade payables	1,842	2,747	3,425	2,517
II.	Current financial assets	0	0	0	0
D.	**Current liabilities**	**1,517**	**4**	**1,246**	**0**
Subtotal		**29,123**	**10,912**	**19,441**	**6,874**
Value adjustments on losses carried forward		**-12,655**	**0**	**-7,155**	**0**
Netting		**-6,085**	**0**	**-4,782**	**0**
Total		**10,383**	**10,912**	**7,504**	**6,874**

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

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

In addition, there are domestic trade tax loss carry-overs of kEUR 68,319 (previous year: kEUR 37,329), and corporate tax loss carry-overs of kEUR 70,114 (previous year: kEUR 38,477) with deferred tax assets totaling kEUR 19,685 (previous year: kEUR 10,765) with a write-down of kEUR 11,811 (previous year: kEUR

5,558). Foreign losses carried forward amount to kEUR 4,686 (previous year: kEUR 8,737) and the resulting deferred tax assets of kEUR 993 (previous year: kEUR 1,991) were written down by kEUR 845 (previous year: kEUR 1,596).

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

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

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

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

in kEUR	31.12.2019	31.12.2018
Deffered tax assets:		
- from deductible differences	5,009	5,325
- from tax losses carried forward	11,459	6,961
- Netting with deferred tax liabilities	-6,085	-4,782
Total deferred tax assets:	**10,383**	**7,504**
Deferred tax liabilities:		
- from taxable temporary differences	10,912	6,874

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

In the amount of kEUR 4,389 (previous year: kEUR 152 with a resulting increase in equity) deferred taxes were taken into account in the statement of financial position with a resulting decrease in equity, which applied directly to income and expense recognized in equity. Of this amount, kEUR 3,704 (previous year: kEUR 0) involved the revaluation of property, plant and equipment, kEUR 784 (previous year: kEUR 0) involved the change in use of property and kEUR 40 (previous year: kEUR 93) involved actuarial gains and losses from employee benefits with a resulting increase in equity, and kEUR 59 (previous year: kEUR 59) involved the delimitation of IPO expenses with a resulting increase in equity.

(9) Other non-current assets

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

(10) Inventories

in kEUR	31.12.2019	31.12.2018 (adjusted)	31.12.2018
Raw materials and supplies	20,086	19,007	19,007
Unfinished goods and services	22,843	55,029	57,723
Finished goods and services	7,333	7,062	7,062
Advance payments made	3,767	4,659	4,659
Inventories	**54,029**	**85,757**	**88,451**

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

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

(11) Contractual assets and trade receivables

in kEUR	31.12.2019	31.12.2019 (adjusted)	31.12.2018
Contract assets	41,044	58,830	59,730
thereof receivables from construction contracts	165,966	159,855	160,756
thereof advances received for construction contracts	-124,922	-101,026	-101,026
Trade receivables	48,098	56,952	56,952
specific loss allowance	-2,629	-2,504	-2,504
expected credit losses	-125	-375	-375
Total	**86,388**	**112,903**	**113,803**

The decline in contractual assets and trade receivables was primarily attributable to the Group's withdrawal from the area of special-purpose machine construction for the automotive sector. For this reason, the companies IWM Automation GmbH and IWM Automation Bodensee GmbH are being closed. Accordingly, the operational business of these companies has already been reduced significantly.

The development of contractual assets is presented in detail below:

Contract assets	in kEUR
31.12.2018	**59,730**
Adjustments	-900
31.12.2018 (adjusted)	**58,830**
Transfers from contract assets to trade receivables	-37,164
Changes due to the adjustment of progress	24,848
Impairment of contract assets	-57
Changes due to deconsolidation	-5,470
31.12.2019	**40,987**

(12) Receivables due from related parties

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

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

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

in kEUR	31.12.2019	31.12.2018 (adjusted)	31.12.2018
Receivables towards tax authorities	7,106	6,090	6,090
Accruals and deferred income	1,691	1,765	1,765
Creditors with debit balances	356	487	487
Receivables from employees	239	192	192
Receivables from sales contracts	0	0	4,624
Other receivables	576	270	276
Total	**9,968**	**8,804**	**13,434**

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

(14) Cash and cash equivalents

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

Equity and liabilities

Equity

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

(15) Subscribed capital

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

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

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

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

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

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

- for fractional amounts;
- if the new shares are issued at a price that is not substantially less than the stock market price, and the shares issued pursuant to Section 186 (3) (4) AktG, subject to the exclusion of the subscription right, do not exceed a total of 10% of the share capital, specifically neither at the time this authorization takes effect nor at the time that it is exercised

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

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

The Company has not exercised this right to date.

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

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

(16) Capital reserves and retained earnings

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

The capital reserves include the premium of kEUR 15,990 from the capital increase from Authorized Capital II approved on 15 August 2017. Costs for the capital increase minus the relevant taxation in the amount of 138,000 euro are deducted from this amount.

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

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

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

(17) Revaluation reserve

Recognized in the revaluation reserve are changes in value from the application of the revaluation reserve in accordance with IAS 16 as well as value adjustments for property, which is reclassified from real estate used by the company to investment property. The amount of kEUR 11,340 is composed of land and buildings that were revalued in 2019 in the amount of kEUR 12,998 as well as related deferred tax liabilities of kEUR 3,703 and kEUR 2,828 from value adjustments for property as a result of its reclassification to investment property, as well as deferred taxes of kEUR 783.

(18) Unappropriated retained earnings

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

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

Capital management

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

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

Non-current liabilities

(19) Non-current financial liabilities

in kEUR	31.12.2019	31.12.2018
Non-current loans excl. current proportion	**120,574**	**76,768**
Residual term 1-5 years	120,508	76,238
Residual term > 5 years	65	530
Non-current lease liabilities	**15,438**	**1,405**
Residual term 1-5 years	10,831	1,216
Residual term > 5 years	4,607	188
Other non-current liabilities	**300**	**7,988**
Residual term 1-5 years	300	7,987
Residual term > 5 years	0	0
Total	**136,312**	**86,159**

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

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

Non-current debt less current portion

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

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

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

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

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

(20) Provisions for pensions

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

The following main assumptions were made in the actuarial calculations:

in kEUR	31.12.2019	31.12.2018
Interest rate	0.80%	2.05%
Salary growth	1.5%	1.5%
Pension indexation	2.0%	2.0%
Aggregate flucutuation	None	None
Aggregate retirement age	65	65

Cost trends in health care were not taken into account in the actuarial assumptions.

The present value of the pension obligations developed as follows:

in kEUR	31.12.2019	31.12.2018
As of 01.01.	950	963
Service cost	0	0
Interest cost	19	19
Actuarial gains/losses	133	21
Pensions paid	-54	-53
Offsetting of pension liability insurance	0	0
Pension provisions	**1,048**	**950**

Actuarial gains and losses were recorded outside profit or loss.

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

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

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

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

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

(21) Trade payables

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

(22) Contractual liabilities

Contract liabilities	**in kEUR**
01.01.2019	**30,193**
Revenue included in contract liabilities at the beginning of the period	-8,534
Increase due to customer payments received less the amount recognised as revenue during the period	15,322
Changes due to the adjustment of progress	-18,227
Other changes	-118
31.12.2019	**18,637**

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

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

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

(24) Liabilities to related companies

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

(25) Other current financial liabilities and lease liabilities

in kEUR	31.12.2019	31.12.2018
Salaries and wages	8,731	7,515
Holiday pay and overtime	3,692	3,903
Social security liabilities	854	780
Customers with credit balances	424	1,155
Negative fair values of derivative financial instruments	124	57
Obligations from purchase contracts	0	3,974
MAX Shanghai purchase price due	0	500
Other current liabilities	1,845	2,166
Total	**15,670**	**20,050**
Lease liabilities	**4,257**	**261**
Total lease liabilities	**4,257**	**261**

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

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

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

(26) Provisions and liabilities from income taxes

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

The uniform tax rate of 15% plus a 5.5% solidarity surcharge applies to corporation tax, while the trade tax rate is about 14% on average, resulting in an average domestic tax rate of 29.83%. Outside Germany, the MAX Group primarily generates taxable income in the USA. The average tax rate in the USA is 22.58 %.

Provisions for taxes have developed as follows:

in kEUR	31.12.2018	Changes in the scope of consolidation	Depletion	Releases	Additions	31.12.2019
Corporation tax with solidarity surcharge	1,610	0	-1,276	-85	816	1,065
Trade tax	2,174	0	-1,615	-184	444	818
Other Taxes	151	0	-30	0	142	263
Total provisions	**3,935**	**0**	**-2,921**	**-270**	**1,402**	**2,146**
Tax liabilities	390	0	-390	0	62	62
Provisions and liabilities from income taxes	**4,325**	**0**	**-3,311**	**-270**	**1,464**	**2,208**

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

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

(27) Other provisions

The other provisions are comprised as follows:

in kEUR	31.12.2018	Usage	Reversals	Reclassification	Additions	Changes in scope of consolidation	31.12.2019
Non-current warranty provisions	3,746	2,705	71	65	1,423	0	2,456
Non-current personnel cost provisions	1,265	66	0	0	560	0	1,759
Other miscellaneous non-current provisions	9	0	0	0	0	0	9
Total other non-current provisions	**5,020**	**2,772**	**71**	**65**	**1,983**	**0**	**4,224**
Warranty provisions	3,532	335	1,563	65	3,522	0	5,092
Personnel cost provisions	358	98	78	0	306	0	487
Other miscellaneous provisions	5,623	2,153	1,641	1	8,278	62	10,045
Total other current provisions	**9,513**	**2,587**	**3,282**	**64**	**12,106**	**62**	**15,625**

Warranty and guarantee provisions

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

Miscellaneous other provisions

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

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

(28) Other current liabilities

This item in the amount of kEUR 4.479 (previous year: kEUR 4,950) mainly consists of wage tax and church tax in the amount of kEUR 2,305 (previous year: kEUR 1,505) and value added tax in the amount of kEUR 2,174 (previous year: kEUR 3,444).

Notes to the income statement

(29) Revenue

The following tables show revenue by segment:

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

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

The following tables show revenue by geographic market:

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

(30) Other operating income

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

The "Other" item in the amount of kEUR 4,665 (previous year: kEUR 1,806) includes write-ups of kEUR 2,600. They involve the reversal of an impairment loss in connection with the property on Kesselbachstrasse in Bermatingen. The "Other" item also includes, for example, remunerations in kind of kEUR 739 (previous year: kEUR 693).

(31) Cost of materials

in kEUR	2019	2018
Cost of goods purchased	154,679	176,400
Cost of services purchased	48,026	63,823

(32) Personnel expenses

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

In the 2019 fiscal year, wages and salaries include expenses arising in connection with the closure of IWM Automation Bodensee GmbH. This includes the following itemized expenses: kEUR 4,277 for severance payments, kEUR 2,761 for the transfer company for employees, and kEUR 500 for so-called value time. In the previous year, personnel expenses included severance payments of kEUR 171.

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

(33) Depreciation, amortization and write-downs

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

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

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

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

(34) Other operating expenses

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

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

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

(35) Net interest result

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

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

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

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

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

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

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

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

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

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

(36) Income taxes

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

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

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

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

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

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

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

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

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

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

Other disclosures relating to the consolidated financial statements

Consolidated cash flow statement

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

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

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

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

Research and development

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

Risk management

General information on financial risks

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

- Credit risks
- Liquidity risks
- Market price risks

Credit risks essentially arise from trade receivables. It is particularly important to assess the risks in connection with the project business, as in the provisional financing of orders, for example.

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

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

Risk categories

Credit risks

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

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

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

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

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

Aside from the individual valuation adjustments on receivables in case of a default event, an allowance for expected credit losses was also recognized in accordance with IFRS 9. The Group's financial assets which are subject to the model of expected credit losses are trade receivables and contractual assets. The Group applies the simplified approach in accordance with IFRS 9 in order to measure the expected credit losses. Accordingly, the expected credit losses over the relevant term are used for all trade receivables and contractual assets.

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

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

Impariment Matrix 31. December 2019

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

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

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

Furthermore, depreciation of contractual assets and trade receivables was performed on a case-by-case basis in the amount of kEUR 2,629 (previous year: kEUR 2,504). The transition from the opening balance to the closing balance as of 31 December for expected credit losses for trade receivables and contractual assets is presented as follows:

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

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

Liquidity risk

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

The short-term and medium-term cash flows of the companies at Group level are combined in operational liquidity management. In addition to the settlement dates of the financial assets and liabilities, these cash flows also include the expectations from the operating cash flows of the Group companies.

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

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

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

Market price risk

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

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

Currency risks

Due to its international orientation, the MAX Automation Group is exposed to risks from exchange rate fluctuations in its business operations and with regard to the reported financial transactions and cash flows. The exchange rate risk for the Group is driven by its sales volume and to a large extent by conversions between the U.S. dollar and the euro. The transaction exposure is of particular importance here as the revenue is measured in foreign currency and the associated costs are in euro. Exchange rate fluctuations are hedged in part through appropriate hedging instruments.

Foreign currency forwards are used to minimize the transaction risks associated with individual projects.

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

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

The terms and scope of the currency hedges correspond to those of the underlying transactions requiring hedging. The Group held the following hedging instruments as of the reporting date:

Financial instruments for currency hedging

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

The currency sensitivity analyses are based on the following assumptions:

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

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

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

Interest rate risks

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

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

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

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

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

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

- Changes in market rates for interest rate derivatives which are not included in a hedging relationship under IFRS 9 have an impact on the interest result and are therefore taken into account in the sensitivity calculations.

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

Other price risks

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

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

Categorization of financial instruments

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

in kEUR	Valuation category according to IFRS 9	Book value 31.12.2019	Book value 31.12.2018 (adjusted)	Book value 31.12.2018
Financial Assets				
Borrowings	AC	6,665	6,927	6,927
Trade receivables	AC	45,402	54,073	54,073
Cash and cash equivalents	AC	40,596	33,518	33,518
Other financial assets	AC	3,150	3,050	7,680
	0			
Financial liabilities	0			
Loans	AC	121,900	82,093	82,093
Trade payables	AC	49,818	100,529	100,529
Derivative financial instruments	FVTPL	124	57	57
Other financial liabilities	AC	3,141	16,308	16,308

Measurement of fair value

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

- Level 1: All financial instruments traded on active markets whose quoted prices have been adopted for measurement without any change.
- Level 2: The measurement is performed on the basis of procedures using input factors that have been derived directly or indirectly from observable market data.
- Level 3: The measurement is performed on the basis of procedures using input factors that are not exclusively based on observable market data.

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

Earnings per share

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

in kEUR	2019	2018 (adjusted)	2018
Profit attributable to the shareholders of MAX Automation SE used to determine the undiluted/diluted earnings per share	-34,733	-34,119	-31,547

Number	2019	2018 (adjusted)	2018
Weighted average number of shares used as denominator to calculate undiluted/diluted earnings per share	29,459,415	29,459,415	29,459,415

in EUR	2019	2018 (adjusted)	2018
Undiluted/diluted earnings per share due to shareholders of MAX Automation SE	-1.18	-1.32	-1.07

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

Segment reporting

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

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

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

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

Segment	MAX Automation SE2)			Consolidation	
Reporting Period	**2019**	**2018**	**(2018 adjusted)**	**2019**	**2018**
	kEUR	**kEUR**	**kEUR**	**kEUR**	**kEUR**
Order intake	**0**	**0**	**0**	**0**	**0**
Order book position	**0**	**0**	**0**	**0**	**0**
Segment revenue	**3,270**	**3,073**	**3,073**	**-4,816**	**-5,147**
With external customers	6	213	213	0	0
- of which Germany	6	213	213	0	0
- of which other EU countries	0	0	0	0	0
- of which North America	0	0	0	0	0
- of which China	0	0	0	0	0
- of which Rest of the world	0	0	0	0	0
- Inter-segment revenue	3,264	2,861	2,861	-4,816	-5,147
EBITDA	**-8,641**	**-4,179**	**-8,159**	**-336**	**-989**
EBITDA margin (in %, in relation to sales revenue)	-	-	-	-	-
Total operating revenue	**3,270**	**3,073**	**3,073**	**-4,816**	**-5,147**
Segment operating profit (EBIT before PPA amortization)	**-8,921**	**-4,381**	**-8,361**	**-336**	**-989**
Including:	0	0	0	0	0
- depreciation/amortization	-281	-202	-202	0	0
- Additions to other provisions and pension provisions	-902	-1,894	-1,894	0	0
Segment operating profit after PPA amortization	**-8,921**	**-4,381**	**-8,361**	**-3,012**	**-1,041**
Including:	0	0	0	0	0
- PPA amortization	0	0	0	0	-51
- Goodwill Impairment	0	0	0	-2,676	0
Segment result from ordinary activities (EBT)	**-36,523**	**-3,110**	**-7,740**	**9,550**	**-2,115**
Including:	0	0	0	0	0
- Interest and similar income	3,475	2,333	2,333	-3,264	-2,556
- Interest and similar expenses	-3,702	-2,265	-2,915	3,252	2,558
- Income from equity accounted investments	-1,007	-1,237	-1,237	597	0
Income taxes	2,047	2,725	2,725	0	-278
Net income	**-34,476**	**-385**	**-5,015**	**9,550**	**-2,394**
Non-current segment assets (excluding deferred tax)	**97,857**	**107,959**	**107,959**	**-60,300**	**-70,264**
- of which Germany	97,857	107,959	107,959	-60,300	-70,264
- of which other EU countries	0	0	0	0	0
- of which North America	0	0	0	0	0
- of which Rest of the world	0	0	0	0	0
Investments in non-current segment assets	**118**	**70**	**70**	**0**	**0**
Working Capital	**-1,157**	**-1,291**	**-1,291**	**0**	**0**
Goodwill	**0**	**0**	**0**	**0**	**0**
ROCE (in %)1)	**-**	**-**	**-**	**-**	**-**
Average number of personnel excluding trainees	**9**	**0**	**0**	**0**	**0**

1) The return on capital employed (ROCE) corresponds to the ratio of EBIT to capital employed. Capital employed corresponds to the sum of intangible assets, property, plant and equipment, working capital, investment property and goodwill based on the twelve-month average.
2) The values of the parent company are included in the MAX Automation SE column; transactions between the segments are eliminated in the Consolidation column. The sum of the two aforementioned columns are presented in the Reconciliation column in order to reconcile the segment disclosures with the Group figures.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Events after the reporting period

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

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

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

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

Board of Directors of MAX Automation SE as of the end of this year's General Meeting, which will be held on 29 May 2020, and his position as Executive Director with effect from 15 June 2020.

Other financial obligations

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

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

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

Related party transactions

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

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

Related enterprises

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

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

Related persons

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

Auditor

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

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

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

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

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

Corporate Bodies of MAX Automation SE

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

Executive Directors

Daniel Fink
Dusseldorf, Germany (until 31 March 2019)
CEO

Member of the following other supervisory bodies:
- Chairman of the Supervisory Board of Vecoplan AG, Bad Marienberg (until 31 March 2019)

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

Member of the following other supervisory bodies:
- Deputy Chairman of the Supervisory Board of Vecoplan AG, Bad Marienberg (until 31 March 2019)
- Chairman of the Supervisory Board of Vecoplan AG, Bad Marienberg (from 1 April 2019)

Werner Berens
Fahrsweiler, Germany (from 1 May 2019)

Member of the following other supervisory bodies:
- No membership in other supervisory bodies

Dr. Guido Hild
Dusseldorf, Germany (from 1 July 2019)

Member of the following other supervisory bodies:
- Board of Directors of GEA Orion Farm Technologies, Nagano (until 3 July 2019)

Patrick Vandenrijhn
Regensburg, Germany (from 1 May 2019)

Member of the following other supervisory bodies:
- No membership in other supervisory bodies

Total compensation of the Executive Directors

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

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

*The main ancillary benefits were private use of company car, insurance premiums and rent subsidies for housing
1) Payment in 2019

kEUR	Fabian Spilker, Executive Director (CFO), until 31/03/2018			
	2018	**2019**	**2019 (min)**	**2019 (max)**
Fixed compensation	84	0	0	0
compensation	600	0	0	0
Ancillary benefits*	9	0	0	0
Total	**693**	**0**	**0**	**0**
One-year variable compensation (STIP)[2)]	0	0	0	0
Multi-year variable compensation (LTIP)[2)]	0	0	0	0
thereof 2016 to 2019 program[1)]	0	0	0	0
thereof 2017 to 2020 program[1)]	0	0	0	0
thereof 2018 to 2021 program[1)]	0	0	0	0
Total	**693**	**0**	**0**	**0**
Pension expense	0	0	0	0
Total compensation	**693**	**0**	**0**	**0**

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

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

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

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

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

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

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

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

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

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

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

in kEUR	Werner Berens Executive Director since 01/05/2019		Dr. Guido Hild Executive Director since 01/07/2019		Patrick Vandenrijhn Executive Director since 01/05/019	
	2018	**2019**	**2018**	**2019**	**2018**	**2019**
Fixed compensation	0	153	0	93	0	153
compensation	0	0	0	0	0	0
Ancillary benefits	0	23	0	11	0	13
Total	**0**	**176**	**0**	**104**	**0**	**166**
One-year variable compensation	0	0	0	0	0	0
Multi-year variable compensation	0	0	0	0	0	0
Total	**0**	**176**	**0**	**104**	**0**	**166**
Pension expense	0	0	0	0	0	0
Total compensation	**0**	**176**	**0**	**104**	**0**	**166**

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

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

Members of the Board of Directors

Gerhard Lerch

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

Member of the following other supervisory bodies:
- Chairman of the Supervisory Board of Vecoplan AG, Bad Marienberg (until June 2018)

Dr. Christian Diekmann

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

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

Dr. Jens Kruse

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

Member of the following other supervisory bodies:
- Member of the Supervisory Board of Biesterfeld AG, Hamburg
- Deputy Chairman of the Supervisory Board of PNE AG, Cuxhaven

Dr. Ralf Guckert

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

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

Oliver Jaster

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

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

Daniel Fink

Dusseldorf, Germany
Executive Director of MAX Automation SE (until 31 March 2019)
Member of the Board of Directors

Fabian Spilker

Dusseldorf, Germany
Executive Director of MAX Automation SE (until 31 March 2018)
Member of the Board of Directors (until 18 May 2018)

Andreas Krause

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

Along with the reimbursement of their expenses, the Chairman of the Board of Directors receives kEUR 120, the Deputy Chairman of the Board of Directors receives kEUR 60 and the remaining members of the Board of Directors with the exception of Executive Directors receive kEUR 40 after the end of the fiscal year.

Total compensation of the Board of Directors

The compensation paid to the Board of Directors in 2019 amounted to kEUR 273 (Previous year: kEUR 232).

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

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

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

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

Shareholdings subject to notification pursuant to Section 160 (1) (8) AktG

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

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

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

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

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

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

MAX Automation released a statement on 22 March 2019, pursuant to Section 33 WpHG that it had received notification on 21 March 2019, that Axxion S.A., Grevenmacher, Luxembourg, had increased its share of voting rights from 4.80% to 5.10% on 19 March 2019 through the acquisition of shares with voting rights and now holds 1,503,354 voting rights out of the total of 29,459,415 voting rights.

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

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

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

Declaration pursuant to Section 161 AktG on the Corporate Governance Code

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

Exemption from disclosure for subsidiaries

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

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

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

Dusseldorf, 12 March 2020

The Executive Directors

Andreas Krause	**Werner Berens**
Patrick Vandenrhijn	**Dr. Guido Hild**

SUBSIDIARIES

MAX AUTOMATION SE, DUSSELDORF, LIST OF SHAREHOLDERS AS OF 31 DECEMBER 2019

a) Companies included in the consolidated financial statements

Name and registered office of the company		Share in capital (%)
Subsidiaries of MAX Automation SE:		
MAX Management GmbH	Düsseldorf	100
bdtronic GmbH	Weikersheim	100
IWM Automation GmbH	Porta Westfalica	100
MAX Automation North America Inc.	Wilmington, Delaware, USA	100
NSM Magnettechnik GmbH	Olfen-Vinnum	100
Mess- und Regeltechnik Jücker GmbH	Dillingen	100
Vecoplan AG	Bad Marienberg	100
Subsidiaries and second-tier subsidiaries of MAX Management GmbH:		
AIM Micro Systems GmbH	Triptis	100
ELWEMA Automotive GmbH	Ellwangen	100
iNDAT Robotics GmbH	Ginsheim-Gustavsburg	100
IWM Automation Bodensee GmbH	Bermatingen	100
MA micro automation GmbH	St. Leon-Rot	100
MA micro automation PTE.Ltd. (Subsidiary of MA micro automation GmbH)	Singapur	100
Subsidiaries of bdtronic GmbH:		
bdtronic BVBA	Diepenbeek, Belgien	100
BARTEC Dispensing Technology Inc.	Tulsa, Oklahoma, USA	100
bdtronic Ltd.	Ashton under Lyne, UK	100
bdtronic S.r.l.	Monza, Italien	100
bdtronic Italy S.r.l.	Rieti, Italien	100
bdtronic Suzhou Co. Ltd.	Suzhou, China	100
Subsidiaries of IWM Automation GmbH:		
IWM Automation Polska Sp.z o.o.	Chorzow, Polen	100
Subsidiaries and second-tier subsidiaries of Vecoplan AG:		
Vecoplan Holding Corporation	Wilmington, Delaware, USA	100
Vecoplan LLC (Subsidiary of Vecoplan Holding Corporation)	Archdale, North Carolina,USA	100
Vecoplan Midwest LLC (Subsidiary of Vecoplan LLC)	Floyds Knobs, Indiana,USA	75
Vecoplan Limited	Birmingham, UK	100
Vecoplan Austria GmbH	Wien, Österreich	100
Vecoplan Swiss GmbH	Sarnen; Schweiz	100
Vecoplan Polska Sp.z.o.o.	Warschau, Polen	100
Vecoplan Iberica S.L.	Bilbao, Spanien	100

b) Companies included in the consolidated financial statements using the equity method

Name and registered office of the company		Share in capital (%)
Other interests of MAX Automation SE:		
MAX Automation (Asia Pacific) Co.Ltd. (Subsidiary of MAX Automation SE)	Hong Kong	51
MAX Automation (Shanghai) Co. Ltd. (Subsidiary of MAX Automation (Shanghai) Co. Ltd.)	Shanghai, China	100

AUDIT CERTIFICATE

"AUDIT CERTIFICATE OF THE INDEPENDENT AUDITOR OF THE FINANCIAL STATEMENTS

To MAX Automation SE, Dusseldorf

NOTE ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Audit opinions

We have audited the consolidated financial statements of MAX Automation SE, Dusseldorf, and its subsidiaries (the Group) - consisting of the consolidated balance sheet as of 31 December 2019, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal year from 1 January to 31 December 2019, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the consolidated management report of MAX Automation SE, which is combined with the management report of the Company, for the fiscal year from 1 January to 31 December 2019. In accordance with German legal requirements, we have not audited the content of the components of the Group Management Report mentioned in the „Other Information" section of our audit opinion.

In our opinion, based on the findings of our audit

- the attached consolidated financial statements comply in all significant respects with IFRS, as applicable in the EU and the German statutory regulations to be additionally applied Section 315e (1) HGB and give a true and fair view of the net assets and financial position of the Group as of 31 December 2019 and of its results of operations for the fiscal year from 1 January to 31 December 2019 in accordance with these requirements; and

- overall, the attached Group management report provides a true and fair view of the Group's position. In all significant matters, this Group management report is consistent with the consolidated financial statements, complies with German statutory regulations and appropriately presents the opportunities and risks of future development. Our opinion relating to the Group management report does not include the content of the components of the Group management report referred to in the section „Other information".

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the proper nature of the consolidated financial statements and the Group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the Group management report in accordance with Section 317 HGB and the EU Auditor Regulation (No. 537/2014; hereinafter „EU-APrVO"), taking into account the German proper accounting principles as established by the Institute of Public Auditors in Germany (IDW). Our responsibility according to these regulations and principles is described in more detail in the section „Responsibility of the auditor for the audit of the consolidated financial statements and the Group management report" in our audit opinion. We are independent of the Group companies in compliance with European law and German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. Moreover, pursuant to Article 10 (2)(f) EU-APrVO we declare that we have not rendered any prohibited non-audit services pursuant to Article 5 (1) EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements and the Group management report.

Audit issues of particular importance in the audit of the consolidated financial statements

Matters of particular importance are those matters which in our opinion, based on our audit, are most relevant to our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2019. These matters have been considered in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon; we do not issue a separate audit opinion on these matters.

In our opinion, the following matters were most significant in our audit:

1 Impairment of goodwill

2 Application of the so-called cost-to-cost method for revenue recognition within the context of long-term contract manufacturing.

We have structured our presentation of these particularly important audit matters as follows:

1 Facts and problem definition

2 Auditing approach and findings

3 Reference to further information

In the following, we present the particularly important audit issues:

1 Impairment of goodwill

1 In the consolidated financial statements of the company, goodwill totaling mEUR 46.2 (13.9% of the balance sheet total) is reported separately under non-current assets. Goodwill is subject to an impairment test by the company once a year or as and when required in order to determine a possible need for amortization. The impairment test is performed at the level of the groups of cash-generating units to which the respective goodwill is allocated. As part of the impairment test, the carrying amount of the respective cash-generating units including goodwill is compared with the corresponding recoverable amount. The recoverable amount is generally determined on the basis of the value in use. The basis of measurement is regularly the present value of future cash flows from the respective group of cash-generating units. The present values are determined using discounted cash flow models. The Group's approved medium-term planning forms the starting point, which is extrapolated using assumptions of long-term growth rates. Expectations of future market developments and assumptions regarding the development of macroeconomic factors are also taken into account. Discounting is based on the weighted average cost of capital of the cash-generating units or a respective group thereof. As a result of the annual impairment test, which was also carried out for a cash-generating unit taking into account a purchase price indication, there was no need for impairment. As of 30 September 2019, the Company has recognized an impairment loss on the goodwill of the IWM Automation Group in the total amount of mEUR 2.7.

The results of the respective valuations depend to a large extent on the assessment of the legal representatives with regard to the future cash inflows of the respective group of cash-generating units, the discount rate used, the growth rate and other assumptions and are therefore subject to considerable uncertainty. Against this background and due to the complexity of the valuation, this issue was of particular importance in the context of our audit.

2 Within the scope of our audit, we have, among other things, assessed the methodical procedure for carrying out the impairment test. In addition, we assessed the content of the derivation of future cash inflows discounted in the context of calculating the values in use. For this purpose, we checked the plausibility of the medium-term planning relevant for the respective cash-generating unit against the background of industry-specific market expectations, among other things. In addition, we also assessed whether the costs of corporate

functions were properly taken into account. With the knowledge that even relatively small changes in the discount rate used can have significant impacts on the amount of the enterprise value determined in this manner, we have intensively studied the parameters used to determine the discount rate used and have reconstructed the calculation scheme. In order to account for the existing forecast uncertainties, we have reproduced the sensitivity analyses prepared by the Company and performed our own sensitivity analyses for the groups of cash-generating units with low excess cover (carrying amount compared to recoverable amount).

The valuation parameters and assumptions applied by the legal representatives are, in our opinion, acceptable overall and lie within reasonable ranges.

3 The Information provided by the Company on goodwill is stated in the section entitled „Goodwill" and in Notes 3 and 33 to the consolidated financial statements.

2 Application of the so-called cost-to-cost method for revenue recognition in the context of long-term manufacturing contracts

1 In the consolidated financial statements of the Company as of 31 December 2019, the income statement shows sales revenues of mEUR 425.5, which were mainly realized on a pro-rata basis. The balance sheet as of 31 December 2019 includes contract assets in the amount of mEUR 41.0 and contract liabilities in the amount of mEUR 18.6. Revenue from customer-specific contracts is recognized over a period of time when an asset is created that does not provide the Company with alternative uses and a legal right to receive payment for services already rendered. Even if an asset is created or improved and the customer gains control of the asset during this time, revenue is still recognized over the period. In the case of revenue recognition over a period of time, revenue is recognized on the basis of the stage of completion, which is determined as the ratio of the actual contract costs incurred to the expected total costs. In view of the complex production processes involved, the recognition of revenue over a specific period requires, in particular, an effective internal budgeting and reporting system, including concurrent project costing, and a functioning internal control system.

Against this background, the correct application of the accounting standard for revenue recognition must be regarded as complex and is partially based on estimates and assumptions by the legal representatives. The matter was therefore of particular importance for our audit.

2 Taking into account the knowledge that there is an increased risk of misstatements in the financial statements due to the complexity of the issues involved and the estimates and assumptions to be made, we have assessed the processes and controls put in place by the Group to recognize revenue from customer-specific contracts. Our specific audit approaches included examination of controls and evidence-gathering procedures, primarily

- Assessment of the process of properly identifying the performance obligations and classifying the performance rendered after a certain period of time or at a certain point in time.
- Assessment of the cost accounting system, as well as other relevant systems supporting the accounting of customer-specific contracts.
- Assessment of the proper recording and allocation of direct costs and the amount and allocation of overheads.
- Assessment of the project calculations on which the customer-specific contracts are based and the determination of the percentage of completion.

We were able to satisfy ourselves that the systems, processes and controls in place are adequate and that the estimates and assumptions made by the legal representatives are sufficiently documented and justified to ensure proper revenue recognition from customer-specific contracts.

3 The Company's disclosures on revenue recognition in connection with long-term manufacturing contracts are explained in the sections „Contract assets" and „Contract liabilities" and in Notes 11, 22 and 29 to the consolidated financial statements.

Other information

The legal representatives are responsible for other information. Other information includes the following components of the management report which have not been audited:

- the corporate governance statement in accordance with Section 289f HGB and Section 315d HGB contained in the „Corporate Governance Statement (Section 289f and Section 315d HGB)" section of the Management Report

- the separate non-financial consolidated report in accordance with section 315b (3) HGB.

Other information also includes the remaining parts of the financial report - without further cross-references to external information - with the exception of the audited consolidated financial statements, the audited Group management report and our audit opinion.

Our audit opinion on the consolidated financial statements and the Group management report does not extend to the other information, and accordingly we do not express an audit opinion or any other form of conclusion thereon.

Within the context of our audit, we have a responsibility to read the other information and assess as to whether the other information

- shows material inconsistencies with the annual financial statements, the management report or the knowledge gained from our audit, or

- appear to be substantially misrepresented elsewhere.

Management and the Board of Directors' Responsibility for the Consolidated Financial Statements and the Group Management Report

The legal representatives are responsible for the preparation of the consolidated financial statements and the Group management report, which comply in all material respects with IFRSs as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB and that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue operations as a going concern. They are also responsible for disclosing, where relevant, information about the Group's ability to continue as a going concern. They are also responsible for accounting for continuing operations in accordance with the going concern principle unless the Group is to be wound up or discontinued, or there is no realistic alternative but to liquidate the Group or to cease operations.

Moreover, the legal representatives are responsible for the preparation of the Group management report, which as a whole provides an appropriate view of the Group's position and appropriately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary to enable the preparation of a Group management report in compliance with the applicable German statutory regulations and to provide sufficient appropriate evidence for the statements made in the Group management report.

The Board of Directors is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Group Management Report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, whether the Group management report as a whole provides an appropriate understanding of the Group's position and appropriately presents the opportunities and risks of future developments in all material respects in accordance with the consolidated financial statements and the findings of our audit, as well as to issue an audit opinion containing our audit opinions on the consolidated financial statements and the Group management report.

Sufficient certainty refers to a high degree of certainty but does not guarantee that an audit conducted in accordance with § 317 HGB and Regulation EU-APrVO and in compliance with the German proper auditing principle for the audit of financial statements promulgated by the Institute of Public Auditors (IDW) will always reveal a significantly erroneous presentation. Misrepresentations can result from violations or inaccuracies and are considered significant if it could reasonably be expected that they could individually or collectively influence the economic decisions of addressees made on the basis of these consolidated financial statements and the Group management report.

In performing the audit, we exercise professional judgement and maintain a critical attitude. Beyond that

- we identify and assess the risks of significant erroneous presentation of the consolidated financial statements and the Group management report, whether due to fraud or error, plan and perform the audit procedures in response to these risks and obtain audit evidence sufficient and appropriate to provide a basis for our audit opinion. The risk that significant erroneous presentations will not be detected is greater for violations than for misstatements, due to the fact that violations may involve fraudulent interactions, falsification, intentional omissions, misrepresentations, or the disabling of internal controls.

- we obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the procedures and measures relevant to the audit of the Group management report in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- we draw conclusions on the appropriateness of the accounting policies adopted by the legal representatives regarding the going concern principle and, based on the audit evidence obtained, whether there is any significant uncertainty relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. If we conclude that a significant uncertainty exists, we are obliged to draw attention in our audit opinion to the related disclosures in the consolidated financial statements and the Group management report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or circumstances may result in the Group being unable to continue its operations.

- we assess 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 such a way that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB.

- we obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the Group to enable us to express an opinion on the consolidated financial statements and the Group management report. We are responsible for instructing, monitoring and performing the audit of the consolidated financial statements. We are solely responsible for our audit opinions.

- we assess the consistency of the Group management report with the consolidated financial statements, its legal compliance and the picture of the Group's situation thereby conveyed.

- we perform audit procedures on the future-oriented statements in the Group management report presented by the legal representatives. On the basis of sufficient appropriate audit evidence, we verify in particular the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent audit opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events could differ significantly from the forward-looking statements.

Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

We make a declaration to those responsible for monitoring that we have complied with the relevant independence requirements and discuss with them any relationships or other matters that could reasonably be expected to affect our independence and the safeguards put in place to protect it.

Of the matters that we have discussed with those responsible for supervision, we have identified those matters that were most significant in the audit of the consolidated financial statements for the current reporting period and are therefore the most significant matters. We describe these matters in our audit opinion, unless laws or regulations preclude public disclosure of the matters.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

Other information required by Article 10 EU-APrVO

We were elected as auditors of the consolidated financial statements by the Annual General Meeting on 17 May 2019. We were commissioned by the Audit Committee on 12 November 2019. We have been the auditors of MAX Automation SE, Dusseldorf, since fiscal year 2019.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the Audit Committee pursuant to Article 11 EU-APrVO (audit report).

RESPONSIBLE AUDITORS

Dr. Andreas Focke is the auditor responsible for the audit."

Düsseldorf, den 13. März 2020

PricewaterhouseCoopers GmbH

Wirtschaftsprüfungsgesellschaft

Dr. Andreas Focke Wirtschaftsprüfer	ppa. Mirsad Grizovic Wirtschaftsprüfer

ASSURANCE OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, we assure that, pursuant to applicable accounting principles, the consolidated financial statements convey a true and fair view of the Group's financial position and performance, that the course of business, including the business results and the Group's position, are presented in the Group management report that is combined with the management report for MAX Automation SE so as to convey a true and fair view, and that the significant opportunities and risks pertaining to the Group's prospective development are described.

Dusseldorf, 12 March 2020

The Executive Directors

Andreas Krause **Werner Berens** **Patrick Vandenrhijn** **Dr. Guido Hild**